



Transition Guide

Economics for Healthcare Managers,

Fourth Edition

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Economics for Healthcare Managers provides the practical guide that healthcare managers need to simplify and strengthen the decision-making process for everyday issues. Written for those with little or no background

in economics, the book is designed to engage readers in today's policy and management challenges. The author references classic studies while also drawing on current research and emphasizing contemporary analyses.

Changes in the Fourth Edition

The entire book has been updated to reflect the changes in health policy and research of the last five years. Topic-related new material in each chapter includes:

Chapter	Chapter Title	New Material
1	Why Health Economics?	Chapter 1 incorporates two new cases with discussion questions. Case 1.1 updates the previous version and introduces basic questions about what causes differences in population health. Case 1.2 is completely new. It asks students to explore why healthcare costs are higher in the United States, emphasizing the clear role of higher prices and uncertainties about higher intensity.
2	An Overview of the US Healthcare System	Chapter 2 draws on new research to update answers to "How Many Life Years Will \$1 Million Save?" It also adds a new case with discussion questions. Case 2.1 compares health outcomes in two adjoining counties and asks students to consider why the differences are so large.
3	An Overview of the Healthcare Financing System	Chapter 3 incorporates two new cases with discussion questions, introducing students to alternative payment mechanisms. Case 3.1 examines the restructuring of Oregon Medicaid and asks students to explore some of the rethinking of health insurance that has taken place in the last several years. Case 3.2 explores Geisinger's turn-around and encourages students to think about the effects of several new payment mechanisms.
4	Describing, Evaluating, and Managing Risk	Chapter 4 also incorporates two new cases with discussion questions. Case 4.1 examines the risks associated with Medicare Advantage plans. Case 4.2 examines how diversification by UPMC does and does not reduce risk. These cases, like other cases in the

		book, combine opportunities to apply basic economics while actively learning about healthcare institutions.
5	Understanding Costs	Chapter 5 includes three new cases. Case 5.1 explores cost reductions at Baptist Health System, focusing on how the reductions were made and what their effects were. Case 5.2 describes a Lean initiative and its effects on patients and staff. Case 5.3 looks at the costs of care in the Emergency Department and asks students to explore how differences in perspectives change perceptions of costs.
6	Realizing the Triple Aim	Chapter 6 has been completely rewritten. It emphasizes realizing The Triple Aim and revisits several new payment models: Accountable Care Organizations, Bundled Payments, Patient-Centered Medical Homes, and Value-Based Insurance Designs. Case 6.1 briefly looks at the varying estimates of the effects of Patient-centered Medical Homes and challenges students to think about their potential. Case 6.2 explores Centers of Excellence and asks students to think about their potential effects (and alternatives to them). Case 6.3 asks students whether Medicare for All would reduce costs. As with other cases, Case 6.3 encourages students to separate facts and preferences (without pushing a particular point of view).
7	The Demand for Healthcare Products	Chapter 7 introduces the core concepts of demand. Its updated case explores concepts of substitutes and complements using MinuteClinic.
8	Elasticities	Chapter 8 streamlines the discussion of elasticities, emphasizing their use in forecasting by managers. The Chapter offers new and classic estimates of elasticities. The Chapter has two new cases. Case 8.1 applies elasticities to pharmaceutical marketing. Case 8.2 uses elasticities to examine the pros and cons of taxes on sodas.
9	Forecasting	Chapter 9 discusses forecasting. The new Case 9.1 allows students to apply these concepts to forecasting supply use and introduces basic ideas of supply chain management. Case 9.2 encourages students to explore several common forecasting mistakes.
10	Supply and Demand Analysis	Chapter 10, which explores supply and demand analysis as a management tool, features two new cases. Case 10.1 explores how policy and demographic shifts might shift the demand for long-term care. Case 10.2 asks students to apply supply and demand analysis to the market for primary care physicians.
11	Maximizing Profits	Chapter 11 discusses profitability and incorporates two new cases. Case 11.1 explores whether improvements in clinical practice

		might increase profits. Case 11.2 asks students to assess the payoff from tax exemptions for not-for-profit hospitals.
12	Pricing	Chapter 12 presents the marginal cost pricing model. The updated Case 12.1 invites students to examine price discrimination. Case 12.2 asks students to set a price that maximizes profits when customers differ.
13	Asymmetric Information and Incentives	Chapter 13 explores asymmetric information. Case 13.1 invites students to apply this concept to designing an Accountable Care Organization. Case 13.2 examines the incentives contained in a multi-payer patient-centered medical home program and asks students to design a program with different incentives.
14	Economic Analysis of Clinical and Managerial Interventions	Chapter 14 examines efforts to assess the cost and value of clinical and managerial innovations. Case 14.1 asks students to critique a VA effort to do this for teledermatology.
15	Profits, Market Structure, and Market Power	Chapter 15 examines how market structure affects prices and profits. Case 15.1 asks students to explore whether governments should participate in price negotiations. Case 15.2 invites students to examine the advantages and disadvantages of direct-to-consumer advertising of prescription drugs.
16	Government Intervention in Healthcare Markets	Chapter 16 considers arguments for and against government intervention in healthcare markets. The updated case 16.1 examines the Medicare competitive bidding program for durable medical equipment. It asks students to analyze its strengths and weaknesses. Case 16.2 invites students to examine arguments for and against a California law that eliminated personal-belief exemptions for school children.
17	Regulation	Chapter 17 examines regulation. Updated Case 17.1 explores an effort by an industry group to restrict competition and asks students to consider alternatives to regulation. A new case examines the strengths and weaknesses of consumer report cards.
18	Behavioral Economics	Chapter 18 introduces the basics of behavioral economics. Case 18.1 explores efforts of firms, insurers, policy makers, and health professionals to incentivize changes in health behaviors. It invites students to explore the challenges of these efforts. Case 18.2 explores why more than two-thirds of the millions of children without health insurance appear to be eligible for Medicaid or the Children's Health Insurance Program. It then asks students to consider ways of reducing this gap.