The Leonard D. Schaeffer Center for Health Policy and Economics was established in 2009 at the University of Southern California (USC) with a generous gift from Leonard and Pamela Schaeffer. The Center reflects Mr. Schaeffer’s life-long commitment to solving health care issues and transforming the health care system.

Addressing health policy issues requires complex solutions, creative research methods, and expertise in a variety of fields, including medicine, economics and public policy. For this reason, the Schaeffer Center is based on the principle of interdisciplinary research.

Resulting from a collaboration between the USC Sol Price School of Public Policy and the USC School of Pharmacy, the Center brings together health policy experts from the School of Public Policy, 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 committed to developing exceptional human and technical capacity to conduct interdisciplinary research, policy analysis and training. More than 20 distinguished scholars and faculty work in the Schaeffer Center to investigate a wide array of topics. The Center’s work is supplemented by a visiting scholars program and collaborations with other universities, allowing outside researchers to take advantage of the Center’s research infrastructure and data.

The Schaeffer Center is actively engaged in training new investigators with excellent research skills who can be the “innovators of the future.” At the same time, the Center is helping the next generation of health care leaders develop strong management, team-building and communication skills as part of this 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.
‘To innovate’ is defined as ‘to introduce something new.’ By conducting inventive, interdisciplinary research and questioning existing paradigms here at the Schaeffer Center, we continually innovate. The Schaeffer Center has held fast at the vanguard of health policy advancements by consistently introducing new concepts and methods to the health policy conversation. As such, I am proud to present this report entitled “Innovation” chronicling the Schaeffer Center’s activities and accomplishments over the past two years.

Within the past few years, the Center quickly became an integral voice in the national health policy dialogue. Our Center has maintained its stellar reputation for timely, nonpartisan analysis. The Center faculty have published numerous articles in a variety of peer-reviewed publications, and have presented their research findings for audiences that ranged from government officials to business leaders. We have brought the brightest minds together, as collaborators in our Center and through our numerous events and conferences. We celebrated our host schools’ jump in national rankings for health policy from ninth to fourth.

In this report, we highlight our pioneering work on priority health policy issues related to Medicare, cost containment, and human behavior and choice. We also showcase our dedication to training a new era of health economists who will be the future of the field. Health care policy has been hallmarked by a rapidly changing landscape over these last few years and the impact will be felt for generations to come. By providing innovative analyses for these changing times and by staying true to our core values of remaining relevant, rigorous and independent, we have flourished in this environment. As we share our exciting work and successes with you, our hope is that you continue to engage with us as we expand and innovate.

In closing, I want to thank our many champions, but in particular, Leonard D. Schaeffer, a life-long advocate for evidence-based health policy. I would also like to especially acknowledge Jack Knott, Dean of the Sol Price School of Policy and Pete Vanderveen, Dean of the School of Pharmacy, as always, for their unwavering support of the Schaeffer Center.

Sincerely,

Dana Goldman
Meet the Faculty, Fellows and Staff

CORE LEADERSHIP
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Neenang Seed, Director, International Programs
Sadena Thevarajah, Director, External Affairs
Julie M. Zissimopoulos, Associate Director

STAFF
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Alejandro Bogacov, Quantitative Analyst
Richard Chesser, Project Specialist
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Daniel George, MS Manager
Tara Knight, Program Manager
Duncan Leaf, Research Programmer
Alice Liu, Program Specialist
Jaclyn Mancilla, Administrative Assistant
Raj Mahdi, Program Specialist
Patricia St. Claire, Senior Quantitative Analyst
Devon Stansbery, Assistant Director of External Affairs
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Zach Wagner, Project Specialist
Briana White, Program Manager, Education and Training
Cristina Wibors, Contracts and Grants Manager

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Yuhui Zhang, Ph.D. Policy Analyses, Pardee RAND Graduate School

Meet the Faculty, Fellows and Staff

Dana P. Goldman, Alice Liu, Richard Olsho, John Romley, Jeff McCombs, Vivian Wu, Alejandro Bogacov.
Meet the Schaeffer Center Advisory Board

LEONARD D. SCHAFFER, ADVISORY BOARD CHAIR
Leonard D. Schaeffer currently holds the Judge Robert H. Heady Chair at the University of Southern California and is a Senior Advisor to TRG Capital, a private equity firm.

Mr. Schaeffer was the founding Chairman & CEO of WellPoint, the nation’s largest health insurance company. His public service included appointments as Administrator of the Federal Health Care Financing Administration (now CMS), Assistant Secretary for Management and Budget of the federal Department of Health, Education, and Welfare, and Director of the Budget of the State of Illinois.

Mr. Schaeffer is a member of the Institute of Medicine and currently serves on the boards of the Brookings Institution, Quintiles, Amgen, Inc. and RAND Corporation. He also serves on the Board of Directors at Northwestern. He is a fellow at the Pew Health Reform Project, a Senior Fellow at the Henry J. Kaiser Family Foundation, one of the nation’s largest private foundations devoted to health issues.

Mr. Schaeffer is a former Commissioner of the New Jersey Department of Human Services. He was also Director of the Health and Human Services program at the New Charitable Trusts and Vice President of the Robert Wood Johnson Foundation.

Mr. Schaeffer is a member of the Council on Foreign Relations and the Institute of Medicine. He is an innovator in the world of foundations and a leader in the world of health care policy.

ROBERT BRADWAY
Robert Bradway is the Chairman and Chief Executive Officer of Amgen. In this role, he is responsible for the company’s global commercial, Development, Manufacturing Operations, Global Value and Access, Information Technology, Global Government Affairs and Worldwide Compliance and Business Ethics organizations. Prior to joining Amgen, he was a managing director at Morgan Stanley in London where he had responsibility for the firm’s banking and corporate finance businesses.

Bradway holds a bachelor’s degree in biology from Amherst College and an MBA from Harvard University. He is a member of the board of Northern Southern Corporation.

JOHN DEKEMIAN, PH.D
John Dekemian is a board member and Managing Partner of JLM Ventures. Previously, Dr. Dekemian was a founding partner and Managing Director of Bay Capital as well as Chairman and CEO of Affinogen, Inc. where he still serves as a Director.

Dr. Dekemian currently serves as Board Chairman of Andes and Dreyer Therapeutics as well as on the boards of Indiana University, Indiana University School of Medicine, and Westfield and Walthall Discovery. He is a Special Advisor to the Singapore Economic Development Board, Trustee of Princeton University, and also a former Trustee of The California Institute of Technology and The Scripps Research Institute.

DENNIS GILLINGS, CBE, PH.D.
Dennis Gillings is the Executive Chairman and former Chief Executive Officer of Quintiles. He began his career in the pharmaceutical industry in 1974 at the University of North Carolina at Chapel Hill. Quintiles was formed from his consulting activities and was incorporated in 1984 with ten employees.

Dr. Gillings was born and educated in the United Kingdom. Today, he serves on several boards and councils. He was honored by the Queen as Commander of the Most Excellent Order of the British Empire in 2004 for services to the Pharmaceutical Industry.

ROBERT INGRAM
Robert Ingram is a General Partner of Palmbeach Ventures, a venture capital firm. Mr. Ingram was the Chairman and CEO of GlaxoSmithKline and co-led the merger that formed GlaxoSmithKline.

He currently serves as Lead Director of Valentis Pharmaceuticals/ImClone and Chairman of Eli Lilly & Co. He also serves on the boards of Alkermes Inc. (Ixeora), Edwards Lifesciences Corporation, Pharmaceutical Products Development Inc. and Precision Pharma/PharmaChoice, Inc. Mr. Ingram also serves on the boards of the James H. Hunt, Jr. Institute for Educational Leadership and Policy, Research Triangle Foundation, Health-Neighbor Cancer Center, National Board for Professional Teaching Standards, President’s Council on Cancer, and GlaxoSmithKline Foundation.

PAM KELHAY
Pam Kelhay is President of Anthem Blue Cross, the largest health benefits company in California. Previously, Ms. Kelhay was president of national accounts for Anthem. There she had responsibility for the division’s profit and loss performance, and managed sales, underwriting, and account management and operation teams. Ms. Kelhay received a B.A. in Business Administration from California State University, Stanislaus. She is on the board of the California Association of Health Plans, the California Chamber of Commerce, and LA Adaptives Business Leaders. She is an active member of the Los Angeles Division of the Susan G. Komen Foundation.

BOB KICHER, M.D.
Bob Kicher is a Partner at Vermonk, focusing on health care IT and services investments. Previously he was a Partner at Morningside & Company, serving on the board of AdvaMed as Special Assistant to the President for Healthcare and Economic Policy, and was a member of the National Economic Council.

Dr. Kicher currently serves on the boards of Cigna and Hope Street Group and the advisory boards of the Associated Schools of Public Health, Ragon Institute and the Massachusetts General Hospital Health Care Policy Department, and Commonwealth. He is also a non-resident fellow at the Brookings Institution and co-chair of the Health Data Initiative.

ROBERT MARGULIS, M.D.
Robert Margulies is Chairman of the Board, Dallas Healthcare Partners, and CEO, Healthcare Partners Medical Group. He was a founding and managing partner of Healthcare Partners’ predecessor, California Primary Physicians Medical Group.

Dr. Margulies serves as a member of the Health Policy Advisory Council for the Medical School and the Executive Management School Advisory Committee of the School of Public Health at the University of California, Los Angeles. He also is on the boards of the National Committee for Quality Assurance, the California Medical Association, and California General Physicians Group, California Hospital Medical Center, Los Angeles, the Count of Accountable Physicians Practices and Martin Luther King, Jr., Hospital.

MICHAEL A. MUSSALEEM, M.D.
Michael A. Mussallem is Chairman and former chief executive officer of Edwards Lifesciences Corporation. Dr. Mussallem has been chairman and chief executive officer since the company spun-off from Baxter International. Prior to his current position, Mussallem held a variety of positions with increasing responsibility in engineering, product development and sales management at Baxter.

Mussallem is a founding member of the board of directors of the Advanced Medical Technology Association (AdvaMed). He is currently on the boards of executive committees of the American Medical School, HealthCare Partners Medical Group and DCTAN, and is a trustee of the University of California, Irvine Foundation and a former board member of the American Medical School.

John Driffil, M.D.
John Driffil is the Chief Medical Officer and Senior Vice President, Global Development, for Novartis Pharmaceuticals. In this position, Dr. Driffil is responsible for providing strategic and scientific leadership for all Novartis within Global Development, representing Novartis externally in various forums interfacing with the scientific, academic, and health policy communities. In addition, Dr. Driffil serves as Chair of the Pharma Portfolio Stewardship Board (PPSB), which oversees safety and risk-management plans for products within Pharma.

Dr. Driffil graduated from Dartmouth College, received his medical degree from the University of Vermont, and completed an internal medicine residency in Endocrinology and Metabolism at Yale University, where he served on the faculty as an Associate Professor of Medicine.

NORMAN C. PAYSON, M.D., M.S.
Norman Payson is the former Chairman and CEO of AstraZeneca Healthcare Group. Dr. Payson was chairman of Vanetik Holdings and its predecessor company, Concentra, Inc., Chief Executive Officer of Oxford Health Plan, co-founder and Chief Executive Officer of HealthCare.com, and CEO of a 500 physician multispecialty group practice.

Dr. Payson is a graduate student lecturer at the Tuck School at Dartmouth, the Columbia University School of Public Health and the University of Chicago Graduate School of Business.

Dr. Payson is a graduate of the Massachusetts Institute of Technology and received his M.D. at Dartmouth Medical School.

THOMAS M. PRISELA
Thomas Priselac has served as President and Chief Executive Officer of the Cedars-Sinai Health System since January 1994 and has been associated with the organization since 1979.

Dr. Priselac currently serves on the California Healthcare Foundation Board. He is a past Chair of the American Hospital Association Board of Trustees, the Association of American Medical Colleges and the California Hospital Association. The holder of the Watson/Enawi Endowed Chair in Healthcare Leadership at Cedars-Sinai Medical Center, Mr. Priselac is also an adjunct professor at the UCLA School of Public Health and is an author and invited speaker on a variety of healthcare issues.

ROBERT D. REISCHAUER, PH.D.
Bob Kocher is a Partner at Venrock, focusing on health care technology and policy. He is co-founder of Daga incidence and former CEO of Scrappin. Mr. Schlotterbeck also serves as a member of the board of directors of Juniper Networks and Aperio Technologies since 2009. He retired in 2012.

Elliott Sigal, M.D., Ph.D.
Elliott Sigal is a University of Rochester, Executive Vice President, Chief Scientific Officer and President, R&D for Bristol-Myers Squibb. He serves on the Board of Directors for Bristol-Myers Squibb and the Hubbard Johnson Nutrition Company.

Dr. Sigal has served in various capacities in the pharmaceutical company Symetis and was Vice President of Research and Development and later CEO at the genomics firm Morinex. He also served as faculty of the University of California, San Francisco (UCSF) Department of Medicine and served as CEO of the UCSF Cancer Consortium, a collaboration of more than 160 organizations concerned with health care issues.

JUDITH A. SALERNO, M.D., M.S.
Judith A. Salerno is the Leonard D. Schaeffer Executive Officer of the Institute of Medicine and is the executive director and chief operating officer of the Institute.

Dr. Salerno was Deputy Director of the National Institutes of Health (NIH), director of the foundations of Geriatrics and Endowed Care programs for the U.S. Department of Veterans Affairs (VA), and was National Director of the Robert Wood Johnson Foundation. Dr. Salerno also co-founded the Washington D.C. Area Geriatric Education Center Consortium, a collaboration of more than 160 educational and community organizations. She has served on numerous boards and national committees concerned with health care issues.

DAVID SCHLUTTERBECK
David Schlutterbeck is the former Chairman and CEO of Aperio Technologies, an e-pathology company, and has been in the medical device industry for the past 22 years. He was President and CEO of Astra Med Systems, a global organization that develops and manufactures orthopedic implants. Mr. Schlutterbeck also serves as a member of the board of directors of Juniper Networks and Aperio Technologies since 2009. He retired in 2012.

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Judith Salerno, M.D., M.S.
The Schaeffer Center’s Nobel Laureate Work

The future of the Medicare program poses one of the greatest policy challenges to the United States. This popular program has brought universal health insurance coverage to the elderly and others who would otherwise lack access to needed health services. Yet in several ways Medicare is an anachronism. Medicare’s fee-for-service reimbursement system, combined with high beneficiary supplemental insurance, reduces beneficiary sensitivity to costs when making health care decisions. There is dramatic variation in per capita Medicare expenditures across the US which cannot be explained by demographic or health characteristics (high resource areas do not have superior health outcomes), which results in services that are often a poor match to the needs of many older Americans. To further compound Medicare’s notable challenges, is the ever-present issue of cost; the program is the largest fiscal liability of the Federal government.

THE SCIENCE OF MEDICARE REFORM

Addressing Medicare’s fundamental shortcomings and ensuring a successful legacy requires new and unique approaches to innovatively address the immense dimensionality of the program. In late 2010, the National Institutes of Health (NIH) awarded the Schaeffer Center more than $5 million to lead a multidisciplinary team spanning four research institutions to study specific applications of comparative effectiveness research (CER) to the Medicare program. Schaeffer Center faculty, Daniel McFadden, is a major part of the Science of Medicare Reform effort. Dr. McFadden was awarded the Nobel Prize in Economic Sciences in 2000, along with James Heckman, for the development of theories and methods for analyzing discrete choice. With Medicare Part D central to the current policy debate, the team focuses on consumer choice in the Medicare Part D marketplace.

Science of Medicare Reform studies underway at the Schaeffer Center highlight the motivating factors determining beneficiary choice and firm behavior in the presence of complex regulations and information imperfections, which generate potential adverse selection. The Center’s researchers have made impressive gains in the investigation of how formulary and benefit design affects completion, utilization, health and spending, and apply comparative effectiveness analysis to identify clinical areas for potential savings.

The Center’s research suggests many consumers are making sensible choices among Part D plans. While few choose the best plan available to them and under-subscribe to generous plans, the amount consumers overspend is relatively modest. Initial comparative-effectiveness research using claims data highlights the power of this data source in evaluating competing drug therapies. The findings demonstrate the importance of several empirical and methodological issues that researchers should consider in conducting such observational studies. Schaeffer Center research results are specifically focusing on cost savings and the reduction of moral hazard, informing policy solutions essential for significant Medicare reform.

The National Institutes of Health awarded the Schaeffer Center more than $5 million to lead a multidisciplinary team spanning four research institutions…
Medicare’s Bundled Payment Pilot

Medicare recently embarked on a national pilot program of bundled payments, which are payments for multiple services that a patient receives during an episode of care are linked together. Bundled payment systems have been proposed as a way to promote care that is both more efficient and less costly.

Neeraj Sood of the Leonard D. Schaeffer Center for Health Policy and Economics at the University of Southern California and colleagues from Harvard, UCLA and RAND helped shape the discussion on the promises and pitfalls of bundled payments by offering recommendations on two important design features: Which conditions to include and how long an episode of care should be.

The researchers presented their findings at the Health Affairs Forum on Confronting Costs in September of 2011, to an audience of policymakers, regulators, academics and advocacy groups.

Their findings, based on Medicare data and looking at the pilot model for acute and postacute care, suggest that hip fracture and joint replacement are good conditions to include in the pilot because of their cost-savings potential and because these conditions pose less financial risk to providers. They also found that using longer episodes of care provides greater assurance that patients’ conditions have stabilized and that patients do not need ongoing care, while only slightly increasing financial risk for providers. Overall, they recommended that the Medicare pilot test alternate design features to help foster payment innovation throughout the health care system.

Data Core

SCHAEFFER CENTER DATA CORE: STREAMLINED DATA MANAGEMENT

The purpose of the Schaeffer Data Core is to acquire, process, maintain, and make available key data sets for Center projects. The Data Core is responsible for all data management and oversight activities, including data acquisition and updating, preparation, integration, management, quality control, security, and archiving. Data Core staff provide expertise in measurement, in specification of key variables, and in interpretation across projects.

Because the number of databases housed at the Schaeffer Center is quite large and because similar analyses will be performed on different datasets, the comparability of the databases is a critical issue.

The Data Core is charged with constructing Center-wide datasets in a common, uniform, and streamlined format, along with related documentation and other tools to facilitate data use among Center research projects. These activities will promote integration of information across projects and efficient use of large of large datasets. In addition, the Schaeffer Center Data Core serves as a repository for Medicare Part D data for the larger research community.

INNOVATIVE RESEARCH RESOURCES: INFORMATION SCIENCES INSTITUTE (ISI)

The Schaeffer Center has partnered with the USC Information Science Institute (ISI) and the USC’s Domain Name System (DNS) and now-familiar “.com” address system.

In February of 2012, the Schaeffer Center brought together leading scholars from USC and Harvard University together on the USC campus for a conference entitled “Science of Medicare Reform.” Over two days, these experts presented work-in-progress in two areas: Medicare’s prescription drug coverage and its private insurance option, Medicare Advantage.

Much attention has been given to the so-called “doughnut hole” in Medicare’s drug coverage: the gap between an initial coverage limit and a point of “catastrophic coverage.” While in this gap, Medicare beneficiaries pay all or a large fraction of their drug costs. Schaeffer Center professors Dana Goldman, Geoffrey Joyce, and Julie Zissimopoulos are investigating how seniors respond to entering the doughnut hole: To what extent do they start using generic drugs, for example, switch to cheaper drug substitutes, or discontinue therapy?

Schaeffer Center professor Daniel McFadden is studying how well-equipped Medicare consumers are to evaluate and optimize their choice of prescription drug plan. This work will yield a comprehensive view of decisionmaking among the Medicare population. And with corporate profits from drug sales soars, the Schaeffer Center’s Veronika Kiknadze and Neeraj Sood are answering the question of whether Medicare’s prescription drug program affects drug advertising.

They use a unique database of advertising data on the top 1000 pharmaceutical products sold in the United States.

In the current environment, objective scientific research on the important issues involved in Medicare reform is vital. The innovative work presented at this conference is grounding controversy in data-driven fact, providing a basis for informed research on the important issues involved in Medicare reform. The innovative work presented at this conference is grounding controversy in data-driven fact, providing a basis for informed policymaking, and serving the public good.
Schaeffer Center scholars authored a cluster of articles published in a special issue of Health Affairs entitled “Issues in Cancer Care: Value, Costs and Quality,” which provided a closer look at how much healthy people and cancer patients value treatment and hope. Taken together, the articles probed additional considerations for policymakers, patients, providers and others as to when a high-cost treatment is ‘worth’ the price.

**THE VALUE OF HOPE**

One analysis led by Darius Lakdawalla, director of research at the Schaeffer Center at USC and associate professor in the USC Price School of Public Policy, surveyed 150 cancer patients currently undergoing treatment. Lakdawalla and his co-authors found the overwhelming majority of cancer patients prefer riskier treatments that offer the possibility of longer survival over safer treatments: 77 percent of cancer patients said they would rather take a “hopeful gamble”—treatments that offer a 50/50 chance of either adding three years or no additional survival—to “safe bet” treatments that would keep them alive for 18 months, but no longer.

“Consumers tend to dislike risk, and researchers and policy makers have generally assumed that patients care about the average gain in survival,” Lakdawalla said. “But patients facing a fatal disease with relatively short remaining life expectancy may have less to lose and be more willing to swing for the fences. This analysis points to the larger ideal—that value should be defined from the viewpoint of the patient.”

**U.S. CANCER PATIENTS OUTLIVE THEIR EUROPEAN COUNTERPARTS**

Tomas Philipson, Senior Fellow at the Schaeffer Center at USC and Daniel Levin Chair in Public Policy at the University of Chicago, and his coauthors, looked at the higher cost system of cancer treatment in the United States and compared it to care in 10 European countries from 1983-1999. The United States spends more on cancer care than European countries, but the analysis suggests that this investment also generates a greater ‘value’ for US patients who typically live nearly two years longer than their European counterparts.

For most cancer types, U.S. cancer patients lived longer than their European counterparts, according to the results in the Health Affairs paper. Cancer patients diagnosed from 1995 to 1999 lived 11.1 years after diagnosis in the United States, on average, compared to 9.3 years after diagnosis in Europe. This analysis suggests that the higher-cost U.S. system of cancer care delivery may be worth it, say the authors, although further research is required to determine what specific tools or treatments are driving improved cancer survival in the United States.

**WILLINGNESS TO PAY FOR COVERAGE OF HIGH-COST DRUGS**

Healthy people are willing to pay more for generous coverage of high-cost drugs that treat cancer and other serious diseases, according to research led by John A. Romley, an economist with the Schaeffer Center at USC and research assistant professor at the USC Price School of Public Policy. On average, healthy people were willing to pay an extra $12.94 per month for better coverage of high-cost drugs. The cost of covering specialty drugs is about $5 per month—meaning respondents were willing to pay $2.58 in health care premiums for every dollar in out-of-pocket costs on a less generous insurance plan.

“If sick patients faced with the full cost of care decline to undergo treatment, one might conclude that these treatments are not ‘worth it,’” Romley said. “But our study shows that healthy individuals apparently dislike the financial risk associated with future treatment enough to finance the average cost of coverage across all beneficiaries. Indeed, they’re willing to pay more than the actual cost for coverage, suggesting that the value they place on it exceeds what it costs to provide.”
Hospital Spending and Inpatient Mortality: Evidence from California

JOHN A. ROMLEY, PHD; ANUPAM B. JENA, MD, PHD; AND DANA P. GOLDMAN, PHD

Research has demonstrated that regions spending more on medical care do not have better health outcomes than regions that spend less. However, less is known about the relationship between spending and health when a patient is admitted to the hospital with a life-threatening condition.

To investigate this issue, Romley, Goldman, and Jena reviewed over 2.5 million discharge records of patients admitted to California hospitals between 1999 and 2008. The patients were admitted with one of six major medical conditions: heart attack, congestive heart failure, acute stroke, gastrointestinal hemorrhage, hip fracture or pneumonia.

The study found that, for all six conditions, patients admitted to the hospitals that spent the most were less likely to die in the hospital than those admitted to the hospitals that spent the least. For example, patients admitted to a high-spending hospital for a heart attack between 2004 and 2008 were 19 percent less likely to die than patients admitted to a low-spending hospital. Similarly, from 1999 to 2003, patients admitted for a heart attack were 9 percent less likely to die in the hospitals that spent the most than in the lowest-spending hospitals.

The researchers also estimated the lives that could have been saved if the patients had been admitted to the highest spending hospitals rather than the lowest spending. They found that 5,198 lives from heart attack, 11,089 lives from pneumonia and 7,467 lives from stroke could have been saved.

The highest spending hospitals in the study spent three to five times more than the lowest spending hospitals. The variation in spending could be attributed to medical procedures, imaging and diagnostic tests, or time spent in intensive care. Alternatively, hospitals with the highest spending may spend more because they admit sicker patients that require more care. While the study did not investigate the reasons for higher spending, the findings inform the ongoing discussion of how to reduce healthcare costs.

...patients admitted to the hospitals that spent the most were less likely to die in the hospital than those admitted to the hospitals that spent the least.
Breathing Easier

**BEHAVIORAL ECONOMICS TO IMPROVE TREATMENT OF ACUTE RESPIRATORY INFECTIONS**

The Schaeffer Center’s growing community of behavioral economists and other experts on health care reform received a $20 million boost with the announcement of three research grants, including an $11.4 million award to Dr. Jason Doctor of the Center. The three-year grant from the National Institutes of Health is the largest ever received by the USC School of Pharmacy.

Doctor, an associate professor trained in psychology and behavioral economics, plans to explore ways to dissuade doctors from prescribing antibiotics unnecessarily. His research partners include Schaeffer Center colleagues Dr. Dana Goldman and Dr. Joel Hay.

The grant to Doctor’s group aims to improve prescription practices for common acute respiratory infections, which include bronchitis and influenza. Aggressive antibiotic prescribing is a major public health concern for its suspected link to the spread of antibiotic-resistant bacteria.

“It’s widely agreed among physicians that antibiotics are overprescribed, but if you ask a physician about their own care of patients, they tend to see less of a problem,” Doctor said.

“Decisions can be affected by how the clinical environment is structured. If we can modify that structure while preserving physician choice, we may be able to improve prescribing decisions without forcing providers to abide by a particular rule.”

Doctor and his team will apply behavioral economics—the science of how people make decisions—to help reduce the frequency with which doctors prescribe antibiotics for certain acute respiratory infections. Strategies might include designating non-antibiotic treatments as the default option for certain diagnoses within electronic prescribing systems and providing information to physicians about their rate of antibiotic prescription compared to that of their best-performing peers.

“Fewer resistant strains means fewer people dying,” Doctor said.

R. Pete Vanderveen, dean of the USC School of Pharmacy, said, "Jason Doctor is an exceptional scientist who is conducting important research to address the serious national health issue of over-prescribing of antibiotics for respiratory infections."

"This project holds great promise for not only improving patient care but reducing health care costs—a critical national priority." Steven Moldin, executive director of the Office of Research Advancement, added, “A unique component in Jason Doctor’s project is inclusion of underserved populations through our partnership with community clinics.”

To make sure that strategies are tested in a variety of settings, the grant provides for collaboration with clinics in poorer districts of Los Angeles as well as in more affluent areas near clinics run by Harvard University, the University of Chicago and Northwestern University.

The grant is part of a $1.1 billion commitment for comparative effectiveness research in health care and policy. Comparative effectiveness research, also called evidence-based health care, evaluates how various drugs, treatments and services stack up against one another in efficacy and cost.

Other investigators include Annie Wong-Beringer, associate professor at the USC School of Pharmacy; behavioral scientists Craig Fox and Noah Goldstein at the UCLA Anderson School of Management; and Daniella Meeker, John Adams and Emmett Keeler from RAND Corp.

This project holds great promise for not only improving patient care but reducing health care costs—a critical national priority.

The Schaeffer Center hosted a two-day conference in furtherance of Doctor’s grant. Day One (attendees pictured here) included a site visit by the grant’s NIH Program Officer with presentations by the study’s investigators, including off-site collaborators from Boston and Chicago.
Tough Choices for Parents

Health insurance policies that shift costs to patients through higher co-payments may have serious unintended consequences for children, including less use of effective treatments and an increased number of hospitalizations, according to a study in JAMA by Schaeffer Center scholars Drs. Geoffrey Joyce and Dana Goldman.

In a sample of 8,834 patients from across the United States, the researchers looked at how out-of-pocket medication costs affect health outcomes for children. Larger co-pays have been associated with reduced medication use in adults, but the study is a rare look at whether price sensitivity for health care applies when families are making decisions for their children.

“Health care plans have increasingly sought to restrain prescription medication spending by shifting costs to patients. But our study shows cost sharing may have social consequences for children who rely on the purchasing decisions of their parents, as well as wider health care costs, including a significant increase in hospitalizations,” said co-author Geoffrey Joyce, director of health policy at the Schaeffer Center at USC and associate professor of pharmaceutical economics and policy at the USC School of Pharmacy. “This study shows that for children over the age of five, higher cost sharing is associated with modestly lower use of medications for the treatment of persistent asthma, though the effects are smaller than what we’ve observed with adults in prior work.”

The researchers limited their sample to children with access to health care and with persistent asthma requiring long-term care. All children in the study sample were prescribed long-term asthma control medication for the first time during the study period and had access to health care through a private insurance plan.

“For patients requiring long-term help controlling persistent asthma, medication guidelines recommend daily, year-round use to minimize lifelong problems. Children over the age of five whose parents had to pay the most for asthma medication had prescriptions filled to cover only 7 percent of recommended use, about five days less of medication per year than children whose parents had the lowest co-pays.”

“Barriers to health care clearly exist for uninsured children, but the association of greater medical cost sharing with the health care decisions insured families make for their children has been overlooked,” said co-author Anupam Jena, senior fellow at the Schaeffer Center and a resident at Massachusetts General Hospital, Harvard Medical School.

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“Our finding that greater out-of-pocket medication costs was not associated with lower medication use among younger children suggests that parents may be less sensitive to cost for younger children, or may play a more active role with younger children,” said Pinar Karaca-Mandic, assistant professor in the University of Minnesota School of Public Health and lead author of the study. “Ultimately, our study suggests that greater prescription medication cost sharing among children with asthma may lead to slight reductions in use of important medications and more frequent asthma-related hospitalizations.”

Our study shows cost sharing may have social consequences for children who rely on the purchasing decisions of their parents... including a significant increase in hospitalizations.
Innovation in Training for the Future

...students are actively engaged in publishable research, either as the lead or secondary author in collaboration with a faculty member.

Academic Programs

PH.D. IN HEALTH ECONOMICS

The USC Health Economics Ph.D. Program, housed at the Schaeffer Center for Health Policy, is offered by the Titis Family Department of Pharmaceutical Economics and Policy. Students receive training in microeconomics, econometrics, health economics, public finance, and pharmaceutical economics. The Center offers students a stimulating research environment through its distinguished lecture series, mentored research projects and access to rich data.

As a result, USC graduates are highly sought after for their solid interdisciplinary background in theoretical and empirical research, and often assume teaching and research positions at universities, in industry and elsewhere.

The Center offers two PhD tracks, one in microeconomics and the other in pharmaceutical economics and policy.

MICROECONOMICS

Students in microeconomics complete the microeconomic theory and econometric sequence and coursework in health economics. They receive focused training and mentoring in health economics through collaboration on research projects led by distinguished health economists at the Schaeffer Center.

PHARMACEUTICAL ECONOMICS & POLICY

Students in pharmaceutical economics and policy specialize in areas such as cost-effectiveness, comparative effectiveness, drug therapy outcomes and organization of pharmaceutical markets. They collaborate on projects led by notable faculty with expertise in pharmaceutical economics and policy.

The Schaeffer Center also provides support to students who are in Master’s Programs through the USC Price School of Policy and the USC School of Pharmacy:

MASTER OF SCIENCE IN PHARMACEUTICAL ECONOMICS & POLICY

The USC Pharmaceutical Economics and Policy master’s program is conducted collaboratively with the Department of Economics, the Department of Preventive Medicine, and the Public Policy program of the USC Price School of Policy. Master’s students are trained to use pharmaceutical economics and assessment techniques in practical decision-making environments such as hospital pharmacies, managed-care pharmacies, third-party payers and government agencies.

A distinguishing characteristic of the USC Pharmaceutical Economics and Policy master’s program is the degree to which students are actively engaged in publishable research, either as the lead author or as a secondary author in collaboration with a faculty member.

MASTER OF HEALTH ADMINISTRATION

The USC Master of Health Administration (MHA) program has been training leaders in health management and policy for more than 35 years. The MHA is a focused health management and policy degree that offers students breadth and depth in areas of specialization. By enrolling for this degree, students gain access to MHA faculty who are renowned experts in their field, develop strong ties to the healthcare community and gain access to numerous employment opportunities. The program includes a 1,000-hour administrative residency and is accredited by the Commission on Accreditation of Healthcare Management Education (CAHME).

Graduate Studies Directors

DR. MICHAEL NICHOL, DIRECTOR OF GRADUATE PROGRAMS IN HEALTH, CLINICAL PHARMACY & PHARMACEUTICAL ECONOMICS & POLICY

Dr. Nichol received his Ph.D. degree from the University of Southern California, and his M.S. from the University of Oregon. He served as associate director and executive director of a regional health planning organization prior to completing his doctorate. He serves on several journal editorial boards, and on the boards of several health care policy and research organizations. Currently, he is a professor of pharmaceutical economics and policy (USC School of Pharmacy), with joint appointments in the Andrus School of Gerontology and the Price School of Public Policy.

DR. JEFFREY MCCOMBS, DIRECTOR OF GRADUATE STUDIES, TITUS FAMILY DEPARTMENT OF CLINICAL PHARMACY AND PHARMACEUTICAL ECONOMICS & POLICY

Dr. McCombs received his Ph.D. degree from the University of California-San Diego. His research interests are in Health economics, technology assessment, competitive pricing systems, retrospective analyses using administrative data, and mental health economics. As a former government official in the Centers for Medicare and Medicaid Services (when it was formerly known as the Health Care Financing Administration), Dr. McCombs is often asked to comment on government programs.

Below: Jeffrey McCombs. Above: Michael Nichol.
Post-doctoral Work

SPOTLIGHT ON JEREMY BAROFSKY

Jeremy joined the Schaeffer Center as a postdoctoral fellow in 2012. He received his Ph.D. in Health Economics in Harvard University’s School of Public Health and his MA in Economics in 2003, and his BA in Economics and Public Policy in 2003, graduating Magna Cum Laude, both from Boston University. After receiving his MA, Jeremy worked for the Harvard Initiative for Global Health where he evaluated health system effectiveness including projects on measuring U.S. hospital performance and the introduction of social health insurance in Mexico.

Jeremy’s interests include health care finance, both how households protect themselves against health shocks in the developing world and how governments shield citizens from catastrophic health expenditure. In addition, he studies the impact of health on wealth and how formal and informal risk-sharing mechanisms affect the transmission of intergenerational poverty. His interests also extend to using field experiments and behavioral economics to improve our understanding of health decision making and improving policy.

For his dissertation, Jeremy evaluates the impact of Mexico’s recently implemented social health insurance program called Seguro Popular. Using cluster-randomized data, he explores the program’s impact on health spending, poverty, health status and utilization, aggregates these benefits using an expected utility framework, and compares them to program costs. His other dissertation papers explore the factors that determine Seguro Popular affiliation, measures the extent of adverse selection, and tests a model of hyperbolic discounting as a reason for low Seguro Popular take-up.

GRANTS AND RECOGNITION

QUINTILES CHAIR IN PHARMACEUTICAL DEVELOPMENT AND REGULATORY INNOVATION

This past year, Darius Lakdawalla was named the inaugural holder of the Quintiles Chair in Pharmaceutical Development and Regulatory Innovation. The Quintiles Chair was established in 2011 at the School of Pharmacy with the express purpose of recruiting a world-class expert with the interdisciplinary knowledge of both health economics and regulatory policy. The Chair provides leadership in scholarship and research at the intersection of these two disciplines, contributing to the ultimate shaping of the future of health care.

Lakdawalla initially came to USC as a professor at the Price School of Public Policy and now assumes a primary appointment at the School of Pharmacy with an joint appointment at the Price School. The Quintiles Chair allows USC to proactively address the shift in the regulatory environment for biopharmaceutical products in today’s global marketplace. The Chair supports focused research on identifying potential efficiencies that facilitate the arrival of products to market in a cost effective way while ensuring safety and the scrapping of stumbling blocks in the system which prevent the utilization of these efficiencies.

Lakdawalla’s research primarily studies the economics of risk to health, medical innovation and the organizations of health care markets. His work looks at how patients, health care providers and health care firms behave, and the resulting implications of that behavior for public policy. For example, he has looked at the lateral social consequences of health insurance for innovation and well-being, the decision making of firms assessing when and whether to pursue the development of a risky new medical technology, how health care providers cope with the risks of medical errors and malpractice and a variety of other topics in health policy and innovation.

Lakdawalla’s work focuses on understanding the long-term consequences of health policy and regulations for medical innovation and for future generations of patients. His work has investigated intellectual property and marketing in the pharmaceutical industry, regulatory exclusivity for drug makers, the design of incentives for medical innovation, the long-term impact of pharmaceutical price regulation and the appropriate role of physician and drug maker liability in the health care system. His work has been referenced by the Congressional Budget Office and has been published in leading journals of economics, medicine and policy, including Health Affairs, Medical Care, Journal of Public Economics, New England Journal of Medicine, Archives of Internal Medicine, among others.

Lakdawalla is currently a research associate at the National Bureau of Economic Research in Cambridge, Massachusetts, and an associate editor at the Review of Economics and Statistics. He is a recipient of the Milken Institute’s Distinguished Economic Research Award and the Garfield Prize for research on the economics of medical innovation.

Lakdawalla received his PhD in economics from the University of Chicago and his BS in mathematics and philosophy from Amherst College.

CENTERS FOR MEDICARE AND MEDICAID SERVICES

The Centers for Medicare and Medicaid Services (CMS) has awarded researchers at the Schaeffer Center a $12 million grant that will bring pharmacists into safety-net clinics in Southern California as a way to improve medication adherence and safe and appropriate use of prescription drugs, with the intended result of reducing patient health while reducing avoidable hospitalizations and emergency visits. The highly competitive program funded more than 8,000 letters of intent and 3,000 full proposals to fund just over a hundred programs.

Dr. Geoffrey Joyce is the principal investigator on the project and also the director of health policy at the Schaeffer Center for Health Policy and Economics at USC and an associate professor at the USC School of Pharmacy.

Nationally, poor adherence to prescription drugs is reaching epidemic proportions, resulting in suboptimal health outcomes, avoidable hospitalizations, and higher risk of death and as much as $270 billion in avoidable medical spending each year. More than half of all Americans have one or more chronic diseases, and 80 percent of these patients medications are the first line of treatment. Finding a way to get people to correctly take their medicine is an imperative step in transforming the health care system to improve care and save money, the charge of the Center for Medicare and Medicaid Innovation, the agency within CMS funding the project.

USC will work with AllMed Health Services, initially launching the project in three treatment clinics in Orange County. The clinics are located in communities with large underserved populations vulnerable to health disparities and often with limited access to care. In many instances, these clinics are the only source of care for this large uninsured population with high prevalence of undetected diabetes, hypertension, asthma and heart disease.

With pharmacists working collaboratively with physician colleagues, the project aims to use evidence-based treatment regimens to improve patient care and health outcomes while reducing costs.

The clinical aspects of the project will be directed by co-investigator Steven Chen, the Hygeia Centennial Chair in Clinical Pharmacy at the USC School of Pharmacy. Another part of the project, focusing on a web-based training/breastfeeding program for pharmacists to replicate the model, will be led by co-investigator Jeffrey Good, the USC School of Pharmacy’s new chair continuing professional development, credentialing and distance education.

Jeremy Barofsky with Schaeffer Center colleagues, Bryan Tysinger, Research Programmer and Zach Wagner, Project Specialist.
The Minority Aging Health Economics Research Center (RCMAR) is led by Dana Goldman and Julie Zissimopoulos. The RCMAR will examine the differences across racial and ethnic groups of elderly in:

1. health care decision making, including medical care utilization and Medicare Part D plan choice;
2. health behaviors and outcomes; and
3. financial behavior including savings and work, and economic well-being.

The aims are to support research careers in the health and economic challenges of minority elderly to select pilot studies; to mentor junior faculty (RCMAR scholars) in multidisciplinary training; to begin new lines of research; and to track and evaluate success of pilot investigators, RCMAR scholars.

Events and Media

Select Events

**PROMOTING BIOMEDICAL INNOVATION AND ECONOMIC VALUE: NEW MODELS FOR REIMBURSEMENT AND EVIDENCE DEVELOPMENT**

Held in April 2011, this event was co-sponsored with the Engelberg Center for Health Care Reform at the Brookings Institution. Discussions at this meeting highlighted important challenges facing biomedical innovation and our ability to pay for value in health care. The conference brought together representatives from the Food and Drug Administration, pharmaceutical companies and patient advocacy organizations to discuss how the federal health care law enacted in 2009 is affecting the costs of health care, as well as its impact on biomedical research. Dr. Abidin's research focuses on applied microeconomics topics in labor and development economics.

**VALUE & INNOVATION IN CANCER CARE**

This fall 2011 symposium was co-sponsored with the Center for Health and Wellbeing at the Woodrow Wilson School of Public & International Affairs at Princeton University, and held in conjunction with the journal Health Affairs and Bristol-Myers Squibb. With a focus on Cancer, this symposium served as a model for how industry, academia, and the publishing media can work together to raise awareness for key policy questions to promote value and innovation in all aspects of Cancer care. Schaeffer Center faculty papers presented during the conference are featured in the April 2012 issue of Health Affairs, titled, Issues in Cancer Care: Value, Costs & Quality.

**SCIENCE OF MEDICARE REFORM**

Medicare reform is one of the most hotly debated topics on the national agenda today. In January 2012, the Schaeffer Center brought leading scholars from USC and Harvard University together on the USC campus for a conference entitled "Science of Medicare Reform." Over two days, these experts presented work-in-progress in two areas: Medicare's prescription drug coverage and its private insurance option, Medicare Advantage.

**FRESH-THINKING: OVERCOMING OBSTACLES TO RAPID DIFFUSION OF COST-EFFECTIVE CARE**

Focusing on cost-effectiveness in health care, this long-running series was co-sponsored with the Stanford Institute for Economic Policy Research. The goal of this invitation only conference was to bring together influential leaders from academia, industry and government for two days of intriguing presentations and discussions on ways to confront pressing health policy issues by utilizing innovative ideas on promoting the use of cost-effective care. The FRESH-Thinking series addresses the details of health care reform policy options essential to all reform proposals. The overall objective of the FRESH-Thinking project is to convene a collaborative, multidisciplinary group of scholars who comprehensively study the specific, detailed challenges to health care reform. Their goal is to develop critical analyses to inform all comprehensive health care reform proposals.
Global Health Care Conference in Beijing

In June of 2013, the Leonard D. Schaeffer Center for Health Policy and Economics at the University of Southern California, the Guanghua School of Management at Peking University, and Quintiles brought together intellectual leaders from the United States and China to tackle the global challenges of health care field best maintain and improve the health care sector. In particular, he noted that the scientifically documented efficacy of biologics that combine traditional Chinese medicine with Western medicine presents an interesting avenue for innovation that can work within the confines of a regulatory system that stresses safety and molecular efficacy. The discussions continued the next day at Peking University, where attendees included government officials from the US and China, academics from Stanford University, MIT, and the University of Chicago, as well as pharmaceutical industry and health care delivery innovators, among many others. Each of the participants contributed a unique perspective on the future of global health care innovation and regulation. Dr. Dennis Gillings, Executive Chairman of Quintiles, charted the course for the rest of the conference by posing a vital question: How can those who are influential in the health care field best maintain and improve the health care field best maintain and improve the global health at a time when regulatory science is becoming more complex and the wealth of nations is increasingly devoted to health care? The participants championed various solutions to this overarching question and the six major themes below emerged from the thoughtful exchange:

- Cooperate to ensure food and drug safety.
- Improve government financing of health care.
- Be aware of coming regulatory challenges from personalized or stratified medicine.
- Reform the payment system to improve delivery and population health.
- Share data on outcomes and patient satisfaction.
- Resolve the uncertainty in policy.

The conference participants appreciated that they are working within rapidly changing health care landscapes and that these changes are a joint result of new regulations in each country as well as of evolving technologies globally. Mr. Leonard Schaeffer aptly suggested that navigating this terrain without appropriate, effective leadership will make it impossible to face both the existing and coming challenges to global health care regulation and innovation. With all the solutions that were raised, yet more questions were created and all of the participants could agree that the insightful conversations borne of this conference were surely just the beginning of many conversations borne of this conference.

In the lead-up to the Supreme Court decision on the Affordable Care Act, Schaeffer Center faculty were frequently sought out for their expertise, with over a dozen news outlets conducting interviews with Schaeffer Center faculty to learn more about how the decision would affect Californians, in particular. ABC News, The Wall Street Journal, and KPCC-FM all reported on research by Dana Goldman and Geoffrey Joyce of the USC Schaeffer Center for Health Policy and Economics with others, finding that higher insurance co-pays may lead to parents not filling prescriptions for their children.

In response to the biggest introduction of a generic drug in history, the New York Times quoted Geoffrey Joyce’s critique of Pfizer’s attempt to block generic versions of the blockbuster cholesterol drug, Lipitor, from being sold in many drugstores. Joel Hay also weighed in on the Lipitor issue to the Los Angeles Times, explaining the position of the pharmaceutical companies. Hay’s expertise in pharmaceutical economics and practices also provided insight into the handling of a manufacturing error that resulted in the incorrect packaging of over-the-counter and prescription painkillers, as reported by the Associated Press and in Marketplace Morning Report. American Public Media regarding the Novartis recall and its effect on painkillers. Hay is also a frequent Op-Ed writer for the Orange County Register.

Julie Zissimopoulos and her colleagues through the MacArthur Network on an Aging Society spoke to Judith Graham and the Association of Health Care Journalists (AHCJ) in December of 2012. The researchers were interviewed regarding the social and economic fabric that older Americans contribute to. Internationally, United Press International ran a news story on the U.S.-European life-expectancy gap that featured research led by Dana Goldman, Danus Lakiwadala and Senior Fellow Tomas Philipson. The research shows that Americans’ health around age 50 is overwhelmingly the main contributor to shorter life spans in the U.S. If levels of obesity, diabetes and hypertension in the U.S. dropped to European levels, the longevity discrepancy would disappear, the research shows. Xinhua News Agency, China’s largest news agency, also reported on the Schaeffer Center study, focusing on the effects of obesity on Americans’ life-expectancy, particularly compared to Europeans.

Schaeffer Center research is consistently covered by the media, and faculty are often approached to provide their opinion on current policy, regulatory actions and legislation. Below are examples of the notable media coverage of the Schaeffer Center and faculty.

Select Media Coverage

USC’s Price School was ranked 4th in Health Policy and Management (up from No. 5) in the 2013 edition of America’s Best Graduate Schools, published by U.S. News & World Report. The Report also ranked USC’s Pharmacy School first among all private pharmacy schools. Many Schaeffer Center faculty, including Dana Goldman, Danus Lakiwadala, John Romley, and Senior Fellow Tomas Philipson published research in a special issue of Health Affairs, focusing on value in cancer care. One million health system stakeholders interacted with special issues and 93 news stories featured study results, including the Wall Street Journal, New York Times, Politico, Reuters, Fox Business and NPR. Additionally, two Health Affairs articles that were authored by Schaeffer Center faculty were among the Top 10 Most-Read Articles of Health Affairs for 2013.

Dana Goldman was often featured in the New York Times, including in an interview by Gina Kolata entitled “A Long View on Health Care: Think Like an Investor.” Goldman also blogs on the New York Times Economic blog. A particularly popular post Goldman coauthored was with the Center’s Nobel Laureate Daniel McFadden, and Adam Levine on “Why Medicare Plans Don’t Cost Less.” The Chronicle of Higher Education also featured McFadden. The story noted that the prolific scholar will work with USC’s Schaeffer Center for Health Policy and Economics, with which he had already been collaborating on a research project that involves analyzing Medicare claims records and other data to determine how health insurance choices influence people’s health.

USC’s Price School was ranked 4th in Health Policy and Management (up from No. 5) in the 2013 edition of “America’s Best Graduate Schools,” published by U.S. News & World Report. The report also ranked USC’s Pharmacy School first among all private pharmacy schools.

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JOICE

Huesch, M.d.


Mccombs, J.S.


Philipson, T., Philipson, T.


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About the Center’s Parent Schools

In Memoriam: Dr. Kathleen Johnson

Dr. Kathleen Johnson was a distinguished leader in the pharmacy profession whose career was marked by innovative projects that have been integral in the current national movement to expand the role of the pharmacist as the medication expert on the health care team. Her work to improve medication use and safety generally and for vulnerable, uninsured populations specifically distinguished her with several national awards.

She was one of only twelve professionals elected to the National Academies of Practice in recognition of achievements and contributions to health care practice. Also, Dr. Johnson, as a co-investigator, was awarded a CMS Innovation grant for $6.0 million, which aimed to use pharmacists to improve health outcomes and save money among patients in safety-net clinics.

Joining the faculty in 1984 as an assistant professor, Johnson assumed the chair of the Title II Family Department of Clinical Pharmacy and Pharmaceutical Affairs in 2000. In 2001, she was named the William A. and Josephine A. Heeres Endowed Chair in Community Pharmacy. Her leadership extended beyond USC, and she served on the task force of the University of California Office of the General Counsel and served on the editorial board of the Annals of Pharmacotherapy, and the medication therapy review advisory panel of the American Pharmacists Association.

A dedicated researcher, Dr. Johnson taught students pursuing the doctor of pharmacy degree as well as masters and doctoral students in public health and epidemiology and in pharmaceutical economics and policy. Her outreach work in the underserved communities in Southern California has been supported by grants from the Health Resources and Services Administration (Health and Human Services), Unitherapy Foundation, QuireCare Foundation, Wallpoint Foundation, among others. Dr. Johnson is the author of over 90 papers and book chapters which have been published by leading pharmacy and managed care journals. Her clinical work has been featured in USA Today, Reuters and the LA Times. Her expertise established her as a sought after speaker among pharmacy professionals worldwide.

Dr. Johnson earned her PharmD from the USC School of Pharmacy in 1988. She received her MS in 1985 and her PhD in health services research in 1999, both from the University of California, Los Angeles. Her career has been recognized with numerous awards, including the American Pharmacists Association Pravada Award (group recognition in 2010), American Society of Health-System Pharmacists Best Practice Award (group recognition in 2007), and the American Association of Colleges of Pharmacy Transformative Community Service Awards (group recognition, 2009).

With a keen eye to current needs, Dr. Johnson was a leader in establishing clinical pharmacy practice in safety-net clinics throughout Southern California. She also spearheaded an effort to prevent accidental poisonings among children through educational programming for children and parents in schools with largely Spanish-speaking populations. Her innovative approach paved new service-learning activities for pharmacy students and community needs, providing students experience in serving diverse populations.

Dr. Johnson also actively pursued research focusing on the hemophilia and the barriers to care that exist among those with the disease. She has co-authored papers on this topic, with a special interest in care improvement and cost of care for hemophilia patients. Dr. Johnson was a featured speaker at the World Federation Hemophilia Conference.

A renowned international speaker and advisor on pharmacy issues, Dr. Johnson lectured extensively throughout Europe, Asia and South America throughout her career. In 2004, she was a visiting scientist for Japan’s Department of Health and Labor. Last May, she was honored as an honorary member of the University of California Department of Health and Labor as an external examiner for The School of Pharmacy of the Chinese University of Hong Kong.

Dr. Johnson was a member of the American and California Pharmacists Associations, the American Society of Health-System Pharmacists, Academy of Managed Care Pharmacy, the American Association of Colleges of Pharmacy, and the American College of Clinical Pharmacy. Prior to joining USC, she served as a pharmacist at California State University-Dominguez Hills Student Health and Arthritis Memorial Hospital. Early in her career, she served as an intern for the World Health Organization, Pharmacists’ Division, in Geneva, Switzerland.

Surrounded by her husband, Wynmore Moore, their two children, Kimberly and Alex, and her parents, Kent and Dorothy Johnson, Dr. Kathleen Johnson died peacefully in her sleep on April 8, 2012, at home in Los Angeles, after years of dedicated service to the School of Pharmacy, the College of Pharmacy, and healthcare professionals throughout the world.

To honor Dr. Johnson’s incredible legacy, the School of Pharmacy renamed the Family Department of Clinical Pharmacy and Pharmaceutical Affairs as the Kathleen M. Johnson, PharmD, Family Department at the USC School of Pharmacy.