

PREFACE TO THE THIRD EDITION

A third edition of *Economics for Healthcare Managers* is needed for two reasons. The main reason is the dramatic changes underway in healthcare. Health insurance has changed, partly because of the effects of the Affordable Care Act of 2010 and partly because of the increasing ability of insurers and sponsors to identify efficient and inefficient providers of care. Healthcare providers will have to respond to these changes in insurance; the exact nature of those responses is impossible to forecast. Nonetheless, change is in the wind, and everyone in healthcare must be prepared. The radical idea that success requires offering one's customers exceptional value is becoming more common in healthcare. While challenging, this classic prescription for managing turbulent times is one of the most useful ideas that economics has to offer.

Second, two new topics need to be covered. One topic is an overview of initiatives to improve population health, reduce the per-person costs of healthcare, and improve the patient experience of care. The second topic is behavioral economics. This idea—that individuals often take shortcuts in decision making and make poor decisions as a result—is especially relevant for managers. Managers sometimes use rules of thumb to make choices, and some of these rules of thumb can harm employees, patients, and organizations. Being forewarned may prevent some of these errors.

The third edition remains firmly focused on the economics that healthcare managers need to understand, but it updates the references and offers students a glimpse into contemporary research. Although many classic citations remain vital, economists have done a great deal of interesting work since the publication of the previous edition. The third edition shares some of this work with students.

This textbook and the accompanying online instructor resources are designed to facilitate discussion and learning. Study questions are included at the end of each chapter, and the instructor resources include answers to the study questions, a PowerPoint presentation for each chapter as a teaching aid, and a test bank. For access information, e-mail hapbooks@ache.org.