

Index

- acute myocardial infarction (AMI),
19, 22, 27
- “adjusted patient” days, 41, 41n
- alternative dispute resolution
(ADR), 30, 31
- American health care system, xi
- administrative costs of, 8–9
 - debates within, xi
 - expectations of, 5
 - managed care in, xi
 - management of, xi
- American physicians, xi
- Americans
 - domestic issues of, xi
 - health care spending growth
among, 51
 - health care spending worth to, 55
- AMI. *See* acute myocardial in-
farction
- Atlas, Scott, xii
- Baumol, William, 45
- benefits
 - trade-off, 18
- bill of rights, 28–29
- caps, 10, 29
- care. *See* health care
- Center for Medicare, 34
 - medical spending estimates by,
34–36
- Centers for Medicare and Medicaid
Services (CMS), 46
- Classic Care Insurance, 49–50
- CMS. *See* Centers for Medicare and
Medicaid Services
- “compensation” goal, 16
- comprehensive family insurance
plan, 14
- consumer(s)
 - care entitlement expected by, 9

- consumer(s) (*continued*)
 decision making by, 11–13
 health care money in hands of, 5–6
 health care paid directly by, 2, 5–6, 7, 9
 insurance choices for, 6
 Internet use by, 11–12
 new technology affordability by, 49
 new technology demanded by, 43
 new technology statement for, 53
 out-of-pocket expenses by, 6
 unemployed, 14
 value for money, felt by, 47–48.
 See also patient(s)
- contribution limits, 10
- cost-consciousness, 15
- Cutler and McClellan, 45
- deductibles
 high, 8, 10
 raising of, 7–8
- defensive medicine, 17, 18, 23, 28
- defensive treatment, 22
- Democrats
 proposals by, 5–6
 “deterrence” goal, 16–17
- direct reforms, 19, 26, 29
- Director’s Seminar, xi–xii
- doctors. *see* physician(s)
- domestic issues, xi, 1
- Employee Retirement Income Security Act (Erisa), 28
- tort liability and, 28
- employees
 dropping of insurance by, 52
 self-insured plans of, 46
- employers, 1
 benefit costs projected by, 46
 insurance choices offered by, 6
 premiums paid by, 8
- Erisa. *See* Employee Retirement Income Security Act
- expenditure-benefit ratio, 22–23, 23n, 26–27
 marginal, 23
- flexible spending accounts (FSAs), 10
- “free” health care, 9
- free market health care
 competition in, 6
 incentives of, 11–12
- FSAs. *See* flexible spending accounts
- GDP. *See* gross domestic product
- general price index, 34
- government controlled health care, 3
- gross domestic product (GDP), 2, 34–35, 45
- guidelines. *See* medical practice guidelines
- “halfway” technologies, 44
- HDHP. *See* high-deductible health plans
- health
 value of, 47
- health care, xi
 background of, 1–5
 consumers’ entitlement to, 9
 consumers pay directly for, 2, 5–6, 7, 9
 decomposition of, 36–37, 37f
 diversity of opinion concerning, 1
 domestic issues surrounding, 1
 “free,” 9
 free market, 6, 11–12

- government-controlled, 3
- liability limits in, 19
- liability system inefficient in, 17
- marginal propensity to spend, in, 46–47
- medical test markets effect on, 12
- policymakers honesty about, 54–55
- revenue measured in, 36
- technological change in, 42–45
- technologies effectiveness in, 2–3.
 - See also* medical care
- “health care cost inflation,” 33
- health care industry
 - controlling costs of, 5
- health care insurance. *See* insurance
- health care providers
 - direct payment to, 2, 5–6, 7, 9
- health insurance industry
 - deregulation of, 11
- health plans, liability expanding in, 28–29
- Health Savings Accounts (HSA), 6–7
 - design of, 9–11
- heart disease, 21t, 22–23
- high-deductible health plans (HDHP), 6–7
 - effects of, 7
- hospital expenditures
 - Medicare beneficiaries and, 19, 21t, 22–23
 - regression-adjusted trends in, 23–27, 24t, 25t
- hospitals
 - labor change, in, 39–40
 - spending by, 37–39, 38f, 38t
 - wage rates change, in, 39
- HSA. *See* Health Savings Accounts
- IHD. *See* ischemic heart disease
- indirect reforms, 19, 26
- input prices and returns, growth in, 36–37
- insurance
 - affordability of, 53–54
 - classic care, 49–50
 - deductible raised in, 7–8
 - dropping of, 49, 53
 - malpractice, 18
 - new technology coverage by, 48
 - new technology, relationship to, 50
 - no-fault, 30, 31–32
 - private health, 46
 - reimbursement by, 6
 - role of, 7
 - social, 16–17
 - state-mandated benefit laws and, 54
- insurance companies
 - deregulation of, 11
 - state of residency and, 11
- insurance plans
 - comprehensive family, 14
 - PPO, 14
- insurance premiums
 - reducing, 7–8
 - rise of, 2
- insurers
 - Internet use by, 11–12
 - value for money, paid by, 48
- Internet, 11–12
- ischemic heart disease (IHD), 19, 22, 27
- Jensen and Morlock, 10
- Kerry, John, 5–6
- Kessler and McClellan, 26–27
- Kessler, Daniel, xii
- legal process
 - reform guidelines for, 29–31

- liability law, 16
 - expanding, 28–29
 - goals of, 16–17
 - policy reforms for, 19, 20t
 - statutory reform to, 30. *See also*
 - medical liability system
- low-income families
 - benefits for, 13–14
 - health care choices restricted
 - among, 13
 - refundable tax credit for, 13–14
- malpractice, 18
 - liability pressures surrounding,
 - 22, 28–29
 - physicians and, 29
 - tort liability and, 22
- managed care, xi, 28, 45–46
- “marginal propensity to spend,”
 - 46–47
- Medicaid Studies’ Division of National Cost Estimates, 34
 - medical spending estimates by,
 - 34–36
- medical care
 - background of, 1–5
 - coupons for, 14
 - debates surrounding, 1–2
 - effective, 3
 - projection for, 46–47
 - rising cost of, 1–2
 - “someone else is paying” for, 2.
 - See also* health care
- medical expenses, 2
- medical innovation, 3
- medical liability system, 16–18
 - ADR reform for, 31
 - guidelines and, 30–31
 - no-fault reform for, 31–32
 - policy reforms proposed for, 19–28, 20t, 22
 - problem source for, 18. *See also* liability law
- medical practice guidelines, 30–31
- medical savings accounts (MSAs),
 - 10
- medical spending
 - decomposing growth in, 36–41
 - evaluation of effective, 41–42
 - growth in, 33–55
 - hospitals’ share of, 37–39, 38f, 38t
 - measurement of, 34–36
 - rates of, 34, 35f
 - real growth rate, in, 45–47
- medical technology, 1–2
 - innovations in, 2–3. *See also* “new technology”
- medical test markets, 12
- Medicare, 19, 46, 53
 - taxes higher for, 51
- Medicare Act. *See* Medicare Prescription Drug Improvement and Modernization Act of 2003
- Medicare beneficiaries, hospital expenditures and, 19, 21t, 22–23
- Medicare Prescription Drug Improvement and Modernization Act of 2003, 6–7, 9–10
- medicine
 - defensive, 17, 18, 23, 28
 - treatment patterns in, 26
- mortality
 - trends in, 22–23, 26
- MSAs. *See* medical savings accounts
- “national health expenditures”
- “personal health care spending”
 - differing from, 35
- national insurance market, 11
- “near uninsured”
 - insurance dropped by, 52
- negligence rule, 30

- “new technology,” 41–42
 - affordability of, 49
 - consumer demand for, 43
 - consumer understanding of, 53
 - halfway, 44
 - insurance coverage of, 48
 - insurance relationship to, 50
 - old technology compared to, 49–50
 - valuation of, 42
 - value of, 45
- no-fault insurance, 30, 31–32
- “non-profit profits,” 40–41
- OECD. *See* Organization for Economic Cooperation and Development
- Organization for Economic Cooperation and Development (OECD), 3
- out-of-pocket expenses, 6
 - increased, 8
- patient(s), 1
 - benefit trade-off by, 18
 - bill of rights for, 28–29
 - care provider directly paid by, 2, 5–6, 7, 9
 - satisfaction of, 8–9. *See also* consumer(s)
- Pauly, Mark, xii
- payment
 - third-party system of, 2
- people, real income of, 3
- physician(s)
 - benefit trade-off by, 18
 - defensive medicine practiced by, 17, 18, 23, 28
 - malpractice insurance for, 18
 - malpractice pressures for, 29
 - negligence of, 30
 - satisfaction of, 8–9
- polymakers, 54–55
- population
 - age distribution of, 42–43
 - aging of, 3, 4f
 - growth in, 42–43
- PPO. *See* Preferred Provider Organization
- Preferred Provider Organization (PPO), 14
- prescription drugs, 8, 14, 46
- private health insurance, 46
- privatizing, 6
- quantity of care
 - residual growth and, 36
- “Rand Health Insurance Experiment,” 6
- reforms, 26n
 - ADR, 31
 - direct, 26
 - “indirect,” 26
 - legal process, guidelines for, 29–31
 - medical liability system reforms, 19–28, 20t, 22
 - no-fault, 31–32
 - statute-of-limitations, 27–28, 30
- refundable tax credit, 13
- regression-adjusted trends
 - hospital expenditures and, 23–27, 24t, 25t
- residual growth, 36–37
 - new technology and, 43
- revenue, health care, 36
- self-directed health care, 11–12
- self-insured plans, 46

- small claims
 - cost of, 8
- social insurance, 16–17
- “someone else is paying,” 2
- state-mandated benefit laws, 54
- statute-of-limitations reforms, 27–28
- statutory reform. *See* statute-of-limitations reforms
- subsequent illness
 - trends in, 26
- system of guidelines. *See* medical practice guidelines
- technology
 - old, 49–50. *See also* “new technology”
- third-party system, 2
 - care spending increase due to, 14–15
 - health care paid by, 6
 - marginalizing the, 8–9
- Thomas, Lewis, 44
- tort claims
 - guidelines affecting, 30
- tort law
 - reforms adopted by, 19, 22
- tort liability
 - Erisa limits, 28
 - malpractice and, 22
- 2004 presidential primary, proposals during, 5–6
- uninsured
 - numbers increasing of, 8
- United States, 2–3
 - expenditure trends in, 6, 7f
 - heart disease in, 21t, 22–23
 - medical care spending in, 33
 - medical technology led by, 5
 - “use it or lose it” rules, 10
- voters
 - domestic issues of, 1
- workers. *See* employees