

## CURRENT RESEARCH ON

# Health Economics

The RAND Corporation is at the forefront of research on health insurance and managed care, conducting high-profile studies on a variety of topics, including the influence of insurance coverage on access to health care and on health outcomes. RAND's 15-year Health Insurance Experiment, which began in 1971, is considered the most important study of health insurance ever conducted, laying the groundwork for future research on health care quality and coverage and on managed care. Our current studies on health care financing and organization are highlighted below.

### **Reforming U.S. Health Care**

- **Comprehensive Assessment of Reform Efforts (COMPARE)**—An interdisciplinary initiative to provide objective, reliable information about the likely effects of proposed health care reforms. Through this project, RAND will provide neutral assessments of proposed health care reforms to advance the discussion of solutions. **Contact: Elizabeth McGlynn, PhD** ([Elizabeth\\_McGlynn@rand.org](mailto:Elizabeth_McGlynn@rand.org))

### **Health Care Costs**

- **Assessing the War on Cancer**—An analysis of the clinical and economic effects of the war on cancer. **Contact: Darius Lakdawalla, PhD** ([Darius\\_Lakdawalla@rand.org](mailto:Darius_Lakdawalla@rand.org)) or **Dana Goldman, PhD** ([Dana\\_Goldman@rand.org](mailto:Dana_Goldman@rand.org))
- **Eliminating Payment Differentials for Services Provided in Different Settings**—A study to examine the extent to which Medicare payments for services delivered in hospital outpatient departments differ from payments for similar services provided in other ambulatory settings. **Contact: Barbara Wynn, MA** ([Barbara\\_Wynn@rand.org](mailto:Barbara_Wynn@rand.org))
- **Redistributive Effects of Medicare**—A study to assess whether Medicare policies, which effectively “redistribute” funds from those who die sooner to those who die later, disproportionately help disadvantaged members of the population. **Contact: Darius Lakdawalla, PhD** ([Darius\\_Lakdawalla@rand.org](mailto:Darius_Lakdawalla@rand.org))
- **Roybal Center for Health Policy Simulation**—A National Institute on Aging–funded center whose charge is to develop better models to understand the consequences of biomedical developments and social forces for health, health spending, and health care delivery. **Contact: Dana Goldman, PhD** ([Dana\\_Goldman@rand.org](mailto:Dana_Goldman@rand.org))

- **Consequences of Weight Gain in the Elderly and Near Elderly**—A study to identify the determinants of weight gain in the near-elderly and elderly populations and the consequences for health and health care costs. **Contact: Darius Lakdawalla, PhD (Darius\_Lakdawalla@rand.org)**
- **Funding Treatment Services**—A study to provide improved funding information to local and state policymakers facing difficult choices in the present economic crisis in California and to provide forecasting tools to help plan ahead for future changes in substance abuse treatment resources. **Contact: Patricia Ebener, BA (Patricia\_Ebener@rand.org)**

### **Health Insurance, Quality of Care, and Outcomes**

- **Areas of health care with rapid growth**—A study to identify the physicians' services that have the highest spending growth within the Medicare program and to analyze the appropriateness of such growth in relation to clinical quality-of-care guidelines and other relevant factors. **Contact: Melinda Beeuwkes Buntin, PhD (Melinda\_Buntin@rand.org)**
- **Health Plan Concentration, Costs, and Outcomes**—A study to examine the relationship between health plan consolidation and hospital prices, costs, charity care, and outcomes of care. **Contact: RAND\_Health@rand.org**
- **Health Care Use and Quality in High-Deductible and “Consumer-Directed” Health Plans**—An investigation of how new health insurance benefit designs that incorporate financial incentives and information intended to help patients make more cost-conscious health care decisions influence the amount, type, and quality of care used, and how responses differ across population groups, particularly among the sick and the poor. **Contact: Melinda Beeuwkes Buntin, PhD (Melinda\_Buntin@rand.org)**
- **Use of Preventive Services and Prescription Drugs in High-Deductible Health Plans**—An examination of the relationship between high medical and pharmaceutical cost sharing and the use of prescription drugs and preventive services. **Contact: RAND\_Health@rand.org**

### **Employer-Sponsored Health Insurance and Care for the Uninsured**

- **Regulating the Cost of Health Insurance**—An examination of successes and failures in regulating health insurance costs and their implications, compared with similar regulatory attempts in other industries. **Contact: Neeraj Sood, PhD (Neeraj\_Sood@rand.org)**

### **Prescription Drug Benefits**

- **Understanding the Effect of Shifting Drug Status**—An assessment of the likely effect of assigning a prescription-only drug to behind-the-counter (BTC) status and also analyzing the likely effect of changing an over-the-counter product to BTC status. **Contact: Neeraj Sood, PhD (Neeraj\_Sood@rand.org)**
- **Pharmaceutical Benefits Changes and Health Outcomes**—A study to assess the effect of moving from a single-tiered to a three-tiered pharmaceutical benefits plan on a population of chronically ill beneficiaries. **Contact: Christine Eibner, PhD (Christine\_Eibner@rand.org)**

- **The Impact of Market Regulation on Drug Development**—An examination of the effects of market size and pricing policies on future innovation in the pharmaceutical industry and the impact of alternative policy schemes on the future health and welfare of consumers.  
**Contact: RAND\_Health@rand.org**
- **Examining the Effect of Medicare Part D in California**—A study to assess the impact of Medicare Part D on prescription drug use and out-of-pocket drug spending for different groups of Medicare beneficiaries, including those who are dual eligible, those enrolled in Medicare Advantage plans, and the previously uninsured. **Contact: Dana Goldman, PhD (Dana\_Goldman@rand.org)**

### **Economic Incentives to Improve Quality**

- **Evaluating Pay for Performance**—A project to evaluate the Integrated Healthcare Association’s Pay for Performance program, aimed at providing quality-based financial incentives and public recognition to physician organizations in California. **Contact: Cheryl Damberg, PhD (Cheryl\_Damberg@rand.org)**
- **Aligning Incentives with High-Quality Care**—A project to evaluate the design, implementation, and outcomes of Wellpoint’s Rewarding Results program to determine whether the incentives resulted in improvements in quality. **Contact: Cheryl Damberg, PhD (Cheryl\_Damberg@rand.org)**
- **Value-Based Purchasing Strategies for Medicare**—A study using categories for grouping commercial episode to generate episodes for a given condition over a period of time in order to examine episode characteristics for patients with different levels of comorbidity, various *attribution rules* for assigning responsibility to providers for different clinical events and conditions, and the implications for tying performance measurement to episodes of care. **Contact: Cheryl Damberg, PhD (Cheryl\_Damberg@rand.org) or Melony Sorbero, PhD (Melony\_Sorbero@rand.org)**

### **Highlights of Recent Studies**

*Modeling the Health and Medical Care Spending of the Future Elderly.* This study, which modeled the likely influence of health innovations and projected health status on health spending, found that health technologies are likely to increase, not decrease, spending; that elimination of disease (with the exception of obesity) would not reduce health spending; and that prevention care might decrease spending, but only under particular conditions. Available online at [www.rand.org/pubs/research\\_briefs/RB9324/](http://www.rand.org/pubs/research_briefs/RB9324/)

*State Insurance Mandates and Consumer-Directed Health Plans: Are They Helping Small Business Provide Health Insurance to Employees?* This study found no evidence that state-health insurance mandates or consumer-directed health plans have improved access to or affordability of insurance for small businesses; that they may have had unintended consequences; and that monitoring and alternative solutions are needed. Available online at [www.rand.org/pubs/research\\_briefs/RB9305/](http://www.rand.org/pubs/research_briefs/RB9305/)

*Consumer Decisionmaking in the Insurance Market.* This study of the individual insurance market in California finds that only 7 percent of non-elderly adults purchase their own insurance; those with chronic illnesses pay slightly more than healthier adults; large subsidies would be needed to spur those without insurance to purchase it; purchasers would be willing to pay higher premiums to lower their deductibles; and premium costs will need to be controlled to maintain the market. Available online at [www.rand.org/pubs/research\\_briefs/RB9151/](http://www.rand.org/pubs/research_briefs/RB9151/)

*Consumer-Directed Health Care: Early Evidence Shows Lower Costs, Mixed Effects on Quality of Care.* This study of the effects of enrollment in consumer-directed health plans on use, costs, and quality of health care also found that beneficiaries believed they lacked adequate information with which to make choices. Available online at [www.rand.org/pubs/research\\_briefs/RB9234/](http://www.rand.org/pubs/research_briefs/RB9234/)

*The Public Spends Little to Provide Health Care for Undocumented Immigrants.* This study found that undocumented immigrants use fewer health care services than native-born residents, in large part because they are healthier than native-born residents. Available online at [www.rand.org/pubs/research\\_briefs/RB9230/](http://www.rand.org/pubs/research_briefs/RB9230/)

*The Health Insurance Experiment: A Classic RAND Study Speaks to the Current Health Care Reform Debate.* A reexamination shows that the main findings of this classic study—that cost sharing affects the use of highly effective as well as less effective health care services and that free care led to some health improvements—are still relevant today. Available online at [www.rand.org/pubs/research\\_briefs/RB9174/](http://www.rand.org/pubs/research_briefs/RB9174/)

## Related Web Sites

*Healthcare for Communities:* [www.hsrcenter.ucla.edu/research/hcc.shtml](http://www.hsrcenter.ucla.edu/research/hcc.shtml)

*HIV Cost and Services Utilization Study:* [www.rand.org/health/hcsus/](http://www.rand.org/health/hcsus/)

*Bing Center for Health Economics:* [www.rand.org/health/centers/bing/](http://www.rand.org/health/centers/bing/)

*RAND Roybal Center for Health Policy Simulation:* [www.rand.org/labor/roybalhp/](http://www.rand.org/labor/roybalhp/)

*UCLA/RAND NIMH Center for Research on Quality in Managed Care:* [www.hsrcenter.ucla.edu/research/](http://www.hsrcenter.ucla.edu/research/)

## Working with Congress

RAND's Office of Congressional Relations (OCR) furthers RAND's mission to provide objective analysis and effective solutions by disseminating research results to Congress and federal agencies. OCR publishes a monthly electronic newsletter featuring current work on health policy. The *RAND Health Congressional Newsletter* is found at [www.rand.org/congress/newsletters.html](http://www.rand.org/congress/newsletters.html). **Contact: Shirley Ruhe** ([Shirley\\_Ruhe@rand.org](mailto:Shirley_Ruhe@rand.org))

*RAND Health is a unit of the RAND Corporation. Abstracts of all RAND Health publications and the full text of many research documents can be found on the RAND Health Web site at [www.rand.org/health](http://www.rand.org/health). The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world.*