CORE COURSE IN HEALTH POLICY 2017-2018
HEALTH POLICY 2000B/SUP958/HPM246-01

CLASS MEETINGS
Tuesday & Thursday, 4:15-6:00pm
14 Story Street, 4th Floor Conference Room

INSTRUCTORS
Joseph Newhouse
Harvard Kennedy School; Department of Health Care Policy, HMS;
Department of Health Policy and Management, HSPH
617-432-1325
Joseph_Newhouse@harvard.edu
Office Hours: By appointment

Richard Frank
Department of Health Care Policy, HMS
617-432-0178
frank@hcp.med.harvard.edu
Office Hours: By appointment

Alan Zaslavsky
Department of Health Care Policy, HMS
617-432-2441
zaslavsk@hcp.med.harvard.edu
Office Hours: By appointment

TEACHING FELLOW
Amanda Kreider
kreider@g.harvard.edu
Office Hours: By appointment

COURSE OVERVIEW

This yearlong seminar is required for doctoral candidates in health policy and is open to others by permission of the instructor. The course is intended to familiarize students with the health policy research literature and selected questions in the field.

The course is organized around lectures by faculty from the Faculty of Arts & Sciences, the Kennedy School of Government, the T.H. Chan School of Public Health, the Medical School, the Business School, and the Law School. Discussion sessions will be interspersed with the invited lectures and will examine the policy relevance, research methods, and technical details of many of the presented topics in more depth.

READINGS

Readings for the course will generally consist of journal articles assigned by the guest lecturer and should be read in advance of each lecture. When provided by the lecturers, the syllabus
includes an overview of the goals for the lecture and identifies key points for which to read in order to help you better prepare for class.

The majority of assigned readings are available electronically. Links are provided in the syllabus and on Canvas (under “Modules”), or students can search for the articles using the Harvard E-Research website: http://e-research.lib.harvard.edu or HOLLIS+: http://hollis.harvard.edu. Some readings are available on the course website. Where readings are not available electronically or on the course website, it is suggested that students use the Harvard Library’s Scan & Deliver service: http://library.harvard.edu/scan-deliver.

It is also suggested that you purchase the following books, which are available on reserve at the HKS Library:


**COURSE REQUIREMENTS**

**Attendance & Participation:** 33%
This course meets twice per week. Students are expected to attend and participate in the 2-hour lecture and discussion sessions. This participation includes reading 3-4 relevant articles assigned by the lecturers prior to each class. If you are unable to attend a lecture, please let the teaching fellow know by email in advance of the session.

**Written Assignments:** 67%
Written assignments will include short essays, a literature review, critical appraisals of published research papers, and a 10-15 page research proposal that students will develop throughout the Spring semester. Due dates for the spring semester are as follows:

- 2-3-Paragraph Update on Research Proposal: 2/8
- Article Critique/Essay #4 (Research Methods): 3/8
- 2-page Description of Study Design/Methods: 3/29
- Essay #5 (Economics of Health): 4/17
- Presentation of Research Proposal: 4/17 and 4/24 (6:00-8:00 pm)
- Final Research Proposal: 5/3
The research proposal should be written in the form of an F31 predoctoral fellowship application to NIH or AHRQ. You should download the instructions for PHS form 398 at http://grants.nih.gov/grants/funding/phs398/phs398.html. Go to Section 5.5 “Content of Research Plan” and follow the instructions. Note that there is a human subjects section, which pertains to the next requirement.

**Human Subjects Training:**
To pass the Spring semester, students will be expected to complete an online Human Subjects Training Course and present verification. The training can be accessed through the following link: https://www.citiprogram.org/default.asp. Students should do the Basic Course in the Protection of Human Subjects for Social and Behavioral Research Investigators. For affiliation, please select Harvard University (Cambridge/Allston Campus). Completed training certificates should be e-mailed to both Amanda (kreider@g.harvard.edu) and to Colleen Yout (colleen_yout@harvard.edu).

**Grades:**
Grades will be assigned separately for the first semester and the second semester.

**Academic Honesty:**
Students must observe Harvard University rules regarding the citation of sources. Any sentences or paragraphs taken verbatim from the writing of any other person or persons, or from your own writing that has been published elsewhere, must be placed in quotation marks and their source must be clearly identified. Changing the wording of a sentence or passage slightly does not evade the requirement for citation. Indeed, whenever you are drawing an important argument or insight from someone else, even if you reword it into your own words, a reference to the source is required. Including material from others in the assignments without appropriate quotation marks and citations is regarded, as a matter of School and University policy, as a serious violation of academic and professional standards and can lead to a failing grade in the course, failure to graduate, and even expulsion from the University.
SPRING SEMESTER SYLLABUS

Please note that locations of readings are indicated in brackets beside each citation. Email the teaching fellow if you have any trouble accessing the readings.

SECTION VI: SPECIAL POPULATIONS (SECTION LEADER: KATHY SWARTZ)

1/23: Disability (N. Maestas)

This lecture examines reasons for the rapid increase in disability insurance receipt over the last several decades, including the incidence of disabling health problems, treatment of pain, changes in health insurance policy, and moral hazard by workers and their employers.

Required Reading

Overview of the Disability Insurance System

SSDI Interactions with Employment and Health Insurance

Optional Reading


1/25: Aging and Long-Term Care (K. Swartz)

Readings are divided into three topic areas: (1) General issues in LTC, (2) Financing of LTC, and (3) Lessons from other countries about financing and organization issues. Please note that there are recommended and additional readings in each area.

(1) General readings about long-term care services and supports

*Please read or skim through*


*Additional readings*


(2) Financing of LTC
Please read


Please skim through


Additional Readings


(3) LTC Organization and Financing—Lessons from Other Countries

Please skim through


1/30: Mental Health and the ACA (R. Frank)

In this session, we will discuss the evolution of mental health delivery in the U.S. We will review the history of mental health policy, recent improvements in delivery and the on-going challenges facing policy makers in the area. *Better but Not Well* (by Frank and Glied) provides a basic grounding in the history of successes and challenges in the behavioral health system over the past 50-60 years, and will give you important background on many of the key issues facing the system today.


2/1: Disparities (M. Alegria)

This session will be concerned with disparities by race-ethnicity. Topics covered include: What is a “disparity” in health care? What of the differences in health care use we observe across populations indicates something unfair? How do disparities come about in a health care system where providers are oriented to provide health care treatment in response to patient’s need? Sources of discrimination -- bias, stereotyping and information-based discrimination – will be explained and discussed.

*Required Reading:*


This is a representative disparities paper, focusing in this case on the role of community and residential segregation. Be prepared to critique the approach and methods of this paper in class:

The following paper uses methods of economic theory common in labor economics (where disparities and discrimination by gender and race/ethnicity) have been studied for a long time. Material on stereotyping will be discussed in class:


Further readings of interest:

SECTION VII: RESEARCH DESIGN AND METHODS (SECTION LEADER: ALAN ZASLAVSKY)

2/6: Study Designs Overview I (A. Zaslavsky)

  - Chapter 1
  - Chapter 2
  - Pages 246-269, 488-489
  - Please review the online supplements for this article as well.

2/8 ASSIGNMENT DUE: 2-3 Paragraph Update on Research Proposal (reviewed by RF/AZ)

2/8: Study Designs Overview II (A. Zaslavsky)


2/13: Observational Studies of Offset Effects (D. Cutler)

The goal of this session is to compare and contrast different ways of addressing a health policy issue. The issue chosen is whether increased cost-sharing for some health services causes an “offset” in the form of medical costs elsewhere in the health system. I would like you to be prepared to compare and critique the different approaches. What are the methodological issues in looking at the offset problem? What do you do when different studies reach different conclusions?


2/15: Experimental Design: The RAND and Oregon Health Insurance Experiments (J. Newhouse)

  - Focus especially on chapters 1, 2, and Appendix B for 2/15. Results will be discussed more on 3/1.

  - Focus on methods in Appendix for 2/15; the results of the Oregon Experiment will be discussed on 3/1. Thus, for this class you only need to read through page 1071 of the article (Sections I-III) and the Appendix 1 and 2. There is a lot of detail in the Appendix that you can skim or skip altogether, but you should note the amount of documentation required in the event you run a field experiment.

2/20: Evaluation (J. Cohen)

**Required Reading:**
  - Chapter I
  - Introduction

**Recommended Reading:**
- Easterly, W. 2006. The White Man’s Burden: why the West’s efforts to aid the rest have done so much ill and so little good. [Library]
  - Chapter 1 pp. 1-17. Penguin Press. (up to but not including, Why are Planners so
Popular?)


2/22: Time Series and Quasi-Experimental Design (L. Garabedian)

In this session, we will (1) examine threats to internal validity that are common in health policy research, (2) evaluate different study designs on their ability to protect against these threats to internal validity and (3) introduce rigorous quasi-experimental research designs, including interrupted time series.

Required Reading:


Optional Reading:


  - Internal Validity, pages 53 – 63.
  - Chapters 4 and 5, Pages 103 – 144.
SECTION VIII: ECONOMICS OF HEALTH CARE (SECTION LEADER: J. NEWHOUSE)

2/27: Adverse Selection & Moral Hazard (T. McGuire)

We will discuss two key phenomena affecting insurance markets -- moral hazard and adverse selection. The Aron-Dine et al paper summarizes and interprets the still-influential HIE results on demand response to price. The simple theory of optimal insurance with moral hazard is demand for one good with one price. There are a number of generalizations that are important, such as cross-price effects, mistakes in consumer preferences and others, covered in Section 2 of the McGuire review paper in the Handbook Vol. 2.

There are two major forms of adverse selection inefficiencies. The first is that given restrictions on premiums charged to consumers, people choose the wrong plan. The basic model for this is in Einav-Finkelstein. The second form is that plans distort their product to attract winners/deter losers. The theory of this “service-level selection” is presented in Layton et al. Alternative reading for Layton et al is Geruso and Layton.

Required Readings:

Optional Readings:

• Focus on Sections 3 and 6


3/1: The RAND and Oregon Health Insurance Experiments: Analysis and Applications (J. Newhouse)

  o Read whatever of the book you did not read for the session two weeks ago.
  o Chapter 4 is the most demanding technically. If you are having trouble you can skim it, although it has the important result that the effect of cost sharing appears to be primarily on the consumer’s/patient’s decision to initiate care.
  o Also be prepared to discuss how you would have designed the RAND experiment differently with the nature of hindsight; for thinking about this question you may want to review chapters 1 and 2.
  o Review the Finkelstein, et al. and Baicker, et al. papers on Oregon discussed in Kate Baicker’s session, and be prepared to discuss the differences in both the design and the conclusions of the RAND Experiment and the Oregon Experiment.


• Read any parts of the Finkelstein QJE article assigned for the 2/15 class that you did not read earlier.

  o Be prepared to discuss Aron-Dine, et al.’s comments on threats to validity and robustness of treatment effects. If you feel you want to read more on the threats to validity, you can read the Nyman critique that Aron-Dine, et al. cite as well as the rebuttal to Nyman (also cited), but those are not required.

3/6: Benefit Design (M. Chernew)

Reference Pricing:

**VBID:**


**Tiered Networks:**


**HDHPs:**


**Optional**

3/8: Payment Systems & Provider Incentives (A. Sinaiko)

In this session we will discuss using provider payment as a tool for optimizing quality, efficiency and other intermediate delivery system goals. The focus here will be on the practical and empirical experience of physician payment as implemented in a variety of real-world contexts.


3/10 – 3/18 SPRING RECESS

3/20: Provider Payment and Risk Adjustment (T. Layton)

The purpose of this session is to introduce some ideas around the design of provider payment and contracting policy.

Required Readings

  - Introduction
  - Chapter 1: Fee-for Service Medicine and Its Discontents
    - These parts of Newhouse review some of the problems with fee-based regulation.

  - In paying physician groups (medical homes), a “mix” in payment with some
prospective element is a good thing.


*Optional Readings*


*3/22: Health Insurance Markets and the Uninsured (K. Swartz)*

*Required Reading:*

  - Chapters 2 and 4 (skim)
- Kathy’s General Advice: “Read the newspapers – particularly the Washington Post or the NYTimes – to keep up on what may happen regarding health reform.”

*Optional Readings:*


3/27: Economics of Long Term Care (D. Grabowski)


3/29 ASSIGNMENT DUE: 2-page Description of Study Design/Methods (reviewed by JN/RF/AZ)

3/29: Medicaid (B. Sommers)

This session explores the policy and economic underpinnings of Medicaid. Topics include understanding the history of the program prior to the Affordable Care Act; impacts of Medicaid on low-income beneficiaries’ access to care, financial resources, and health; the ACA’s large expansion in coverage that began in 2014; and potential reforms to the program in the aftermath of the 2016 election.

Required Reading:

1) Basic Overview of Medicaid and CHIP

2) Economic Analyses of Medicaid

3) Proposed Reform to Medicaid

4) Background Reading from Prior Sessions (Skim/refresh your memory!):


4/3: Antitrust and the Industrial Organization of Health Care (M. Shepard)

This class introduces the economics underlying competition in health care markets. A key concern with market competition is that large firms will exercise their market power to raise prices and/or underinvest in quality. Industrial organization (IO) is the field of economics that studies market power and competition, and antitrust regulation is its main policy application.

This class focuses on basic economic models of market power, with an application to health insurance markets. It also discusses the use of market design policies to shape outcomes in imperfectly competitive insurance markets.

Readings:


Optional classic reading:


4/5: Antitrust, cont. (L. Dafny)

This class discusses the role of antitrust enforcement in preventing anticompetitive conduct and thereby promoting and preserving competition. We will focus on the case history and economic
frameworks utilized in the past and present to evaluate and challenge same-market “horizontal” hospital mergers.

Readings:
- “FTC ruling on hospitals may raise mergers bar,” B. Japsen, *Chicago Tribune*, August 7, 2007. [Courseweb]
- Gaynor, Martin, Kate Ho and Robert J. Town, “The Industrial Organization of Health-Care Markets.” Read subsection 5.3.2 and skim subsection 5.3.3. Note 5.3.3 references notation in sections that are not assigned; it’s ok to skip the formulae. [http://www.columbia.edu/~kh2214/papers/Healthcare_IO_3_24_14.pdf]

4/10: Health Insurance Markets and Market Design (V. Curto)

This class discusses the rise of “regulated competition” in various contexts in the U.S. healthcare system, such as Medicare Advantage, the ACA marketplaces, and Medicaid managed care. We will consider the problems that can arise in health insurance marketplaces. We will discuss the tools available to regulators to address these problems. Finally, we will examine how economic models can be used to inform market design in these settings.

Readings:


Optional:

4/12: Pharmaceuticals (A. Jena)


**4/17 ASSIGNMENT DUE:** Essay #5 (Economics of Health)

**4/17: PRESENTATION OF RESEARCH PROPOSALS, Group 1 (6:00-8:00PM)**

**4/17: Behavioral Economics and Global Health (M. McConnell)**


• Work in progress TBD


**4/19: FDA Regulation of Drugs and Devices (A. Stern)**

**Required:**


**Suggested:**


• Stern, Ariel Dora. "Innovation under Regulatory Uncertainty: Evidence from Medical


Further Reading:

4/24: Behavioral Economics and Health Care - 1 (R. Zeckhauser)


4/24: PRESENTATION OF RESEARCH PROPOSALS, Group 2 (6:00-8:00PM)
4/26: Health Policy and the Labor Market - and an Overview (R. Frank and J. Newhouse)

- CBO, The Budget and Economic Outlook 2014 to 2024 Appendix B and C (Feb 4, 2014) [https://www.cbo.gov/publication/45010]

4/26-5/2 SPRING READING PERIOD

5/3 at 11:59 PM ASSIGNMENT DUE: Research Proposal

5/3-5/12 SPRING EXAM PERIOD