



FOCUSING ON HEALTH REFORM

RAND Research on Financing Health Care

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RAND has been analyzing major issues related to public and private financing of health care since 1968. An early landmark study in this body of work was the [RAND Health Insurance Experiment](#), still the largest health policy study in U.S. history and the only long-term, experimental study of cost sharing and its effect on health care utilization and spending, quality of care, and health. RAND work in this research area includes studies on the organization and regulation of health care markets, the effects of population health on public financing, the cost-effective allocation of private and public financing, and distributional issues in health and health care associated with financing, among others.

Project COMPARE: A Global Positioning System for Health Care Policy

COMPARE (Comprehensive Assessment of Reform Efforts) is a first-of-its kind online resource that provides one-stop shopping for objective analysis of health policy issues. COMPARE provides facts and figures about the current state of the U.S. health care system, focusing on key dimensions of health system performance; a description of policy options for changing the health care system; an inventory and the status of prominent federal, state, and private health care reform proposals; and an interactive tool to provide analyses of the effects of different health care policy options on multiple dimensions of health system performance, including cost, coverage, and outcomes.

<http://www.randcompare.org>

Modeling the Health and Medical Care Spending of the Future Elderly (2008)

This research brief summarizes studies showing that medical innovations will improve health and extend life but will likely increase Medicare spending; eliminating obesity and better prevention could save Medicare money and improve health.

http://www.rand.org/pubs/research_briefs/RB9324/

Waste in the U.S. Health Care System: A Conceptual Framework

Bentley TKG, Effros RM, Palar K, Keeler EB *The Milbank Quarterly*, [Epub Nov 21 2008], Vol. 86, No. 4, Dec 2008, pp. 629-659

What is health care waste, what types of waste are there, what is known about each type, and what are the challenges in reducing each type? This study takes an important step towards answering these questions.

<http://www.milbank.org/860405.html>

Consumer-Directed Health Care: Early Evidence Shows Lower Costs, Mixed Effects on Quality of Care (2007)

This research brief summarizes research on the effect of enrollment in consumer-directed health care (involving plans with high deductibles — \$1,000 or more annually) on the use, cost, and quality of medical care.

http://www.rand.org/pubs/research_briefs/RB9234/

State Insurance Mandates and Consumer-Directed Health Plans: Are They Helping Small Business Provide Health Insurance to Employees? (2007)

This research brief describes the effects of state health-insurance mandates and consumer-directed health plans (CDHPs) on the access to and affordability of health insurance for small businesses.

http://www.rand.org/pubs/research_briefs/RB9305/

Nonprice Competition and Quality of Care in Managed Care: The New York SCHIP Market

Liu H, Phelps CE. Health Services Research [Epub Oct 29, 2007], Vol. 43, No. 3, Jun 2008, pp. 971-987

It seems likely that pricing policy is a constraint on quality.

High-Deductible Health Plans and Better Benefit Design

Mahajan AP, Brook RH. Annals of Internal Medicine, Vol. 148, No. 9, May 6 2008, [Editorial], pp. 704-701, W-139

After decades of studying the merits and drawbacks of giving patients financial incentives to save money, the totality of the evidence suggests that cost-sharing is a blunt tool. It is now self-evident that even small amounts of cost-sharing reduce the use of effective services. However, cost sharing also reduces costs and provides disincentives to choose services that do not improve health or are possibly harmful.

Hospital Pricing and the Uninsured: Do the Uninsured Pay Higher Prices?

Melnick GA, Fonkych K. Health Affairs, Web exclusive, Vol. 27, No. 2, Feb 2008, w116-w122

Uninsured patients pay prices similar to those of Medicare patients. In addition, despite increased media attention, hospital prices to the uninsured have risen in recent years.

The Promise of Health Care Cost Containment

Garber A, Goldman DP, Jena AB. Health Affairs, Vol. 26, No. 6, Nov/Dec 2007, pp. 1545-1547

Today the United States may be on the cusp of changing from a cost-unconscious health care system to one that seeks value. The consequences of adopting a value-based approach to coverage have not been well studied; however, several broad strands of the health literature suggest that spending could be reduced by as much as 30 percent without adversely affecting health.

The Welfare Effects of Public Drug Insurance

Lakdawalla D, Sood N. Cambridge, Mass.: National Bureau of Economic Research, Working Paper No. 13501, Oct 2007

The public provision of drug insurance can be welfare-improving, even for risk-neutral and purely self-interested consumers.

The Health Insurance Experiment: A Classic RAND Study Speaks to the Current Health Care Reform Debate (2006)

This research brief summarizes the main findings of the RAND Health Insurance Experiment and clarifies its relevance for today's health care debate.

http://www.rand.org/pubs/research_briefs/RB9174/

Consumer Decision-making in the Insurance Market (2006)

This research brief summarizes a multi-year examination of consumer decisionmaking in the individual insurance market in California.

http://www.rand.org/pubs/research_briefs/RB9151/

Cutting Drug Co-Payments for Sicker Patients on Cholesterol-Lowering Drugs Could Save a Billion Dollars Every Year (2006)

This research brief summarizes the relationship between (1) co-payments and compliance for patients whose doctors prescribed cholesterol-lowering drugs, and (2) compliance and subsequent use of expensive health care services.

http://www.rand.org/pubs/research_briefs/RB9169/

The Effects of Multi-Hospital Systems on Hospital Prices

Melnick G, Keeler E. Journal of Health Economics [Epub Nov 7, 2006], Vol. 26, No. 2, Mar 2007, pp. 213-430

U.S. hospital prices are rising again after years of limited growth. Hospitals that were members of multi-hospital systems were able to increase their prices substantially more than comparable non-system hospitals (34 percent for large systems and 17 percent for small systems). One possible explanation is that hospitals belonging to non-local multi-hospital systems have improved their bargaining position vis-à-vis health plans.

State Efforts to Insure the Uninsured: An Unfinished Story (2005)

Expanding public programs and new public subsidies are intended to make health insurance more available and affordable to low-income uninsured persons, regardless of their work status. A series of studies conducted by RAND economists Susan Marquis and Stephen Long examined how successful these state experiments have been.

http://www.rand.org/pubs/research_briefs/RB4558-1/

Future Health and Medical Care Spending of the Elderly: Implications for Medicare (2005)

Medical innovations will result in better health and longer life, but they will likely increase, not decrease, Medicare spending. Eliminating any one disease will not save Medicare money. Obesity might be an important exception to this rule.

http://www.rand.org/pubs/research_briefs/RB9146-1/

Cost-Effective Allocation of Government Funds for Preventing HIV (2005)

The most cost-effective interventions are targeted at high-risk groups, such as men who have sex with men and users of intravenous drugs. Interventions aimed at low-prevalence populations (such as mass media campaigns) can be cost-effective if they reach a large number of people.

http://www.rand.org/pubs/research_briefs/RB9132/

Prospects for Change in the Individual Health Insurance Market (2005)

At least 45 million Americans are uninsured. Most are employed but either work for firms that don't offer insurance or can't afford the plan that's offered. Individual health insurance may be an option.

http://www.rand.org/pubs/research_briefs/RB9097/

The Role of the Safety Net in Employer Health Benefit Decisions

Marquis MS. Medical Care Research and Review, Vol. 62, No. 4, Aug 2005, pp. 435-457

Both public insurance and public delivery programs have a significant effect on employer decisions, but the magnitude of the effect is small. Policies to limit crowd-out should focus on incentives to make continued private insurance purchase attractive to workers rather than incentives to employers.

The Office of Congressional Relations provides any of the listed documents to Congressional offices and U.S. Federal agencies on request, at no charge.

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