COURSE OBJECTIVES
1. To show how principles of economic analysis can be applied to program decision-making in health care.
2. To study how cost-benefit analysis can be done when the "output" is difficult or impossible to measure.

The emphasis will be on insights into the art of practical application.

The course is intended both for students interested in management in health care, public or private, and for public management students interested in program analysis in general.

COURSE SCHEDULE AND ASSIGNMENTS

1. INTRODUCTION AND OVERVIEW

   Required readings:


   Office of Technology Assessment: The Implications of Cost-Effectiveness Analysis of Medical Technology, Chapters 1-4. (reserve, 78 pp.) This recent document is quite repetitive, but it does provide a useful status report on the state and uses of the art of benefit-cost and cost-effectiveness analysis.

   Suggested readings:

   For those who did not take B.309 and need a review, Professor Enthoven's Notes "Economic Analysis of Public Expenditures" are included in the syllabus (32 pp.).

   For those lacking background in health economics, Victor Fuchs, Who Shall Live? (on reserve, 151 pp.).

2. CRITERIA, UNCERTAINTY

   Required readings:

   C.J. Hitch and R.N. McKean, "The Criterion Problem," Chapter 9 in Economics of Defense in the Nuclear Age (syllabus, 12 pp.).
3. VALUING THE OUTPUT, I: HUMAN CAPITAL AND WILLINGNESS-TO-PAY

Required readings:


J. S. Landefeld and Eugene P. Seskin, "The Economic Value of Life: Linking Theory to Practice," AJPH June 1982; and Editorial by Dorothy Rice and Thomas Hodgson; (syllabus, 13 p.)

4. VALUING THE OUTPUT, II: QUALITY-ADJUSTED LIFE-YEARS (QUALYs) AND PATIENT PREFERENCES IN DIAGNOSIS AND TREATMENT

Required readings:


Also Kaplan, Bush, et.al. 1976
Table 1: Function Levels
Table 2: Symptom/Problem Complexes


5. BEDSIDE BAYES
Required Readings:

John M. Harris, Jr., M.D., "The Hazards of Bedside Bayes," *JAMA*, Dec. 4, 1981, plus correspondence. (syllabus, 5 pp.).


Alain Enthoven, "Bayes at the Bedside."

6. EVALUATING EFFICACY, I: BROAD ISSUES SURROUNDING RANDOMIZED CONTROLLED TRIALS

Required Readings:


Office of Technology Assessment, "Factors Affecting the Impact of RCTs on Medical Practice" and excerpts from "The Impacts of Clinical Trials on Medical Practice," in *The Impact of Randomized Clinical Trials on Health Policy and Medical Practice*, August, 1983 (syllabus, 32 pp.).

Suggested reading:


7. EVALUATING EFFICACY, II: INTELLIGENT CONSUMER'S GUIDE TO RANDOMIZED CONTROLLED TRIALS

Required readings:


8. CLINICAL POLICIES AND ANALYSIS OF THEM

Required readings:

David M. Eddy, "Clinical Policies and the Quality of Clinical Practice," unpublished manuscript, (syllabus 50 pp.).

9. ASSESSMENT OF SURGICAL INNOVATION; CABG CASE STUDY

Suggested readings:


"Case 8: Surgery for Coronary Artery Disease," Assessing; the Efficacy and Safety of Medical Technologies, OTA, September 1978 (syllabus, 3 pp.)


Letters to the Editor and Editorial on CABG, New England Journal of Medicine, December 29, 1977 (syllabus, 8 pp.).

Judith Randal, "Coronary Artery Bypass Surgery," The Hastings Center Report, February 1982 (syllabus, 5 pp.).


10. FINDING MARGINAL COST

Required reading:


A. Enthoven et al. Notes on Cost Finding in Hospitals and Health Care Institutions. (To be supplied later).

11. KAISER-PERMANENTE CASE STUDY
   Stockton feasibility study to be supplied in April by Leslie Mancini.

12. HEART SURGERY COST EFFECTIVENESS

   Required readings:


   Steven A. Finkler, "Cost-Effectiveness of Regionalization: The Heart Surgery Example," Inquiry, Fall 1979 (syllabus, 7 pp.).

   William Schwartz and Paul Joskow, "Duplicated Hospital Facilities: How Much Can We Save by Consolidating Them?" New England Journal of Medicine, December 18, 1980 (syllabus, 8 pp.).

   Alain Enthoven, "Comment--Duplicated Hospital Facilities: How Much Can We Save By Consolidating Them?" (syllabus, 5 pp.).

13. CASE CLASSIFICATION AND SEVERITY OF ILLNESS

   Required Readings:


   Susan Horn, et.al., "Measuring Severity of Illness: Homogeneous Case Mix Groups," Medical Care, January, 1983 (syllabus, 12 p.).

   Susan Horn, "Does Severity of Illness Make a Difference in Prospective Payment,"
14. IMMUNIZATION

Required readings:


Suggested reading:


15. ESTIMATING PROBABILITY OF DISEASE

Required reading:

Harold C. Sox, Jr., M.D., David Hickam, M.D., Kelly M. Skeff, M.D., 'A Discriminant Rule For Estimating The Probability of Coronary-Artery Disease From The Clinical History," (syllabus 30 pp.).

16. SCREENING FOR CANCER I

Required readings:

Stuart O. Schweitzer, "Cost Effectiveness of Early Detection of Disease," (syllabus 10 pp.)

David M. Eddy, "Pitfalls and Biases in Evaluating Screening-Technologies," in McNeil and Cravalho, Critical Issues in Medical Technology, (syllabus 13 pp.)

ACS Guidelines for the Cancer-related Checkup (syllabus, 22 pp.).
17. EVALUATING NEW DIAGNOSTIC TECHNOLOGY: THE CT EXAMPLE

**Required Readings:**

Office of Technology Assessment, *Policy Implications of the CT Scanner* (syllabus, 23 pp. --Skim for general introduction to technology and policy issues.)


18. SUMMARY AND CONCLUSIONS

**Required readings:**
