

## 12/08 Health Care Policy: Access and Cost

### How Much Does Healthcare Cost?

One month of Prozac? A doctor's visit? An appendectomy  
What determines the cost of healthcare?  
e.g. private practice: supply and demand  
e.g. surgery: operating rooms, equipment, and support staff  
e.g. Emergency Rooms: cost shifting for free care  
Third party payers

### History of Health Care Financing

Martha Ballard: barter  
Sliding scales and philanthropy  
Europe: government financing  
US: Blue Cross / Blue Shield, WWII wage controls  
Employer-based insurance  
Medicare and Medicaid  
Cost containment and HMO's

### Designing Our Own Health Insurer

Risk sharing: community vs. experience rating  
Should high risk people pay more? Where to draw the line?  
What should be covered -- cosmetic medicine? Viagra?  
Pre-existing conditions  
Risks and benefits of expanding access  
Cost containment: rationing access, rationing cost  
Capitation, price controls, and eroding quality  
Competing interests: patients vs. doctors vs. insurers vs. employers  
Reform? single payer vs. free marketplace

### Is Medicine Worth the Cost? McKinlay and McKinlay Revisited