



## Transition Guide

*Health Policy Issues: An Economic Perspective*

Seventh Edition

Paul J. Feldstein

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One of the best ways to understand healthcare, in all its complexity, is from an economic perspective—that is, from the perspective of the financial self-interest of all involved parties. *Health Policy Issues: An Economic Perspective* takes just such an approach. Renowned author Paul J. Feldstein describes the forces that press for change in healthcare and explains why the US health system has evolved to its current state. This book’s issue-oriented chapters cover various aspects of the US health system, including the cost of medical care, health insurance, Medicare and Medicaid, physician and nursing shortages, medical school admittance, malpractice reform, prescription drugs, and more.

## Changes in the Seventh Edition

Many revisions and additions have been made in the seventh edition. The book consists of 38 chapters, a glossary, 116 exhibits, and an extensive list of references. In addition to updating the exhibits (including several new exhibits) and adding recent references, the text has been revised (some sections rather extensively) and updated as well, using recent data, adding new research findings relevant to different sections, and several new sections in various chapters. The following chapters were significantly revised or updated with important new sections:

Chapter	Chapter Title	New/Updated Material
10	How Does Medicare Pay Physicians	This chapter includes a new section on Medicare Access and CHIP Reauthorization Act (MACRA). The new content describes and analyzes the likely consequences of the new Medicare physician payment system starting in 2019.
14	Physician Malpractice Reform	The emphasis in this chapter has changed from a discussion of the recurrent malpractice crises and why malpractice premiums have risen to the objectives of the malpractice system, proposed reforms, and their likely effectiveness, including a new illustrative exhibit.
23	Who Bears the Cost of Employee Health Benefits?	This chapter previously discussed the effect of rising healthcare costs on U.S. competitiveness. In addition to a changed title, the chapter has been extensively revised and now focuses on how the costs of various mandates are shifted to employees.
25	The High Price of Prescription Drugs	A new section has been added that analyses the shortage of generic drugs. It is surprising that the supply of generic drugs and inexpensive copies of drugs which have lost their patent protection, cannot be quickly increased when demand for such drugs exceeds its available supply. The reasons for these recurrent shortages and appropriate public policies are discussed.

30	Should Profits in Healthcare be Prohibited?	<b>NEW CHAPTER IN SEVENTH EDITION.</b> Many people have questioned the role of profits and the adverse incentive effects of making a profit in healthcare. The different definitions of profits used by accountants and economists are discussed in this new chapter, including when “excess” profits are beneficial to society, and appropriate government regulation when excess profits are generated by certain types of behavior. Also discussed is why not-for-profit hospitals and insurers must earn a profit, as well as examples of the consequences prohibiting profits, and the importance of profits for providing incentives for developing treatment and cost reduction innovations.
31	The Role of Government in Medical Care	A new section on “Political Markets Compared to Economic Markets” has been added to the chapter that discusses the similarities and differences between the two types of markets.
32	Health Associations and the Political Marketplace	<b>NEW CHAPTER IN SEVENTH EDITION.</b> This new chapter focuses on the types of legislation demanded by different health associations. Understanding the economic self-interest of each health association’s members and their policy preferences increases our knowledge of why the financing and delivery of medical services has evolved the way it has. Based on an economic model of the demand for legislation and economic self-interest, legislation and regulation favored (and opposed) by politically powerful health associations is discussed.
33	Medical Research, Medical Education, Alcohol Consumption, and Pollution: Who Should Pay?	A new appendix has been included, “Infra-Marginal Externalities in Medical Education”, which explains the circumstances when sufficient private benefits accrue to individuals from becoming a physician.
35	Employer Mandated National Health Insurance	In addition to various updates of exhibits, data, and commentary, this chapter includes an additional discussion of the ACA’s employer mandate, while reducing several descriptive sections.
38	The Affordable Care Act: Did It Achieve Its Goals	<b>NEW CHAPTER IN SEVENTH EDITION.</b> This new chapter examines an important (but not the only) objective of the ACA, namely reducing the number of uninsured. The chapter elaborates on several of the ACA issues covered in other chapters and also provides new materials and exhibits on the ACA’s approaches for reducing the number of uninsured. Sufficient time has passed and data have now become available to analyze the performance of each of the ACA approaches for reducing the number of uninsured, Medicaid eligibility expansion, employer mandate, small business tax credit, individual mandate, and subsidies within the health insurance exchanges. The limitations of each approach are discussed together with suggested changes that could further increase the number of insured.