Introduction to Health Policy

PART I

INTRODUCTION

The introduction, which consists of Chapter 1, provides an overview of health policy. It defines key terms related to health policy, reviews the frameworks of health determinants, and outlines the concept of health policy formulation. In addition, the chapter introduces topics related to health policy, including stakeholders, the major types of health policies, and the importance of studying health policy. The introduction should provide readers with a foundation for examining how health policy is set in the United States and elsewhere.

CHAPTER 1

OVERVIEW OF HEALTH POLICY

I have never had a policy. I have simply tried to do what seemed best each day, as each day came.

— Abraham Lincoln

Learning Objectives

Studying this chapter will help you to

- define key terms related to health policy,
- appreciate the influence of health determinants,
- understand the framework of health policy formulation,
- identify the stakeholders in health policy,
- describe the major types of health policies, and
- discuss the importance of studying health policy.

Case Study

Healthcare Reform: Hillary Clinton and Barack Obama

Two major healthcare reform initiatives have played out on the US political landscape in the last two decades: the Health Security Act, developed by the Clinton administration in the 1990s and spearheaded by then First Lady Hillary Clinton, which failed to pass into law, and the Patient Protection and Affordable Care Act (ACA), drafted by the Obama administration, which became federal law in March 2010.

The hallmark of the Clinton plan was its universal coverage mandate, which required all employers to contribute to a pool of funds intended to cover the costs of insurance premiums for their workers, with caps on total employer costs and subsidies for small businesses. Competition among private health plans and a cap on the growth of insurance premiums was to have held costs in check, and additional financing was to have been provided through savings from cuts in projected Medicare and Medicaid spending and increased taxes on tobacco (Oberlander 2007).

The Obama plan focused on reforming the private health insurance market, extending insurance coverage to the uninsured, providing better coverage for those with preexisting conditions, improving prescription drug coverage in Medicare, and extending the life of the Medicare trust fund accounts. The ACA is expected to be financed through taxes, such as a 40 percent tax on "Cadillac" insurance policies—policies that offer the richest benefits—taxes on pharmaceuticals, medical devices, and indoor tanning services (KFF 2011); and other offsets (provisions of the law that reduce the overall cost of enacting the legislation, such as penalties on uninsured individuals).

The political landscape in 2009, as President Barack Obama's healthcare reform initiative was being debated, was similar to that in the early 1990s: Both the Clinton and Obama administrations were affiliated with the Democratic Party, both chambers of the US Congress were controlled by Democrats, and national opinion strongly favored healthcare reform (Sack and Connelly 2009).

However, whereas the Obama reform initiative became law, the Clinton healthcare reform package was defeated in Congress. Although Americans supported healthcare reform in theory, the Clinton plan was derailed by the heavy opposition of the medical and insurance industries and by anti-tax rhetoric. The disenchantment of the electorate following that failed effort helped Republicans gain control of the House of Representatives and Senate in the 1994 election (Trafford 2010).

At 17.9 percent of the nation's total economic activity, also known as the **gross domestic product**, healthcare spending in the United States leads all countries in overall and per capita measures (KFF 2012). Yet its health system does not perform well compared to those of other industrialized countries. A 2010 World Health Organization (WHO) report ranks the US health system thirty-seventh among 191 countries, and a Commonwealth Fund study completed the same year ranks it last among six other countries—Australia, Canada, Germany, the Netherlands, New Zealand and the United Kingdom—on the basis of quality, efficiency, access, equity, and healthy lives measures (Davis, Schoen, and Stremikis 2010).

Gross domestic product
Refers to the value of all goods and services produced within a country for a given period. A key indicator of the country's economic activity and financial well-being.

Why have health policies tended to fail in the United States while they appear to be succeeding in other countries? The answer might be found in the context—the United States—and the determinants of health and health policy in the United States.

The main purpose of this chapter is to present a framework of health policy determinants and discuss their impact in the United States. Understanding this framework helps the reader appreciate factors that contribute to health policy development in general and in the United States in particular. The chapter first defines key concepts related to health policy and later discusses the importance of studying health policy, including an awareness of the international perspective. The stakeholders of health policy are also presented and analyzed as key parts of the policy context.

Health Defined

WHO (1946) defines health as "not merely the absence of disease or infirmity but a state of complete physical, mental and social well-being." This broad definition recognizes that health encompasses biological and social elements in addition to individual and community well-being. Health may be seen as an indicator of personal and collective advancement. It can signal the level of an individual's well-being as well as the degree of success achieved by a society and its government in promoting that well-being (Shi and Stevens 2010). This definition of health strikes a common chord among governments that allows policymakers at WHO, and others in the global health community, to build the case that issues such as poverty; lack of education; discrimination; and other social, cultural, and political conditions found around the world are essentially public health issues.

However, health is also the result of personal characteristics and choices. This concept is the source of the fundamental tension in public health and has been a major topic in the United States in the past few years. Major debates continue over whether people can be forced to take actions to ensure their own health, such as buying health insurance (the individual mandate in the Affordable Care Act), or be prohibited from performing actions that are unhealthy, such as limiting soft drinks in schools. Health policy in the United States must attempt to balance the good of the public health with personal liberty, often a difficult compromise to make. Indeed, the conflict between WHO's definition of health

KEY LEGISLATION
What Is the Status of Healthcare Reform in the United States?

In the United States, *healthcare reform* typically denotes a government-sponsored program that attempts to make health insurance available to the uninsured. Although universal health insurance is a difficult goal to realize, incremental reforms have been successful when the political and economic environments were favorable. The first such program came in the form of the Old Age Assistance program, which was enacted as part of the 1935 Social Security Act. It provided direct financial assistance to needy elderly persons.

Full health insurance for the elderly became available under the Medicare program, as did health insurance for the indigent under the Medicaid program. Both programs were created in 1965 under the Great Society reforms of President Lynden Johnson in an era when civil rights and social justice had taken central stage in the United States. Later, authorized under the Balanced Budget Act of 1997, the State Children's Health Insurance Program (later renamed the Children's Health Insurance Program) was developed whereby states can use federal funds to cover children up to age 19 through the states' existing Medicaid programs.

One of the most significant healthcare reform efforts resulted in the Affordable Care Act (ACA) of 2010, designed to bring about major changes to the delivery of US healthcare. The key objective of the ACA, to be implemented in full in 2014, is to provide most (if not all) Americans with health insurance coverage.

and much of the surrounding social, cultural, and political issues surrounding the US healthcare system is one of the most important areas of debate facing health policymakers.

Physical Health

Life expectancy
Anticipated number of years of life remaining.

The most common measure of physical health is life expectancy—the anticipated number of remaining years of life at any stage. Exhibit 1.1 shows the ten countries ranking highest in their population's life expectancy as of 2006 and includes the US ranking for comparison.

Although good or positive health status is commonly associated with the definition of health, the most frequently used indicators measure the lack of health or the incidence of poor health—for example, mortality, morbidity, disability, and various indexes that

Exhibit 1.1
Top Ten Countries with the Longest Life Expectancy, with the United States as Comparison

Rank	Country (state/territory)	Life expectancy at birth (years) Overall	Male	Female
1	Japan	82.6	78.0	86.1
2	Hong Kong	82.2	79.4	85.1
3	Iceland	81.8	80.2	83.3
4	Switzerland	81.7	79.0	84.2
5	Australia	81.2	78.9	83.6
6	Spain	80.9	77.7	84.2
7	Sweden	80.9	78.7	83.0
8	Israel	80.7	78.5	82.8
9	Macau	80.7	78.5	82.8
10	France (metropolitan)	80.7	77.1	84.1
36	United States	78.3	75.6	80.8

SOURCE: Data from DESA (2007).

Mortality
Number of deaths in a given population within a specified period.

combine these factors. One such measure is quality-adjusted life years, which combines mortality and morbidity in a single index. The Learning Point box titled "Measures of Mortality, Morbidity, and Disability" lists categories by which each indicator is measured.

Disability
A physical or mental condition that limits an individual's ability to perform functions generally characterized as normal.

Mental Health

In contrast to physical health, measures of mental health are limited. The major categories of mental health measures are mental conditions (e.g., depression, disorder, distress), behaviors (e.g., suicide, drug or alcohol abuse), perceptions (e.g., perceived mental health status), satisfaction (with life, work, relationships, etc.), and services received (e.g., counseling, drug treatment).

Quality-adjusted life years
A combined mortality–morbidity index that reflects years of life free of disability and symptoms of illness.

Social Well-Being

The most commonly used measure of relative social well-being is one's socioeconomic status (SES). An SES index typically considers such factors as education level, income, and occupation. Quality of life is another common measure and may include one's ability

LEARNING POINT
Measures of Morbidity, Mortality, and Disability

Mortality measures
- Crude (unadjusted for any other factors) death rate
- Age-specific death rate
- Condition-specific death rate
- Infant mortality
- Maternal mortality

Morbidity measures
- Incidence (number of new cases in a defined population within a specified period) of specific diseases
- Prevalence (number of instances in a defined population within a specified period) of specific diseases

Disability measures
- Restricted activity days (e.g., bed days, work-loss days)
- Limitations in performing activities of daily living (i.e., bathing, dressing, toileting, getting into or out of a bed or chair, continence, eating)
- Limitations in performing instrumental activities of daily living (i.e., doing housework and chores, grocery shopping, preparing food, using the phone, traveling locally, taking medicine)

Social contacts
The frequency of social activities a person undertakes within a specified period.

Social resources
Interpersonal relationships with social contacts and the extent to which the individual can rely on them for support.

to perform various roles (e.g., self-care, family care, social functioning), perceptions (e.g., emotional well-being, pain tolerance, energy level), and living environment (e.g., pollution levels, crime prevalence). A third set of social well-being measures, often used by sociologists, is composed of **social contacts** and **social resources**. Examples of social contacts include visits with family members, friends, and relatives and participation in social events, such as membership activities, professional conferences, and church gatherings. The social contacts factor can be used as an indicator of social resources by determining whether an individual can rely on his social contacts for needed support and company and whether these contacts meet the individual's needs for care and love.

Public Health Defined

Winslow (1920) defined public health as "the science and the art of preventing disease, prolonging life, and promoting physical health and efficiency through organized community efforts for the sanitation of the environment, the control of community infections, the education of the individual in principles of personal hygiene, the organization of medical and nursing service for the early diagnosis and preventive treatment of disease, and the development of social machinery which will ensure to every individual in the community a standard of living adequate for the maintenance of health." It focuses on prevention and involves the efforts of society as a whole. Finally, public health is intended to protect lives and improve the health of populations around the globe.

Whereas healthcare is intended to treat, influence, and care for individuals, public health operates on a larger scale. The field is defined by the American Public Health Association (APHA n.d.) as (1) "the practice of preventing disease and promoting good health within groups of people" and (2) the research and surveillance conducted to better understand the health issues facing a group and, in turn, to craft good health policy.

Public health has broad implications for a population. Successful public health activities and initiatives can save money by promoting healthy living and prevention, thus reducing healthcare costs and disease burden. In addition, these activities can improve quality of life and reduce suffering caused by ill health in a population (APHA n.d.). The practice of public health leads to direct (e.g., healthier children, less chronic disease, less need for acute care) and indirect (e.g., fewer days missed from school and work; increased funding available for other initiatives, such as education) benefits for a society.

It is important to remember that public health, healthcare, and health policy are interconnected areas of study and of practice. All three have great influence on health.

What Are the Determinants of Health?

Numerous theories related to assigning the **determinants of health** have been proposed over the past several decades. Blum (1974) offered a framework called Force Field and Well-Being Paradigms of Health, which suggests four major influences—the force fields—on health: environment, lifestyle, heredity, and medical care. According to Blum, the most important force field is the environment, followed by lifestyle and heredity; medical care has the least impact on health and well-being.

Determinants of health Factors that influence one's health status. Typically, they include one's socioeconomic status, environment, behaviors, heredity, and access to medical care.

More recent models focus on socioeconomic context and health behaviors. For example, the Dahlgren and Whitehead (2006) model divides factors that influence health into two categories. The first category, "fixed factors," are unchangeable, such as age, sex, and genetic makeup. The second category is composed of modifiable factors, such as individual lifestyle choices; social networks and community conditions; the environment in which one lives and works; and access to important goods and services, such as education,

LEARNING POINT
Prominent Theories on the Causes of Disease

Many of the historically dominant theories related to health focus on disease rather than well-being. The three most prominent theories of disease causality are germ theory, lifestyle theory, and environmental theory.

Germ theory gained prominence in the nineteenth century with the rise of bacteriology (Metchnikoff 1939). Essentially, the theory holds that every disease has a specific cause, which should be identifiable. Knowledge of that cause allows the discovery of a cure. Microorganisms, the general causal agent identified by germ theory, are thought to act independently of the environment. Furthermore, the individual who serves as host of the microorganism is the source of the disease, which then may be transmitted from one person to another (known as contagion). Strategies to address the disease focused on identifying people with symptoms and providing follow-up medical treatment. Much of biomedical research is still based on germ theory. The traditional concept of the agent, host, and environment as the epidemiological triangle (*epidemiology* is the study of factors controlling the presence or absence of a disease) also is based on the single-cause, single-effect framework of germ theory.

Lifestyle theory tries to isolate specific behaviors (e.g., exercise, diet, smoking, drinking) as causes of a disease and identifies solutions on the basis of changing these behaviors. As with germ theory, lifestyle theory defines problems as they relate to individuals and focuses solutions on individual interventions.

Environmental theory considers the general health and well-being of individuals more so than disease. It maintains that health is best understood by examining the larger context of community. Traditional environmental approaches focused on poor sanitation, which was connected to certain infectious diseases. With industrialization and its by-products of overcrowding and filth, contemporary environmental approaches examine the impact of production and consumption on emerging health problems. Environmental theory considers disease to be influenced by environmental and social factors. It contends that solutions should be developed through policy and regulation and be systems focused rather than focused on individuals and medical treatment.

sanitation, food, and healthcare. The factors in the second category form layers around the population, and modifying them positively can improve population health.

Ansari and colleagues (2003) propose a public health model of the determinants of health in which these factors are categorized into four major groups: social determinants, healthcare system attributes, disease-inducing behaviors, and health outcomes.

A conceptual framework developed by the WHO Commission on Social Determinants of Health (2008) focuses on the socioeconomic and political context; structural determinants and socioeconomic position; intermediary determinants, such as material circumstances, socioenvironmental circumstances, behavioral and biological factors, social cohesion, and the healthcare system; and the impact on health equity and well-being measured as health outcomes.

Similarly, the US Department of Health and Human Services (HHS) publication *Healthy People 2020* embraces a holistic approach by considering the range of personal, social, economic, and environmental factors that determine the health status of individuals or populations (HHS 2010).

Exhibit 1.2 provides an overview of the health determinants—environment, health status, medical care, and individual characteristics (discussed in more detail below)—as they interact to influence health. For example, while individual characteristics and medical care each affect health on their own, they also interact to become another type of factor influencing health.

Environment

The environment in this context is composed of physical and social dimensions of an individual's existence over which he or she has little or no control. These dimensions exert

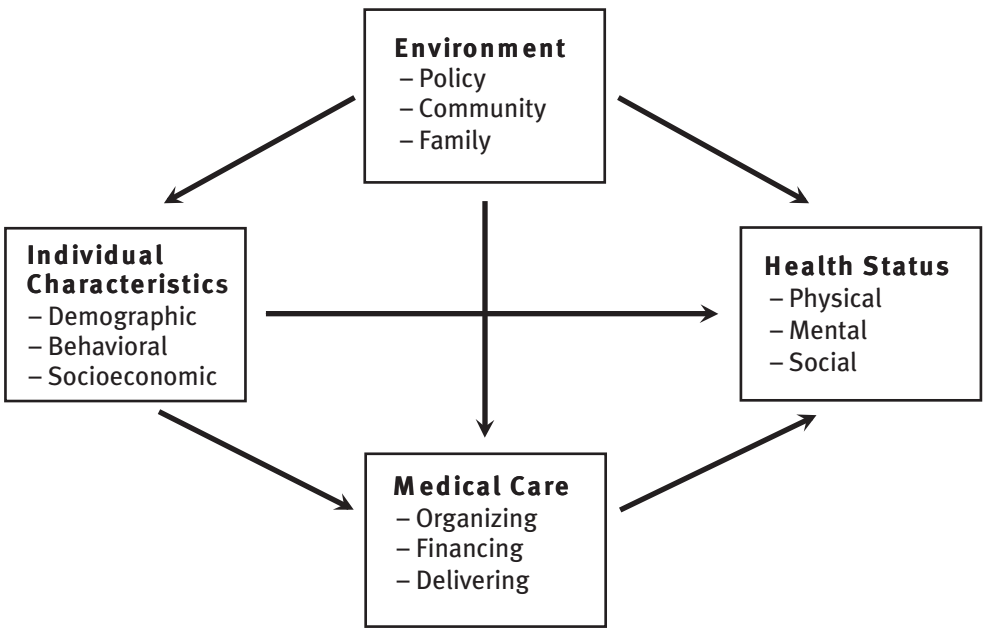

Exhibit 1.2 Conceptual Framework of Health Determinants

influence at the family, community, and policy levels of society. Environmental determinants have a greater impact on health than does the medical care system.

Physical Dimension

The use of energy sources (e.g., oil, coal) by a population creates certain health hazards in the physical environment. Those hazards can present themselves in the form of air, noise, or water pollution, resulting in hearing loss, infectious disease, gastroenteritis, cancer, emphysema, and bronchitis.

Social Dimension

The social environment is reflected in a nation's political, economic, and cultural preferences, which exert significant influence on the health of the population. Characteristics of an environment's social dimension include behavioral health factors and demographic trends. In the United States, for example, rates of psychological stress, homicide, suicide, and other behavioral health indicators can be attributed in part to crowding, isolation, and other social environmental factors. In terms of population trends, the increase in the number of elderly (those aged 65 years or older) as a proportion of the total population will place increasing pressure on healthcare systems around the world.

Individual Characteristics Related to Health

Demographic, behavioral, and socioeconomic conditions shape individual characteristics, which explain much of the variation in health status within populations. As discussed in the following paragraphs, these factors interact with and are influenced by the environment, thereby affecting individuals' health.

Demographics

Age, gender, race, and ethnicity are strongly associated with health. Advancing age, for example, contributes to arthritis, diabetes, atherosclerosis, and cancer. Gender health is influenced in part by the social construct of gender characteristics, such as in the association between masculine identity and risk taking.

People also experience significant differences in health status depending on their race or ethnic origin. Explanations for these differences include socioeconomic status, behaviors, social circumstances, level of access to healthcare services (CDC 2005; Shi 1999; Shi and Stevens 2010), and differences that are associated with particular ethnic or racial groups (CDC 2012).

Behaviors

The leading causes of death in the United States have shifted over the past 100 years. In 1900, infectious diseases, such as diphtheria, tuberculosis, measles and pneumonia, caused 797 per 100,000 deaths in the United States. Today, infectious diseases cause fewer than 100 per 100,000 deaths, and chronic diseases, such as heart disease and cancer, cause significantly higher mortality (Armstrong, Conn, and Pinner 1999). This "epidemiologic transition" supports the idea that the presence of behavioral risk factors, including poor dietary habits, cigarette smoking, alcohol abuse, lack of exercise, and unsafe driving, tends to predict higher risk for certain chronic diseases and mortality. See Exhibit 1.3 for examples of the association between risk factors and leading causes of death.

The level of behavioral risk factors exhibited by a population is related to socioeconomic status. For example, the prevalence of smoking is greater among those with less education than those with more education; in 2008, 41.3 percent of Americans who have obtained a GED (General Educational Development) certificate reported being a current cigarette smoker, compared to only 5.7 percent of those who held graduate degrees (CDC 2009). Behavioral risk factors are divided into three categories: leisure activity risks, consumption risks, and employment participation and occupational risks (Dever 2006).

Exhibit 1.3
The Association Between Health Behaviors and Leading Causes of Death

	Heart Disease	Cancers	Stroke	Diabetes	Cirrhosis	Homicide
Health behaviors						
Smoking	X	X				
High blood pressure	X		X			
High cholesterol	X					
Diet	X	X		X		
Obesity	X			X		
Lack of exercise	X					
Stress	X					X
Alcohol		X			X	X
Drug misuse	X					X

These categories are determined in part by the collection of decisions made by individuals in a particular group that affect their health. The degree of control they have in these decisions varies by category: Individuals have least control over employment and occupational factors, more control over consumption factors, and greatest control over leisure activity–related factors.

Destructive behaviors related to employment and occupational risks are usually difficult for individuals to control. To offset such risk, the federal government created regulatory agencies (e.g., the Occupational Safety and Health Administration) that force employers to maintain safe workplaces and practices.

Individuals have more control over consumption than over occupation-related behaviors; however, environmental factors, such as availability of affordable, healthy foods, play a significant role in the extent of their control. Consumption risks include overeating (resulting in obesity), high cholesterol intake (heart disease), alcohol consumption (motor vehicle accidents), alcohol addiction (cirrhosis of the liver), cigarette smoking (chronic bronchitis and emphysema, lung cancer, aggravating heart disease), drug dependency (suicide, homicide, malnutrition, accidents, social withdrawal, acute anxiety), and excessive glucose (sugar) intake (dental caries, obesity, hyperglycemia).

Unlike the risks related to employment and occupation, those that accompany leisure and consumption activities are relatively unregulated, with the exception of efforts to control the use of illegal drugs and the purchase of tobacco and alcohol products by underage youth. Leisure-related destructive behaviors include sexual promiscuity and unprotected sex, which can result in sexually transmitted diseases, including AIDS, syphilis, and gonorrhea, and limited or no exercise, which may lead to overweight and obesity.

Socioeconomic Status

The major components of SES are income, education, and occupational status. SES is a strong and consistent predictor of health status. Individuals with low SES suffer disproportionately from most diseases and experience higher rates of mortality than those with mid- or high-level SES. For example, after controlling for access to medical care, studies show that countries providing universal health insurance, such as England, report the same SES–health relationships as those found in the United States, which does not offer universal health insurance (Acheson 1998).

SES influences health in the extent to which individuals and populations are exposed to physical and social threats; have knowledge of health conditions; encounter adverse environmental conditions, such as pathogens and carcinogens; and are exposed to undesirable social conditions, such as crime.

Medical Care

Most items that we buy and sell are commodities, which are defined as goods and services whose worth can be captured as a monetary value, that serve a specific (rather than an intrinsic or esoteric purpose), and that can be exchanged with other similar products (Doty 2008). Medical care differs from traditional commodities in four important ways. First, the demand for medical care is *derived*; that is, it stems from the demand for a more fundamental commodity—health itself.

The second difference is the presence of the **agency relationship**. Because patients generally lack the technical knowledge to make health-related decisions, they delegate this authority to their physicians with the expectation that physicians will act for patients as patients would for themselves if they had the appropriate expertise.

Agency relationship
The consumer, or the patient in healthcare, delegates some authority to make decisions and perform actions on his behalf to an expert agent (in the case of healthcare, the physician or other healthcare provider).

If physicians were to act solely in the interests of patients, the agency relationship would be virtually indistinguishable from normal consumer behavior. However, physicians' decisions typically reflect the physicians' self-interests as well as the interests of the patients. Those self-interests may arise from pressures imposed by professional colleagues and institutions, adherence to medical ethics, or a desire to make good use of available resources.

One implication of the agency relationship is that medical care may or may not be provided depending on the payer of services for the patient. For example, physicians who treat members of health maintenance organizations (HMOs) may have an incentive to restrict the number of hospital admissions they order because HMO patients' care is prepaid; that is, the physician will not be paid more to provide more services. Acting on this incentive means the physician is acting as an *imperfect agent*.

The third difference between medical care provision and the provision of other products and services is that healthcare pricing varies according to who pays the fees. Because most patients are covered by insurance, the money paid by patients out-of-pocket at the point of care for most medical services is often significantly lower than the total payment made to the provider.

The fourth difference is that medical care service provision is influenced by the environment in which it takes place, whereas other commodities are not. In other words, the social, economic, demographic, technological, political, and cultural contexts dictate how, when, where, and to whom healthcare services are offered, which is not true of other products and services. For example, of the forces currently reshaping the healthcare industry, the growing number of uninsured (social context) is a major factor driving health insurance reform debates.

Policy Defined

A *policy* is a decision made by an authority about an action—either one to be taken or one to be prohibited—to promote or limit the occurrence of a particular circumstance in a population. In the public sector, the authority charged with making policy is a legislative, executive, or judicial body operating under the purview of a federal, state, or local public administration. Public policy—decision making that affects the general population or significant segments of the general population—is meant to improve the conditions and general welfare of the population or subpopulations under its jurisdiction.

Although public policies are intended to serve the interests of the public at large, the term *public* has different interpretations according to the political context in which it is applied. For example, policymakers tend to be most responsive to the views and wishes of constituents who are politically active and communicate directly with their representatives.

In the private sector, authority is conferred to the executive or board of directors of an organization. Private policy—that which affects the private organization only—is meant to improve the conditions and general welfare of the employees of that organization. Because private organizations function in the larger social (public) environment, private policies must take into account the spirit of public policies.

Health Policy

Miller (1987, 15) defines health policy as "the aggregate of principles, stated or unstated, that . . . characterize the distribution of resources, services, and political influences that impact on the health of the population." This definition and others focus on US federal or public-level health policy and do not reflect non-US political systems or account for the fact that private-sector policy also influences health.

Health policy
Legislation over individuals, organizations, or the society whose goal is to improve health for the population or subpopulations.

Therefore, we define **health policy** as policy that pertains to or influences the attainment of health. In terms of the determinants-of-health framework, health policy refers to legislation that may influence, directly or indirectly, social and physical environments, behaviors, socioeconomic status, and availability of and accessibility to medical care services. Health policies affect groups or classes of individuals, such as physicians, the poor, the elderly, and children. They can also affect types of organizations, such as medical schools, HMOs, nursing homes, medical technology producers, and employers. On the basis of this broad definition, health consequences may result from virtually all major policies, such as Social Security mandates, national defense–related guidelines, labor policy, and immigration policy.

Furthermore, in the United States, each branch and level of government can influence health policy. For example, both the executive and legislative branches at the federal, state, and local levels can establish health policies, and the judicial branch at each level can uphold, strike down, or modify existing laws affecting health and healthcare. Examples of

public, or government, health policy include legislative and regulatory efforts to ensure air and water quality and support for cancer research.

Health policies can also be made through the private sector. Examples of private-sector health policies are the decisions made by insurance companies regarding their product lines, pricing, and marketing and by employers regarding health benefits, such as leave policies, worksite health promotion, and insurance coverage.

Health policy must be distinguished from **healthcare policy**, which refers to that part of health policy pertaining to the financing, organization, and delivery of care. Healthcare policy may cover the training of health professionals; licensing of health professionals and facilities; administration of public health insurance programs, such as Medicare and Medicaid; deployment of electronic health records; efforts to control healthcare costs; and regulation of private health insurance. Whereas the predominant goal of health policy is to improve population health, the goals of healthcare policy are typically to provide equitable and efficient access to and quality of needed healthcare services.

Healthcare policy
Part of health policy but with a focus on healthcare. Specifically, it is related to the financing, delivery, and governance of health services for the populations or subpopulations within a jurisdiction.

FOR YOUR CONSIDERATION
The United States as an Individualist Culture

The American political culture is characterized by some as being rooted in a distrust of power—particularly government power—and a preference for volunteerism and self-rule in small, homogeneous groups with limited purposes. How would you describe the political culture of average Americans? Do you agree or disagree with the characterization posed here? Provide examples to support your answer.

Types of Health Policy

The scope of health policy is determined by the political and economic system of a country. In the United States, where pro-individual and pro-market sentiments tend to dominate (see the For Your Consideration box titled "The United States as an Individualistic Culture"), health policies are likely to be fragmented, incremental, and noncomprehensive. National policies and programs are typically crafted to reflect the notion that local communities are in the best position to identify strategies to address their unique needs. However, the type of changes that can be enacted at the community level are clearly limited. Next, we summarize the two major types of health policies: regulatory and allocative.

Regulatory Health Policies

Health policies may be used as regulatory tools that call on government to prescribe and control the behavior of a particular target group by monitoring the group and imposing sanctions if it fails to comply. Examples of **regulatory policies** include prohibition of smoking in public places, licensure requirements for medical professions, and processes related to the approval of new drugs. State insurance departments across the country regu-

Regulatory policies
Regulations or rules that impose restrictions and are intended to control the behavior of a target group by monitoring the group and imposing sanctions if it fails to comply.

late health insurance companies in an effort to protect customers from default on coverage in the case of a company's financial failure, excessive premiums, or deceptive practices.

Private health policies can also be regulatory. For example, physicians set standards of medical practice and hospitals undergo accreditation assessments from accreditation service organizations, such as The Joint Commission, to ensure compliance with all standards.

Allocative Health Policies

Distributive policy
Regulations that provide benefits or services to targeted populations or subpopulations, typically as entitlements.

Allocative health policies involve the direct provision of income, services, or goods to certain groups of individuals or institutions. They can be distributive or redistributive. **Distributive policies** spread benefits throughout society. Examples include the funding of medical research through the National Institutes of Health, provision of public health and health promotion services, training of medical personnel, and construction of health-care facilities. **Redistributive policies** take money or power from one group and give it to another. This approach typically creates visible beneficiaries and payers. Examples include means-tested social insurance programs such as Medicaid, which takes tax revenue from the more affluent residents and spends it to provide free or low-cost health insurance to the poor, to subsidize the welfare program, and to fund public housing.

Redistributive policy
Deliberate efforts to alter the distribution of benefits by taking money or property from one group and giving it to another.

Determinants of Health Policy

As noted earlier, the framework for health determinants include four major categories: environment, health status, medical care, and individual characteristics (see Exhibit 1.2). The framework for *health policy determinants* is presented in Exhibit 1.4. Broad determinants include the nature of the health problem, the sociocultural norms that influence the perception of the problem, and the political system within which policy is formulated. The inner circle of the framework shows the narrower determinants:

- Potential solutions to the identified health problem
- Views and efforts of the stakeholders
- Demonstrated leadership of the policymakers
- Available resources needed to implement the policy

This general framework may be applied to health policies at the national, state, or local level, to public and private policies, and to health policies within the United States and elsewhere. The remainder of this section describes these components in greater detail, and chapters 2 through 4 illustrate the application of this framework in various settings.

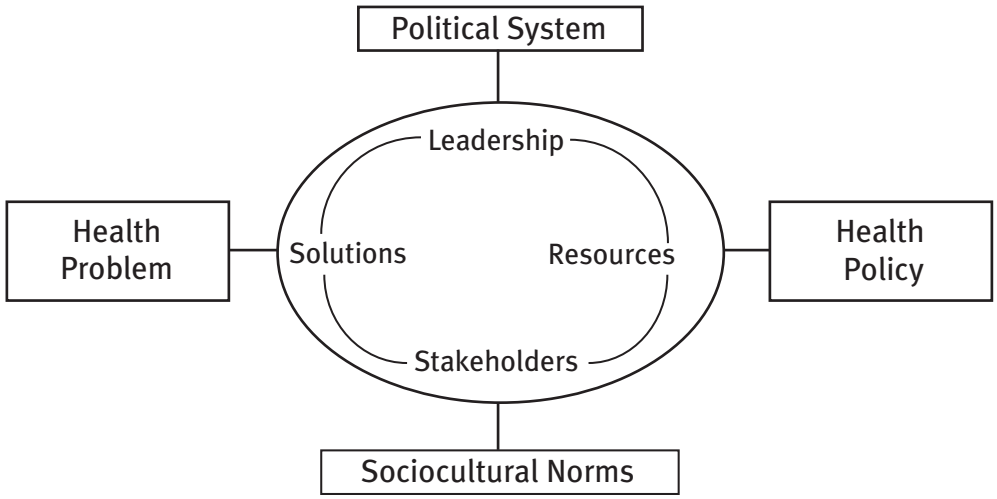

Exhibit 1.4
A Conceptual Framework of Health Policy Determinants

Broad Determinants of Health Policy

Health Problem

The nature of the health problem is typically the first consideration of policy, the significance of which is determined by its magnitude and severity. *Magnitude* indicates the reach of the problem. If the health problem affects a large segment of the population (e.g., heart disease, diabetes), it is considered widespread. *Severity* denotes the extent to which the problem is urgent. See the Learning Point box titled "Severe Acute Respiratory Syndrome" for an example.

LEARNING POINT
Severe Acute Respiratory Syndrome (SARS)

SARS is a serious form of viral pneumonia that can result in acute respiratory distress and, sometimes, death. SARS first came to the attention of Asian health officials in February 2003. In just a few months, SARS had spread throughout North America, South America, Europe, and Asia, sickening 8,098 individuals in more than 25 countries. Of those infected, 774 died. The 2003 epidemic demonstrates how quickly an infectious respiratory disease can spread across the world and registers among the most severe health problems in recent history.

Source: CDC (2005).

Sociocultural Norms

Sociocultural norms reflect the accepted values, beliefs, attitudes, and behaviors of a society or group. These norms play a significant role in the public's perception of the nature of a health problem, the role of government ver-

sus individuals in addressing that problem, and the type of solution or policy implemented to manage it. For example, mental illness carries a social stigma in many cultures. Although poor mental health has long been a pervasive problem in the United States and elsewhere, relatively little public action has been taken to promote improvements in mental health status, care, and treatment.

Political System

Although a democratically governed country is more likely to develop health policies that reflect public interest (officials are publicly elected and presumably represent the electorate's interests), the process of policy development is typically more difficult in democratic systems than in single-rule governments not only because the development of legislation in a democracy is arduous but also because the public's interests are rarely coherent. In authoritarian (single-party) countries, policies can be developed quickly but may not truly reflect the public's interests.

Narrow Determinants of Health Policy

Solutions

Potential solutions to a health problem facilitate policy development. If solutions do not emerge, policymakers may direct their efforts away from full-fledged policy consideration and toward finding a solution, likely by initiating a research study. If a health problem has more than one potential solution, policy research and analysis is conducted to identify the optimal solution given the political climate, available resources, and expectations of prominent stakeholders.

Stakeholders

Entities or individuals who have a direct or indirect role in the development of policy are considered stakeholders. The influence of stakeholders is particularly strong in a democracy, as elected officials often cater to the interests of their constituency—either to fulfill a campaign promise or to gain reelection. Policy is more likely to be enacted when the positions of the various stakeholders converge. The next major section in this chapter describes the key stakeholders in US health policy.

Leadership

No matter how significant the problem or how determined the stakeholders, health policy addressing a particular problem will not appear on the policy agenda without the approval

of the governing body's leader. The case study at the beginning of this chapter demonstrates the contrasting leadership styles of President Barack Obama and former First Lady Hillary Clinton.

Resources

Not even the most effective policy can be implemented without the availability of financial and administrative resources. Financial feasibility tests are conducted during the policy development process to ensure adequate funds are available and to verify that the benefits will outweigh the costs. Administrative feasibility studies examine how the policy can be translated into programs and carried out under an existing or a new infrastructure.

Stakeholders of Health Policy

As shown in the framework of health policy determinants (Exhibit 1.4), stakeholders frequently exert powerful influence on health policy development. Indeed, as shown in later chapters, stakeholders influence not only the formulation of health policy but also its implementation and modification.

One type of stakeholder is the **interest group**. Interest groups are composed of individuals or entities that at least nominally present a unified position on their preferences regarding a particular health problem or its solution. **Lobbying** by organized interest groups is a common component of the political process in a democracy. Because stakeholders often differ in their positions and preferences and coalition building is usually specific to an issue, interest groups are not always static, and their formations typically depend on the particular health problem under policy consideration. The following paragraphs introduce the major stakeholders in US health policy.

Interest group
A collective of individuals or entities that hold a common set of preferences on a particular health issue and often seek to influence policymaking or public opinion.

Lobbying
Activities seeking to influence an individual or organization with decision-making authority.

Consumers and patients. Consumers and patients are typically the intended beneficiaries of health policy because they suffer the consequences of a health problem that could be the target of health policy. However, consumers have diverse health problems, and the prioritization of those problems is not always determined by consumers. Furthermore, consumers with the same health problem may have diverse interests and different cultural norms. The more their interests converge and the more organized they become as a collective, the more likely consumers are to influence policy development.

Healthcare providers. Healthcare providers—those individuals who provide direct patient care—include physicians, nurses, dentists, pharmacists, and other health professionals. Traditionally, healthcare providers value autonomy and have an interest in preserving their prestige and expertise that have been associated with their careers in recent decades.

Healthcare organizations. Healthcare organizations are the institutional settings in which healthcare providers work or provide care to patients. Traditional settings include hospitals (inpatient and outpatient) and community-based offices. Organizational settings

FOR YOUR CONSIDERATION
Interests Common to Healthcare Administrators

Healthcare administrators are responsible for overseeing a health facility or department. According to the Health Careers Center (2004), they "plan, coordinate, and supervise" all activities in their area, including the work of staff members. Healthcare administrators also take responsibility for developing and implementing standards, operating procedures, and organizational policies that help the facility operate at peak efficiency, and they can be involved in developing and expanding programs in new areas, such as medical research and preventive care.

now also include diagnostic imaging centers, occupational health centers, psychiatric outpatient centers, and many others. Administrators of those institutions may share an interest, for example, in serving their customers and maintaining the financial well-being of their institutions at the same time.

Payers and insurers. Payers and insurers can be private (commercial or other private enterprise) or public (government-operated entity). Private insurance is offered by commercial insurance companies (e.g., Aetna, Prudential); Blue Cross/Blue Shield; selfinsured employers; and managed care organizations (MCOs), such as **health maintenance organizations** and **preferred provider organizations** (PPOs). Public insurance includes federally funded programs such as **Medicare**, which provides insurance for the elderly and certain disabled individuals; **Medicaid**, for the indigent; TRICARE, for Department of Defense active military service personnel and their families; and Veterans Affairs programs, for former armed forces personnel. One interest that private insurance companies and MCOs have in common is maintaining their share of the health insurance market; in contrast, a main interest of public payers is ensuring coverage for vulnerable populations at reasonable costs.

Health maintenance organization (HMO)
A managed care organization that focuses on wellness care and requires use of a specified panel of providers.

Regulators. In addition to providing public insurance for the elderly and indigent, the government functions as a regulator, seeking to make sure that basic services are provided and their quality maintained by the providers and that the overall cost of providing care in the community or sector is contained.

Preferred provider organization (PPO)
A managed care organization that offers unrestricted provider options to enrollees and discounted fee arrangements to providers.

Medical device and pharmaceutical manufacturers. Manufacturers of medical equipment and drugs have a vested interest in health policy, especially with regard to payments for the use of their products. With the rapid advancement of science and technology, numerous devices and types of equipment have been developed for medical use, such as fetal monitors, computerized electrocardiography, and magnetic resonance imaging. This equipment is useful in the diagnosis of diseases but is expensive.

Educational and research institutions. Health policy affects the type and quantity of healthcare providers to be trained, making educational institutions another significant stakeholder. Similarly, research facilities are affected by health policy that directs the types of research to be conducted.

Businesses and corporations. American businesses and corporations have a keen interest in health policy that, among other issues, mandates healthcare coverage levels. These

stakeholders seek to minimize the cost they incur for providing health insurance as a benefit to their employees.

Medicare
Federal government insurance plan for persons aged 65 years or older, disabled individuals who are entitled to Social Security benefits, and people who have end-stage renal (kidney) disease.

Medicaid
Joint federal and state insurance plan for the indigent.

Why Is It Important to Study Health Policy?

Understanding how health policy is developed is the first step toward influencing policy. And only by knowing the health policy determinants and how they manifest in particular contexts can one appreciate the key features of policy development.

In addition, the study of health policy allows one the ability to engage in efforts to improve it. For example, *policy entrepreneurs*—those who work from outside the government to introduce and implement innovative ideas into public-sector practice—are instrumental in bringing new ideas and fundamentally changing the usual way of practice.

Furthermore, the importance of health policy itself is another reason to study it. As shown in the framework of health determinants (see Exhibit 1.2), policy is an integral component of environmental health determinants. Improvements to policy development, such as ensuring that it truly addresses a critical health problem and that it is developed in an expeditious manner, can significantly improve a population's overall health. In addition, policy influences other determinants of health and therefore must be thoroughly understood to enhance the country's health system.

FOR YOUR CONSIDERATION
Why Is an International Perspective of Health Policy Useful?

Countries vary in their demographics, population health needs, and social norms, but they share commonalities, such as population aging and leading causes of death. Learning from the best practices of other countries—compared to a country developing its own evidence-based approaches—can significantly shorten the time in which the country improves healthcare delivery. Just as the US experience and lessons can benefit other countries as they consider healthcare delivery reform, so can the United States learn from the experiences of other countries in expanding health policy options. One result of this convergence of international health policies is the increase in similarity of global trends.

Industrialized countries need not limit their examination to other developed countries; the experiences of developing countries can also be instructive (Dixon and Alakeson 2010). Such countries tend to focus on basic and community-oriented public health and primary care, which may prove instructive for developed countries as they struggle to control costs and improve outcomes.

Key Points

- Health determinants, such as environment and social structure, interact with biological factors and medical care to determine an individual's health status.
- Health policy formulation is influenced by broad determinants—health problems, sociocultural norms, and political system—and by narrow determinants—solutions, stakeholders, leadership, and resources.
- The major stakeholders in US health policy include consumers and patients, healthcare providers, healthcare organizations, payers and insurers, regulators, medical device and pharmaceutical manufacturers, educational and research institutions, and businesses and corporations.
- US health policy has evolved over time and will continue to change in response to new health concerns and interests.

Case Study Questions

After researching the events surrounding the healthcare reform initiatives undertaken by the Clinton and Obama administrations, answer the following questions:

1. What factors might explain why the Obama plan succeeded? What events may have caused the Clinton plan to fail?
2. How do you think the failure of the Clinton healthcare reform effort influenced the outcome of the congressional election that followed?
3. Why does health reform continue to be controversial despite widespread opinion in favor of change?

For Discussion

1. How is health defined?
2. What are the major determinants of health? How do they interact?
3. What is health policy, and what are its determinants?
4. Who are the stakeholders of health policy? What kinds of concerns does each stakeholder have about the current US healthcare system?
5. What are the major types of health policies? Cite an example of each type.

6. Why is it important to study health policy?

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