



Leonard D.

Schaeffer Center

FOR HEALTH POLICY AND ECONOMICS

Relevant, Rigorous, Independent



2009 / 2010

First Year Anniversary Report

SPPD

USC SCHOOL OF POLICY, PLANNING, AND DEVELOPMENT



Using evidence to challenge assumptions,
advance policy and reshape health care.



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For more information: <http://healthpolicy.usc.edu>

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Relevant, Rigorous, Independent



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About the Schaeffer Center

In 2009 the Leonard D. Schaeffer Center for Health Policy and Economics was established at the University of Southern California (USC) with a generous grant from Leonard and Pamela Schaeffer. The establishment of the Schaeffer Center comes at a time that demands new thinking and new approaches to solving our health and health care challenges. The nation has long sought to better understand and to develop policy to increase access, control spending and improve quality and health outcomes.

The passage of Federal health care reform adds a new sense of urgency to these issues and, in addition, raises new questions related to the macro consequences of health spending on the nation's economy and fiscal health. Because health care touches everyone's life and is inextricably linked with the broader economy, addressing health policy issues requires perspectives from different fields of expertise and creative research methods. For this reason, the new Schaeffer Center is based on the principle of interdisciplinary research.

The Center is the result of a unique collaboration between the USC School of Policy, Planning, and Development (SPPD) and the USC School of Pharmacy. For the first time, this new Center brings together health policy experts from SPPD, a seasoned pharmacoeconomics team from the School of Pharmacy, and other affiliated faculty and scholars from across USC and a number of other distinguished universities. The Center is led by Dana Goldman, the Norman Topping Chair in Medicine and Public Policy, at USC. A core faculty of three distinguished colleagues, Darius Lakdawalla, Neeraj Sood, and Geoffrey Joyce, oversee the domestic, international and policy research programs, respectively. The Center is committed to developing exceptional human and technical capacity to conduct interdisciplinary research, policy analysis, and training.

The Center's vision is to become a premier research and educational institution recognized for innovative, independent research and significant contributions to policy development and health care system improvement. Its mission is to promote health and value in health care delivery by conducting rigorous research and policy in the United States and internationally. With its extraordinary breadth and depth of expertise, the Center will have a vital impact on the transformation of health care.

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AND ECONOMICS

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advance policy and reshape health care.



Bovard Auditorium, USC University Park

Relevant

Focused on producing new knowledge and insights by conducting research on current health care issues and through policy simulation to assess how health care markets and consumer behaviors change under different conditions.

Rigorous

Committed to professionalism and excellence throughout all stages of research, beginning with asking the right questions for empirical investigation, linking well-formed research design to theory, and employing solid methodologies and coherent reasoning.

Independent

Objective and nonpartisan; Center research and analysis is funded primarily through federal grants and subjected to professional scrutiny and critique. The faculty is data-driven and committed to "go where the data take us."



The Schaeffer Center is conducting timely, relevant research and analysis that supports evidence-based health care policy. Center research and training goals are to:

- Promote value in health care spending
- Understand how public policy affects medical innovation
- Improve insurance design
- Identify the macroeconomic consequences of US health care costs
- Improve Comparative Effectiveness Research (CER)
- Train a new generation of health care leaders and researchers

By establishing a new scholarly home that brings together policy experts and health economists from SPPD and Pharmacy, the Center has been able to recruit new faculty with established track records in theory, independent analysis, and interdisciplinary research in support of the Center's synergistic efforts. The Center has also been able to attract distinguished research fellows to advance its mission.

Positioned for Today and the Future. The Schaeffer Center is unique in that its research staff, working across disciplines, is reaching new levels of collaboration necessary for the rigorous, objective study of enduring and emerging health care issues facing the U.S. and international communities. Using its enhanced research capacity and affiliated faculty with diverse expertise, the Schaeffer Center is conducting innovative research that keeps pace with the ever-changing world of health care. In addition, the Center is helping to educate and develop a new generation of health care leaders to promote better-informed, data-driven policy solutions in both the public and private sectors.

Combined Expertise for Research Advantage. Each partner school contributes important strengths that optimize interdisciplinary research and collaboration. SPPD engages in solving critical social issues facing our world, including health care. SPPD research and education emphasizes innovation, collaboration, and entrepreneurship across the public, private and nonprofit sectors—and across disciplines. Since its founding in 1929, SPPD has engaged other academic fields—including public policy, urban planning, public administration, health policy and administration, and real estate development—in research and policy development. SPPD builds on the traditional approach to developing theories and analytical methods by leaving the laboratory to engage in real-world problem-solving. Moreover, SPPD has been a leader in international outreach since the 1940s, long before globalization became a critical part of education and research. SPPD currently engages in formal collaborations with several universities and institutions across the globe, including the World Bank.



(l-r) Dean Vanderveen, USC School of Pharmacy; Dana Goldman, Director, Leonard D. Schaeffer Center for Health Policy and Economics; and Dean Knott, USC School of Policy, Planning, and Development

The School of Pharmacy contributes different, but equally strong attributes. Founded in 1905, the USC School of Pharmacy is widely recognized for its specific expertise in pharmacoeconomics, outcomes assessment and comparative effectiveness research and policy. Launched in 1994, the school's economics program is distinguished as the first in the nation to focus exclusively on pharmacoeconomics. The highly respected graduate program has the largest pharmacoeconomics alumni network nationwide. On the clinical side, the school's PharmD program is a national model known for its progressive curriculum and transformative clinical pharmacy services in safety-net clinics throughout Southern California. The school's Department of Pharmacology and Pharmaceutical Sciences is an international leader in research that focuses on drug design, development, targeting and delivery.

SPPD

USC SCHOOL OF POLICY, PLANNING, AND DEVELOPMENT

For more information on the USC School of Policy, Planning, and Development, please visit: www.usc.edu/schools/sppd



Ralph and Goldy Lewis Hall is home to the USC School of Policy, Planning, and Development, University Park Campus



Health Sciences Campus is home to the USC School of Pharmacy

USC
SCHOOL OF
PHARMACY

For more information on the USC School of Pharmacy, please visit: www.usc.edu/schools/pharmacy

Message from the
Schaeffer Center
Director



I am pleased to present this first year Anniversary Report chronicling the Schaeffer Center's activities and accomplishments since its establishment in September, 2009. When I first joined the Center as its Director, I was excited about the new possibilities associated with building a health economics and policy research center based on the principle of interdisciplinary research. The fact is that modern health care sits—uneasily—at the nexus of science, economics, public policy and social values. Its complexity and reach throughout society require that researchers utilize different research methods and perspectives to produce analyses that can inform health care financing and delivery. The passage of the new health care law further amplifies the need to test new ideas and reforms.

The Center is off to a great start. In our short twelve months we have added more than 20 fellows, visiting scholars, and faculty, and raised \$25 million in grant support. We published numerous research articles and worked in partnership with influential and diverse policy organizations such as the Brookings Institution, the Center for American Progress, the American Enterprise Institute and RAND. In October, we hosted our inaugural health policy conference on health care and the economy, which featured renowned individuals in the global health policy arena.

Our hope is that this First Year Report will not only introduce you to the Schaeffer Center but also encourage you to engage with us as we pursue our mission. We will continue our pioneering work on priority health policy issues related to cost containment, innovation, changing health care markets, and socio-economic disparities. We are continuing to build new databases that will help answer critical questions related to Medicare and private insurance markets. And we are embarking on new collaborations across the academic research community, with government agencies, and with various policy think tanks.

In closing, I want to thank our many champions, but would like to especially acknowledge Jack Knott, Dean of the School of Policy, Planning and Development and Pete Vanderveen, Dean of the School of Pharmacy, for their unwavering support of the Schaeffer Center.

Sincerely,

Dana Goldman

A handwritten signature in dark ink, appearing to read "Dana Goldman", followed by a long horizontal flourish line.

Meet the Staff & Faculty

Staff

Dana Goldman, Director

Dana McMurtry, Director of External Affairs

Brandon Blair, Assistant Director

Alice C. Liu, Administrative Assistant II

Devin Stambler, Administrative Assistant I

Fellows

Distinguished Fellow

Daniel L. McFadden, Director of Econometrics Laboratory and E. Morris Cox Professor of Economics (Emeritus), University of California, Berkeley, Ph.D. Behavioral Science (Economics), University of Minnesota; B.S. Physics, University of Minnesota; 2000 Nobel Laureate

Senior Fellows

Tomas Philipson, Daniel Levin Professor of Public Policy, University of Chicago, Ph.D. Economics, University of Pennsylvania; M.A. Economics, University of Pennsylvania; Undergraduate degree in Mathematics, Uppsala University, Sweden

William B. Vogt, Associate Professor of Economics, University of Georgia, Ph.D. Economics, Stanford University; B.S. Economics, University of Pittsburgh

Post-Doctoral Fellow

Qian Gu, Ph.D. Policy Analysis, Pardee RAND Graduate School; M.A. Sociology, McGill University; B.A. Sociology and Economics, Peking University

Scholars-in-Residence

Michael Eber, B.S.E. Operations Research and Financial Engineering, Princeton University

Adam Leive, M.Sc. Health Economics, University of York, U.K.; B.A., Princeton University

Left to right: (Back Row) Qian Gu, Jason Doctor, Brandon Blair, Jeffrey McCombs, Adam Leive, Dean Jack Knott, Dean Pete Vanderveen, Devin Stambler, John Romley, Joel Hay, Yang Lu. (Front Row) Azar Shahabi, Kathleen Johnson, Darius Lakdawalla, Alice Liu, Neeraj Sood, Dana Goldman.



Visiting Scholars

Han Bleichrodt, Professor of Economics, Erasmus University, Netherlands; Ph.D. Economics, Erasmus University; M.Sc. Health Economics, University of York, U.K.; M.Sc. Economics, Erasmus University

Anupam B. Jena, Resident in Internal Medicine, Massachusetts General Hospital, Harvard Medical School, M.D., University of Chicago; Ph.D. Economics, University of Chicago; B.A. Economics/B.S. Biology, MIT

Jonathan Kolstad, Assistant Professor of Health Care Management, University of Pennsylvania, Ph.D. Health Policy/Economics, Harvard University; B.A. Economics, Stanford University

Amanda Kowalski, Assistant Professor of Economics, Yale University, Ph.D. Economics, MIT; A.B. in Economics, Harvard University



(l-r) Geoffrey Joyce, Dana Goldman, Randall Hall, Vice Provost Research, Darius Lakdawala, and Neeraj Sood

Faculty

Jason N. Doctor, Ph.D. Clinical Psychology, University of California, San Diego; B.A. Psychology, University of California, San Diego

Joel W. Hay, Ph.D. Economics, Yale University; M.A. and M.Phil. Economics, Yale University; B.A., Amherst College

Kathleen A. Johnson, Pharm.D., University of Southern California; Ph.D. Health Services, University of California, Los Angeles; M.P.H. Population, Family and International Health, University of California, Los Angeles

Geoffrey F. Joyce, Ph.D. Economics, City University of New York; M.P.P., University of Michigan; B.A. Economics/Political Science, Connecticut College

Darius N. Lakdawala, Ph.D. Economics, University of Chicago; B.A. Mathematics/Philosophy, Amherst College

Yang Lu, Ph.D. Policy Analysis, Pardee RAND Graduate School; M.P.P., University of Maryland; Bachelor of Law, University of International Business and Economics

Jeffrey S. McCombs, Ph.D. and B.A. Economics, University of California, San Diego

Glenn Melnick, Ph.D. Urban and Regional Planning, University of Michigan

Michael B. Nichol, Ph.D. Public Administration, University of Southern California; M.S. Public Affairs, University of Oregon; B.A. Political Science, University of Tulsa.

John A. Romley, Ph.D. Economics, Stanford University; B.A. English/Economics, Amherst College

Neeraj Sood, Ph.D. Policy Analysis, Pardee RAND Graduate School; M.A. Economics, Indiana University; M.A. Economics, Delhi School of Economics, India; B.A. Economics, Delhi University

Shinyi Wu, Ph.D. Industrial Engineering (Health Systems), University of Wisconsin, Madison; M.S. Industrial Engineering, University of Wisconsin, Madison; B.S. Industrial Engineering, Chung Yuan Christian University, Taiwan

Vivian Yaling Wu, Ph.D. Health Policy, Harvard University; M.S. Health Policy, Harvard University; Bachelor's Degree, National Taiwan University

Research Accomplishments

The Center is producing reliable evidence and independent analysis that is leading to policy solutions with the potential to transform health system performance. The Center also links its research program with postdoctoral/doctoral training and hosting visiting scholars to increase the cadre of capable health care leaders participating in academic and policy networks.

Center investigators are actively collaborating on a research portfolio that reflects the Center's research and training goals:

Promote value in health care spending. Center studies focus on how to eliminate waste and promote value with special emphasis on the dissemination of advanced technology; and the potential of prevention to improve health and save costs.

Understand how public policy affects pharmaceutical innovation. Center studies focus on the relationship between public policy and pharmaceutical research investment, evaluation of public vs. private sector funding of basic science, ways in which the FDA and liability system can work more efficiently to protect consumers, and assessing the value of technology for patients and innovators.

Improve Insurance Design. Center studies focus on how plan design impacts the timing and choice of treatment, patient compliance and health outcomes in multiple disease contexts.

Identify the Macroeconomic Consequences of U.S. Health Care Costs. Center studies focus on a thorough understanding of the consequences of health spending growth by assessing the differential impacts on business, labor productivity and government.

Improve Comparative Effectiveness Research (CER). Center studies are focusing on how CER might produce therapeutic "winners" and "losers," affect pricing and innovation, and trigger other changes in the broader marketplace for care.

Train a new generation of health care leaders and researchers. The Center is actively engaged in training new investigators with excellent research skills who can be the "innovators of the future," asking different questions, developing new research methods, and supporting an interdisciplinary approach. In addition, the Center is helping the next generation of health care leaders develop strong management, team-building and communication skills as part of this training.



Jason Doctor (right) discusses research with pharmacy student Parth Shah



Cost and Health Consequences of Air Pollution in California

John A. Romley, Andrew Hackbarth,
Dana P. Goldman

Many studies have assessed how air pollution harms health, but little is known about who pays for pollution-related medical care. If this care imposes substantial burdens on private insurers, employers, or public programs such as Medicare, then all of these payers have substantial stakes in improving air quality.

To investigate this issue, Dr. Romley led a team of researchers focused on estimating how failing to meet federal and state standards for particulate matter and ozone would affect private and public insurer spending on hospital admissions for respiratory and cardiovascular causes and ER visits for asthma throughout California from 2005 to 2007.

Key findings:

- Failing to meet federal air quality standards led to nearly 30,000 hospital admissions and ER visits in California between 2005–2007.
- Resulting spending was about \$193 million.
- Medicare and Medi-Cal spent the most, but private insurers, employers, and employees also ultimately paid for dirty air.
- Health and cost effects of pollution varied across the state.

Excerpted from RAND Research Brief, 2010

Selected Studies

New Jobs Through Better Health Care

David M. Cutler, Neeraj Sood

This collaborative study estimates the potential impact of health care reform on employment growth in a report jointly released by the Schaeffer Center and the Center for American Progress. The study finds that health care reform that reduces premium growth could increase the number of jobs by up to 400,000 a year over the coming decade.

Health Reform Will Lead to Job Creation: State-by-State Job Creation Estimates from Health Reform

David M. Cutler, Neeraj Sood

In a related study, Neeraj Sood and David Cutler, estimate the distribution of job growth in all states using data on the industry mix across states. The authors find a range of new jobs across states: 53,000 new jobs in California, 17,000 new jobs in Florida and 6,000 new jobs in Michigan. The authors suggest that health reform and economic recovery are intertwined.

Aging in America in the Twenty-first Century: Demographic Forecasts from the MacArthur Foundation Research Network on an Aging Society

S. Jay Olshansky, Dana P. Goldman, Yuhui Zheng, and John W. Rowe

The aging of the baby boom generation, the extension of life, and progressive increases in disability-free life expectancy have generated a dramatic demographic transition in the United States. Official government forecasts may, however, have inadvertently underestimated life expectancy, which would have major policy implications, since small differences in forecasts of life expectancy produce very large differences in the number of people surviving to an older age. Study findings, published in the December 2009 Milbank Quarterly, indicate that the current forecasts of the U.S. Social Security Administration and U.S. Census Bureau may underestimate the rise in life expectancy at birth for men and women combined, by 2050, from 3.1 to 7.9 years, suggesting future Medicare and Social Security costs may be underestimated.

The findings carry widespread health policy and financial implications since it signals that government programs for older citizens, such as Medicare and Social Security, are being under-funded.

“This research renews concerns about the nation’s fiscal health, as a larger population of older Americans means even greater federal entitlement spending and more competition for discretionary resources.”

Sexually Transmitted Diseases Among Users of Erectile Dysfunction Drugs: Analysis of Claims Data

Anupam B. Jena, MD, PhD; Dana P. Goldman, PhD; Amee Kamdar, PhD; Darius N. Lakdawalla, PhD; and Yang Lu, PhD

The study analyzed 1.4 million insurance records of men over 40 and found that those who used ED drugs were more likely to have STDs than non-users. Study results suggest men who use ED drugs have higher rates of STDs, particularly HIV infection, both in the year before and after use of these drugs. The observed association between ED drug use and STDs may have more to do with the types of patients using ED drugs rather than a direct effect of ED drug availability on STD rates. Counseling about safe sexual practices and screening for STDs should accompany the prescription of ED drugs.

Research Projects

Patient-Centered Diabetes Registry (PCDR)

A team of researchers from the Schaeffer Center and RAND has launched the Patient-Centered Diabetes Registry (PCDR), a longitudinal data collection effort that combines provider and patient surveys with clinical health data.

A number of prominent diabetes centers and community clinics from around the country have been selected for the study. The PCDR will provide new information on different diabetes therapies related to glucose monitoring and insulin delivery and patients' adherence to treatment. The study will also include analysis of the long-term consequences for different socio-economic groups. Study measures will be both clinical and patient-centered so that, ultimately, the findings will help improve patient health as well as quality of life, workplace productivity and functional status.



Addressing Geographic Variation and Health Care Efficiency: Lessons for Medicare from Private Health Insurers

Darius N. Lakdawalla, Tomas J. Philipson, Dana P. Goldman

Medicare's attempts to restrain costs center almost exclusively on reducing prices paid for medical services. Private sector health insurance companies are unable to secure similarly sized price discounts but rely more heavily on managing utilization to control costs. Because prior research, focused on Medicare spending and utilization, has found considerable variation across U.S. regions, some have suggested that Medicare should look at relatively "low-use" regions as a model for decreasing costs in "high-use" regions.

Little is known, however, about how these same dimensions vary in private sector insurance markets. To address this current gap in knowledge, this study compared spending and utilization between Medicare and the private sector across regions. The main analysis suggests that variation in the public sector exceeds variation in the private sector by about 2.8 times for outpatient visits and 3.9 times for hospital days. Private sector health insurers appear to manage utilization better.

From a health policy perspective, these findings suggest the possibility that the private sector more effectively manages utilization in areas that might otherwise be high use. The authors call into question the policy prescription that advocates for transforming high use "Miamis" into low-use "Minneapolis" wholesale: Medicare patients in Miami may look very different from their privately insured neighbors.



Variation in Physician Prescribing of Chronic Medications

Geoffrey Joyce, Neeraj Sood and Mariana Carrera

This study seeks to better understand physician prescribing behavior by measuring the range of physician prescribing within the ten most prevalent therapeutic classes, the factors affecting their choices, and its impact on patient outcomes.

There is a widespread perception that physicians prescribe a narrow range of drugs within a class for two primary reasons: 1) habit and/or clinical experience with a specific drug, or 2) sales visits by pharmaceutical representatives, also known as "drug detailing." This study found surprisingly broad prescribing across the ten therapeutic classes. Physicians whose patients are covered by a wider array of health plans and formularies prescribe more broadly, as do physicians who treat patients with additional co-morbidities.

This suggests that attempts to match specific drugs to patient's health condition and formulary design are the primary motivations for broad prescribing.

Grant Spotlight

Project Title: Use of Behavioral Economics to Improve Treatment of Acute Respiratory Infections

Principal Investigator: Jason N. Doctor, Ph.D.

The National Institutes of Health (NIH) awarded more than \$11 million to Dr. Doctor to better understand physician antibiotic prescribing behavior for acute respiratory infections (ARIs). The study will conduct a randomized trial that evaluates the effects of giving physicians alternative prescribing information via electronic health records and/or presenting physicians with the social norms of more successful peers in order to develop behavioral economic tools that improve infection treatment outcomes.

Project Title: The Science of Medicare Reform

Principal Investigators: Alan Garber, M.D. and Dana P. Goldman, Ph.D.

The National Institutes of Health (NIH) awarded more than \$5 million to Drs. Garber and Goldman to lead a multidisciplinary team spanning four research institutions to study specific applications of comparative effectiveness research (CER) to the Medicare program. This study will examine consumer plan choice in the Medicare Part D marketplace; investigate how formulary and benefit design affects competition, utilization, health and spending; and apply comparative effectiveness analysis to identify clinical areas for potential savings.

Additional Grants

MacArthur Foundation, Costs and Benefits of Interventions (PI, Dana Goldman)

National Institute of Aging, Incentives for Forecasting PAC Expenditures with the FEM, (PI, Neeraj Sood)

National Institute of Aging, Obesity in Older Americans, (PI, Dana Goldman)

National Institute of Aging, Roybal Center for Health Policy Simulation (5 year renewal), (PI, Dana Goldman)

National Institute of Aging, Improving Pharmacy Benefit Design, (PI, Dana Goldman)

National Institute of Aging, Medical Malpractice, Healthcare Costs, and Technology Adoption, (PI, Darius Lakdawalla)

Inhealth, (Institute for Health & Technology Studies), Patient Centered Diabetes Registry, (PI, Dana Goldman)

Department of Health and Human Services, Care Management Technology to Facilitate Depression Care in Safety Net Diabetes Clinics, a.k.a. DCAT (PI, Shinyi Wu, PhD)

Schaeffer Center Innovation

The Future Elderly Model



<http://roybal.healthpolicy.usc.edu>

The Future Elderly Model is a demographic and economic simulation model designed to predict the future costs and health status of the elderly and explore what current trends or future shifts imply for policy. Developed by Dana Goldman and his colleagues at the USC and RAND Roybal Center, the model uses a representative sample of approximately 100,000 Medicare beneficiaries age 65 and over drawn from the Medicare Current Beneficiary Surveys, national surveys that ask Medicare beneficiaries about chronic conditions, use of health care services, medical care spending, and health insurance coverage. Each beneficiary in the sample is linked to Medicare claims records to track actual medical care use and costs over time. Learn more at: <http://roybal.healthpolicy.usc.edu>.

In addition to the Selected Studies and Research Projects highlighted previously, Center faculty have published a wide variety of journal and peer-reviewed articles.

Publications

Health Care Marketplace / Behavioral Economics

Bhattacharya J, Goldman D, Sood N. "Market Evidence of Misperceived Mortality Risk." *Journal of Economic Behavior & Organization* 72(1):451-462, 2009.

Bhattacharya J, Bundorf K, Pace N, Sood N. "Does Insurance Make You Fat?" in Professor Naci Mocan, Professor Michael Grossman (ed.) *Economic Aspects of Obesity*, University of Chicago Press, 2010.

Delavande A, Sood N, Goldman D. "Criminal Statutes and HIV-Related Risky Behavior." *Journal of Law and Economics*, forthcoming.

Goldman D, et al. "The Benefits of Risk Factor Prevention in Americans Aged 51 and Older." *American Journal of Public Health*, 99(11):2096-2101, 2009.

Goldman D, Lakdawalla D, Zheng Y. "Food Prices and the Dynamics of Body Weight." *Economic Aspects of Obesity*. Chicago: University of Chicago Press, forthcoming.

Jena A, Goldman D, Kamdar A, Lakdawalla D, Lu Y. "STDs among users of erectile dysfunction drugs." *Annals of Internal Medicine* 153(1): 1-7, 2010.

Lakdawalla D, Philipson T. "The Growth of Obesity and Technological Change." *Economics and Human Biology*, forthcoming.

Olshansky J, Goldman D, Zheng Y, Rowe J. "Aging in America in the 21st Century: Demographic Forecasts from the MacArthur Research Network on an Aging Society." *Milbank Quarterly*, 87(4):842-862, 2009.

Tomas J. Philipson and Seth A. Seabury and Lee M. Lockwood et. al. "Geographic Variation in Health Care: The Role of Private Markets." *Brookings Papers on Economic Activity* 2010.1 (2010): 325-355. Project MUSE.





Private Sector Participation and Health System Performance in Sub-Saharan Africa

Joanne Yoong, Nicholas Burger,
Connor Spreng, Neeraj Sood

The role of the private health sector in developing countries remains a much-debated and contentious issue.

Critics argue that the high prices charged in the private sector limits the use of health care among the poorest, consequently reducing access and equity in the use of health care. Supporters argue that increased private sector participation might improve access and equity by bringing in much needed resources for health care and by allowing governments to increase focus on underserved populations. However, little empirical data exists for or against either side of this debate.

Greater participation is associated with favorable intermediate outcomes in terms of access and equity. While these results do not establish a causal link between private sector participation and health system performance, they suggest that there is no deleterious link between private sector participation and health system performance in Sub-Saharan Africa.

Photo credit: Neeraj Sood ©2010, Masai women

Health Care Spending / Medicare Spending

Buntin M, Colla C, Deb P, Sood N, Escarce J "Medicare Spending and Outcomes After Post Acute Care for Stroke and Hip Fracture." *Medical Care*, forthcoming.

Goldman D, Michaud PC, Lakdawalla D, Zheng Y, Gailey A, Vaynman I. "The Fiscal Consequences of Trends in Population Health." *National Tax Journal* 63(2): pp. 307-330, June 2010.

Perloth D, Garber A, Goldman D. "The Potential Impact of Comparative Effectiveness Research on U.S. Health Care Expenditures." *Demography*, forthcoming.

Sood N, Ghosh A, Escarce J. "Health Care Cost Growth, Employer Provided Insurance and the Economic Performance of U.S. Industries." *Health Services Research*, 44(5):149-1464, 2010.

Stewart K, Grabowski D, Lakdawalla D. "Annual Expenditures for Nursing Home Care: Private and Public Payer Price Growth." *Medical Care*, 47(3):295-301, March 2009.

Pharmacoeconomics / Medical Innovation

Goldman D, Joyce G. "Consumer Demand and Health Effects of Cost Sharing." *Handbook of Pharmaceutical Economics*, Oxford University Press, forthcoming.

Gailey A, Lakdawalla D, Sood N. "Patents, innovation, and the welfare effects of Medicare Part D." *Advances in Health Economics and Health Services Research*, Volume 22, pp.317-344, 2010

Goldman D, Jena A, Lakdawalla D, Malin J, Malkin J, Sun E. "The Value of Specialty Oncology Drugs." *Health Services Research*, 45(1):115-132, 2010.

Karaca-Mandic P, Joyce G, Laouri M, Goldman D. "Price Sensitivity and the Use of Specialty Drugs for Rheumatoid Arthritis." *Health Services Research*, forthcoming.

Joyce, G. "Understanding Primary Nonadherence." *American Journal of Pharmacy Benefits* 2(2);1-2, 2010.

Lakdawalla D, Sood N. "Innovation and the Welfare Effects of Public Drug Insurance." *Journal of Public Economics* 93 (3-4):541-548, 2009.

Lakdawalla D, Sood N. "Incentives to Innovate." *Handbook of Pharmaceutical Economics*, Oxford University, forthcoming.

Solomon M, Goldman D, Joyce G, Escarce J. "Cost sharing and the initiation of drug therapy for the chronically ill." *Archives of Internal Medicine*, 169(8):740-748, 2009.

Sun E, Jena A, Lakdawalla D, Reyes C, Philipson T, Goldman D. "An Economic Evaluation of the War on Cancer." *Journal of Health Economics*, forthcoming.

Sun E, Jena A, Lakdawalla D, Reyes C, Philipson T, Goldman D. "The Contributions of Improved Therapy and Earlier Detection to Cancer Survival Gains, 1988-2000." *Forum for Health Economics & Policy*, 13(2), January 2010.

Medicare Part D

Joyce G, Goldman D, Vogt W, Sun E, Jena A. "Medicare Part D After Two Years." *American Journal of Managed Care*, 15(8): 31-39, 2009.

Vogt W, Joyce G, Goldman D. "Effects of Medicare Part D on Pharmacy Use and Out-of-Pocket Spending." *Forum for Health Economics & Policy*, forthcoming.

International Research

Yoong J, Burger N, Spreng C, Sood N. "Private Sector Participation and Health System Performance in Sub-Saharan Africa." *PLoS ONE* 5(10): e13243. doi:10.1371/journal.pone.0013243, October 2010.

Policy Activities



The Schaeffer Center takes a broad approach to impacting health policy. The Center recognizes that in order to affect change, health economics research should influence all phases of the public policy cycle. Research should also impact health care practices at the system level. Below is a sampling of the activities this past year in which Center faculty provided advice and consultation to government and private sector organizations.

Informing Health System Change

Findings from the study “Health Reform Will Lead to Job Creation: State-by-State Job Creation Estimates from Health Reform” by David M. Cutler, Neeraj Sood, were featured at President Obama’s Health Care Summit. Findings were also discussed in the House Committee on Energy and Commerce.

Dana Goldman and nine other distinguished economists and policy experts collaborated to develop a plan entitled, “Bending the Curve: Effective Steps to Address Long-term Health Care Spending Growth,” under the auspices of the Engelberg Center for Health Care Reform at the Brookings Institution.

Kathleen Johnson presented, “Impact of Clinical Pharmacy Service Integration into the Medical Home,” at the Western Medicaid Pharmacy Administrators Association (WMPAA). The meeting was hosted by the California Department of Health Care Services, Pharmacy Benefits Division and attended by 24 state Medicaid pharmacy directors. The presentation informed Medicaid pharmacy directors on ways to improve medication safety while managing costs. The presentation also identified medication safety issues that clinical pharmacists in medical homes can address and the evidence for improving clinical outcomes and quality of care.



Steve Chen, Pharm.D. and Kathleen A. Johnson, Pharm.D., USC School of Pharmacy

Kathleen Johnson and Steve Chen attended the the 3rd Annual Dean’s Right Care Cardiovascular and Diabetes Leadership Summit, sponsored by the California Department of Managed Health Care and UC Berkeley and UCLA Schools of Public Health. They presented their research on pharmacist-based interventions and showed the impact the pharmacist can have to improve medication safety and quality of care.

Advising Federal Organizations

Dana Goldman served as an advisor to Francis Collins, Director of National Institutes of Health (NIH), to develop “Health Economics: NIH Research Priorities for Health Care Reform,” a report on priorities for NIH health economics research.

Dana Goldman serves on the Congressional Budget Office’s (CBO) Panel of Health Advisors which consists of acknowledged experts in health care to further the reliability, professional quality and transparency of CBO’s work.

Dana Goldman chaired the National Academy of Science panel on, “Research to Improve Medicare Cost Projections.”



Schaeffer Center Director Presents in State Capitol

September 8, 2010

The School of Policy, Planning and Development's Sacramento Center and the USC Office of Government and Civic Engagement co-sponsored a lunch policy briefing for the Sacramento policymaking community featuring Dana Goldman director of the USC Leonard D. Schaeffer Center for Health Policy and Economics.

The briefing addressed the factors contributing to the growth of health care costs, including the role that technology plays in promoting health and increasing health care spending, and policy tools for promoting value in health care. The event attracted over 110 guests from the state capitol, state agencies, area health-related private and non-profit organizations and USC students and alumni. In addition, Dr. Goldman

met with SPPD faculty in Sacramento, the Office of Statewide Health Planning and Development, New America Foundation and the California Association of Health Plans.

"Comparative effectiveness research is a promising approach to save money, but the challenge is developing policy that can account for heterogeneity in patient response."

Addressing Public Health

John Romley was invited to brief a Washington, D.C. policy audience on the results of his team's study estimating how failing to meet federal and state standards for air pollution would affect private and public insurer spending on hospital admissions for respiratory and cardiovascular causes and ER visits for asthma in California from 2005 to 2007. (See sidebar, page 10.)

Summit on Childhood Obesity

Darius Lakdawalla participated in a summit held by USC in cooperation with members of the Congressional Hispanic Caucus, Congressional Black Caucus and Congressional Asian Pacific American Caucus. The purpose of the conference, *Childhood Obesity: A Call To Action*, was to help inform the Tri-Caucus on obesity-related issues which affect minority communities disproportionately. Dr. Lakdawalla shared his research on factors causing the rise in body weight and on the potentially harmful consequences of taxing specific foods on vulnerable populations.



(l-r) Councilwoman Perry, Rep. Honda, Rep. Christensen, Darius Lakdawalla, Rep. Roybal-Allard, Jeffrey Levi, Rep. Chu, Beatriz Solis and Rep. Watson. Photo/Steve Cohn

"The problem with policy approaches to obesity that include taxing specific foods, such as soda, are that there is no significant impact on weight because people find ways to substitute other, untaxed sources of high-calorie food."

Schaeffer Center Health Policy Conference

The Schaeffer Center hosted its first annual health policy conference entitled, "Health Reform and The Economy: Are They Good For Each Other?" in October, 2010. The conference focused on the impact of the new health care law on: multiple stakeholders; the future of health plans; and medical innovation. The two keynote presenters included Douglas Elmendorf, Ph.D., Director of the Congressional Budget Office (CBO) and Sir Michael Rawlins, Chairman of the National Institute of Health and Clinical Excellence (NICE), UK. Also in attendance from outside the USC community were distinguished economists, Michael Chernew, David Cutler and Daniel McFadden; industry leaders, Kevin Sharer, Chairman & CEO, Amgen, and Jay Gellert, President & CEO, HealthNet; and global health practices expert, David Knott, Booz & Co.

Communications & Media Coverage

The Schaeffer Center is disseminating the results of its work through a variety of media. The Center maintains two websites for accessing its research and analysis along with news and information related to work conducted at the Center. The Center is also communicating its research findings through traditional avenues -- publications, briefings for media and policymakers, and policy conferences -- as well as participating in social media.



<http://healthpolicy.usc.edu>

Media

Schaeffer Center faculty contributed expertise and participated in interviews about their research with a range of state and national print, TV, radio and online media, including: The New York Times, The Wall Street Journal, Bloomberg, The Hill, US News, Los Angeles Times, La Opinion, Sacramento Bee, Boston Globe, Forbes, Reuters, BusinessWeek, CBS News, CNBC, America Public Media Marketplace, Yahoo! News, WebMD and MSN.com.

Media interest was especially high for Center work related to health care financing and delivery, health reform and job creation, health care costs, medical malpractice, geographic disparities in medical care, and erectile dysfunction and STDs.

Work based on the Future Elderly Model (FEM) at the Roybal Center was featured in Time magazine.

Internationally, Chinese and Indian publications took a unique interest in Yang Lu's research on the effects of food prices on obesity in China which found that when the price of cooking oil was lower, individuals consumed more, leading to a higher level of body fat.

NationalJournal.com

TIME



Explaining the Science of Everyday Life

HealthAffairs Blog

Los Angeles Times

Social Media

Health Affairs Blog: "Recent Rate Hikes: Using Data to Clarify Debate"

Neeraj Sood and Jonathan Kolstad post new analysis that examines the evidence behind two arguments for Anthem's decision to significantly increase premiums for individual policies.

National Journal Health Policy Experts Blog: Dana Goldman joined an esteemed group of health economists, policy experts and policymakers who answer weekly health policy questions. Most recent response was to: "Do this year's health care reform provisions justify higher insurance premiums?"

New York Times Econmix Blog: "Can Immigrants Solve Our Health Care Problems?" Aaron Edlin and Dana Goldman propose immigration policy to increase the number of medical professionals that will be needed to respond to increased demand for care.

Awards & Recognition

Eugene Garfield Prize for outstanding research on medicine and the economy (Lakdawalla, Sood, Goldman et al.)

Finalist for **National Institute for Health Care Management (NIHCM)** Foundation Health Care Research Award (Sood et al). This award recognizes outstanding work from researchers furthering innovation in health care financing, delivery and organization or the implementation of health care policy.

Appointment to Institute of Medicine

In October 2009, Dana Goldman was named to the Institute of Medicine -- one of the highest honors in the fields of health and medicine. Lifetime appointments to the Institute of Medicine are elected by current active members through a highly selective process that recognizes individuals who have made major contributions to the advancement of the medical sciences, health care and public health.

New York Times Economix Blog: "I am a Death Panelist. I am not the Problem." Dana Goldman discusses the unwillingness of Congress to confront the need to limit access to some treatments and what can be done to encourage greater cost-sensitivity in the face of inaction.

Presentations

As part of its commitment to disseminate its work, Center staff are called upon to present their work in a variety of forums including conferences, speaking engagements and as panelists.

Health Care Marketplace / Behavioral Economics

Lakdawalla, Darius. "Health Insurance as a Two-Part Pricing Contract." Brown University Department of Economics Seminar Series, Providence, RI, September 2009

Lakdawalla, Darius. "Health Insurance as a Two-Part Pricing Contract." Toulouse School of Economics Health Economics Conference, Toulouse, France, October 2009.

Sood, Nareej. "Health Insurance as a Two-Part Pricing Contract." NBER Health Care Program, Boston, MA, March 2010.

Goldman, Dana. NIH Symposia Series: Understanding Factors that Influence Health through the Tools of the Social Sciences, Washington, DC, September 2009.

Goldman, Dana. "The Drivers of Healthcare Reform." Goldman Sachs Private Wealth Management Next Generation Conference, October 2009.

Goldman, Dana. "The Backdrop/Industry Trends: Industry Dynamics Driving Reform." Health Reform Roundtable, Washington, DC, October, 2009.

Sood, Nareej. "The Effect of Post Acute Care Payment Changes on Cost and Outcomes." American Society of Health Economics: Health, Healthcare, & Behavior, Ithaca, NY, June 2010.

Health Care Spending

Goldman, Dana. "The Drivers of Health Care Costs." UCLA Anderson School's Annual Board of Visitors Retreat, Newport Beach, CA, September 2009.

Goldman, Dana. "The Fiscal Future of the United States." Train Wreck: A Conference on America's Looming Fiscal Crisis, Los Angeles, CA, January 2010.

Goldman, Dana. ALOUD at Central Library: Atul Gawande in conversation with Dana Goldman, Los Angeles, CA, January 2010.

Goldman, Dana. "Needed Research on Aging-Related Issues Towards the Goal of Improving Health Care Cost Projections for the Medicare Population." National Academies Workshop on Improving Health Care Cost Projections, Washington, DC, January 2010.

Goldman, Dana. "Medical Advances Driving Medical Costs." Aetna Client Advisory Group Meeting, Scottsdale, AZ. April 2010.

Joyce, Geoffrey. "The Costs of Chronic Disease." The World Bank, Los Angeles, CA, June 2010.

Joyce, Geoffrey. "Drivers of Health Care Costs and Current Reforms." USC Medical Management Program, Los Angeles, CA, March 2010.



Joyce, Geoffrey. "Health Care Cost Drivers and the Role of Prevention in Moderating Costs." Ohio Health and Wellness Symposium, Columbus, OH, October 2009.

Joyce, Geoffrey. "Health Care Spending and Reform." Infrastructure, Safety, and Environment (ISE) Board Meeting, New York, NY, November 2009.

Health Policy and Economics

Goldman, Dana. Health Policy Panelist. Athenian Society's Dean's Speaker Series: Leadership in Health Policy Panel, Los Angeles, CA. April 2010.

Goldman, Dana. "Medical Technology and Health Economics Research." Health Economics: NIH Research Priorities for Health Care Reform, Bethesda, MD. May 2010.

Goldman, Dana. "Medical Technology and the Drivers of Health Care Costs." DeWight Titus Group Presentation, Orange County, CA. May 2010.

Goldman, Dana. Keynote Speaker. Lusk Center for Real Estate Annual Spring Retreat, Santa Barbara, CA, May 2010.

Pharmacoeconomics / Medical Innovation

Lakdawalla, Darius. "U.S. Pharmaceutical Policy in a Global Context." Eugene Garfield Award Presentation Lunch, Washington, DC, October 2009.

Sood, Neeraj. "Incentives to Innovate." Wharton School Conference on Economics of the Pharmaceutical Industry, November 2009.

Lakdawalla. Discussion of "The Rise of Paragraph IV Challenges on Startup Alliance Formation in the Pharmaceutical Industry." Southern California Applied Microeconomics Conference, Claremont, CA, April 2010.

Joyce, Geoffrey. "Health Care Reform." USC School of Pharmacy, Irvine, CA, May 2010.

Goldman, Dana. Roundtable Participant. Novartis Pharmaceuticals Evidence Based Medicine Roundtable: Promotional Communication of Health Economics & Outcomes Research Information, Newark, NJ, June 2010.

Medicare Part D

Lakdawalla, Darius. "Medicare Part D and Pharmaceutical Advertising." American Economic Association Annual Meetings, Atlanta, GA, January 2010.

Lakdawalla, Darius. "Medicare Part D and Pharmaceutical Advertising." Robert Wood Johnson Fellowship External Speaker Series, Berkeley, CA, March 2010.

Lakdawalla, Darius. "Medicare Part D and Negotiating Leverage in the Pharmaceutical Industry." University of Chicago Applications of Economics Workshop, May 2010.

Sood, Nareej. "Medicare Part D and Pharmaceutical Advertising." American Society of Health Economics: Health, Healthcare, & Behavior, Ithaca, NY, June 2010.

Sood, Nareej. "Medicare Part D and Pharmaceutical Advertising." NBER Summer Conference Workshop, Cambridge, MA, July 2010.



Neeraj Sood presenting his work on Medicare Part D at Cornell University



Dana Goldman, Leonard D. Schaeffer, Pamela Schaeffer

About Leonard D. Schaeffer

Leonard D. Schaeffer holds the Judge Robert Maclay Widney Chair at USC, a select executive-in-residence appointment accorded by the university president and named for one of USC's founders, and is a veteran member of the School of Policy, Planning, and Development's Board of Councilors.

Mr. Schaeffer was the founding chairman and chief executive officer of WellPoint, the nation's largest health insurance company. His public service record includes appointments as administrator of the Federal Health Care Financing Administration (now CMS) and assistant secretary for management and budget for the federal Department of Health, Education and Welfare.

Mr. Schaeffer is a member of the Institute of Medicine, and serves on the Board of the Brookings Institution and on the Board of Fellows of Harvard Medical School.

He is a nationally recognized expert in health care financing and delivery, and lectures and writes widely on health policy issues. The Center reflects Mr. Schaeffer's life-long interest in solving health care issues and transforming the health care system based on rigorous research and sound policy.

Using evidence to challenge assumptions,
advance policy and reshape health care.

Leonard D.
Schaeffer Center
FOR HEALTH POLICY AND ECONOMICS

For more information: <http://healthpolicy.usc.edu>



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Product group from well-managed
forests, controlled sources and
recycled wood or fiber

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