

PREFACE

As economists, we believe that an economic approach to healthcare policy is very useful not only for understanding the structural and dynamic forces pressing for change in healthcare, but also for explaining why the health system has evolved to its current state. Even the policy-related and political considerations surrounding the financing and delivery of health services can be better understood when viewed through an economic perspective—that is, through the economic self-interest of participants.

For these reasons, we believe an issue-oriented book containing short discussions on each subject *and* using an economic perspective is needed. The economic perspective used throughout is that of a “market” economist—namely, one who believes markets (in which suppliers compete for customers on the basis of price and quality) are the most effective mechanisms for allocating resources. Of course, at times markets fail or lead to less-than-optimal or inequitable outcomes.

Market economists generally believe that government economic interventions—no matter how well intentioned or carefully thought out—can neither replicate the efficiency with which markets allocate resources nor fully anticipate the behavioral responses of the economic agents affected by the intervention. In cases of market failure, market economists prefer solutions that fix the underlying problem while retaining basic market incentives, rather than replacing the market altogether with government planning or provision.

Healthcare reform in the United States has been and continues to be an ongoing process. At times, direct government intervention through legislation and regulation have brought about major changes in the financing and delivery of medical services. At other times, government policies have been adopted to promote competitive forces and restructure the delivery system. Both legislative and market forces will continue to influence how the public pays for and receives its medical services. Any subject affecting the lives of so many and requiring such a large portion of our country’s resources will surely be a continuing and growing source of public policy debate, legislative change, and market evolution.

We hope this book will provide an enduring framework to clarify some of the more significant issues underlying the politics and economics of healthcare both today and in the future.

Changes in the Eighth Edition

Many additions and revisions have been made in the eighth edition. The book consists of both brief and detailed Tables of Contents, 38 chapters, 116 exhibits, discussion questions, an extensive list of references for each chapter, and a glossary. In addition to revising the exhibits (including several new exhibits) and adding fresh references, we have updated each chapter to include current material, more recent data, legislative and administrative changes, and new research findings.

A new chapter has been added and one (“Physician Malpractice Reform”) deleted. The new chapter, “Comparative Health Systems,” addresses the questions of “Are other country’s health systems superior to ours?” and “What can we learn from other countries’ health systems”? The World Health Organization’s and the Commonwealth Foundation’s rankings of the US health system are briefly discussed; then, major aspects of the US medical system, along with those of five European countries, are described and compared. Features of all six systems are then correlated to their countries’ medical performance. Last, the different trade-offs government and individuals would make on how much to spend on their medical services are reviewed.

Instructor Resources

This book’s Instructor Resources include a test bank, PowerPoint slides, a PDF of the book’s exhibits, an instructor manual, additional exam questions for each chapter, and a transition guide to the new edition.

For the most up-to-date information about this book and its Instructor Resources, visit ache.org/HAP and search for the book’s order code 24581).

This book’s Instructor Resources are available to instructors who adopt this book for use in their course. For access information, please email hapbooks@ache.org.

Acknowledgments

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