Course Syllabus

Course Objectives

This course will acquaint students with policy issues pertaining to the pharmaceutical sector, together with tools of economic analysis that may be used to design and evaluate policies. Though the share of national health expenditures allocated to pharmaceuticals is smaller than that allocated to either hospitals or physician services, there are several reasons why this particular sector deserves independent, serious study. The first reason is that the relatively small share of expenditures belies the significant effect that drugs have in improving the efficiency of other health system inputs, especially hospitals, physician services, nursing homes, and home care. The second is the important role that the pharmaceutical industry plays in development of America’s high-tech industrial base. It derives from and contributes to the enormous increase in the nation’s stock of intellectual and human capital. The pharmaceutical sector also contributes favorably to the Nation’s financial and commodity trade balance. Lastly, the sector illustrates many conflicts inherent in allocating new technology in a health system that utilizes government intervention as well as free markets.

Parts of this course will be held jointly, by videoconference, with a similar course taught at the Ecole Superieure de Science Economique et de Commerce (ESSEC) in Paris, one of the leading business schools in France.

Course Readings

The text for the course will be S.O. Schweitzer and J.Z. Lu (2018), Pharmaceutical Economics and Policy 3rd ed (New York: Oxford University Press). The text is noted as PEP in the schedule of readings. Additional readings will be available on the web. UCLA students can access the readings through the website at http://ccle.ucla.edu/course/view/20W-HLTPOL205.

Course Organization and Requirements

Student performance in the course will be evaluated through class discussion (50 percent) and a 10 page research-oriented term paper presenting a discussion of a particular pharmaceutical policy issue and proposed policy responses (50 percent). The pharmaceutical policy papers will be due Monday 2 March 2020 at 8am. The course will be in a seminar format, with students reporting on, and critiquing required readings. Classes will be held Mondays and Wednesdays from 8-9:50 am in room 41-235 CHS, with the videoconference sessions held in the FSPH Square Conference Room (off of the Foyer of the FSPH).
Office Hours
The instructor is available to meet with students during office hours Tuesday from 10-11am in 31-293. He is also available through email at sschweit@ucla.edu.

COURSE SCHEDULE

Introduction

Monday 6 Jan  An overview of this dynamic industry
Readings:
1. PEP Introduction
4. Novel New Drugs Approved by the FDA 2017,
DrugInnovation/ucm537040.htm

The Industry

Wednesday 8 Jan  Pharmaceutical Industry Research and Development
Readings:
1. PEP Chapter 1

Monday 13 Jan  Readings:
1. PEP Chapters 2 and 3

Wednesday 15 Jan  Readings:
1. PEP Chapter 4

Monday 20 Jan  Martin Luther King Day: NO CLASS

The Consumer and the Market

Wednesday 22 Jan  Demand for Pharmaceuticals: a world perspective
Readings:
1. PEP Chapter 5, 6, and 10

Monday 27 Jan  Pharmaceutical pricing
Readings:
1. PEP Chapters 7, 8, and 9
Public and Private Intervention in the Pharmaceutical Market

Wednesday 29 Jan  
Drug Pricing in the US and Abroad  
Readings:  
1. PEP Chapter 9

Monday 3 Feb  
Drug Approvals in the US and Abroad: Conflicting Goals  
Readings:  
1. Intriligator, M “The Conundrum of Type One and Type Two errors in drug approval”, UCLA Economics Department, unpublished manuscript.

Wednesday 5 Feb  
Evaluating and Regulating Drugs  
Readings:  
1. PEP Chapters 12 and 13  

Monday 10 Feb  
The Role of Patent Protection in Maintaining Innovation  
Readings:  
1. PEP Chapter 11  

Wednesday 12 Feb  
Implementing Patent Protection and Innovation: Two important court decisions about the roles of patents and producer marketing:  
Readings:  
1. Court Decision on Off-label marketing  
DOI:10.1056/ November 2016
2. Court Decision on Pay-to-Delay

Monday 17 Feb  President’s Day Holiday:  No class

Wednesday 19 Feb  Drug Pricing in the future: a new development? What’s so
“special” about “specialty drugs”?
Readings:
Trends in Spending On And Use Of Oral Oncologics, First
Quarter 2006 Through Third Quarter 2011, Health Affairs,
(33)10:1721-1727,(October).
2. Lotvin AM, Shrank WH, Singh SC, Falit BP, and Brennan

Monday 24 Feb* The French Health Care System and Pharmaceutical Policy:
(Paris)  Gerard de Pouvourville, ESSEC, Paris
Readings:
Sustainability – Regulating the French Health Care
2. dePouvourville G (2007), “Economic evaluations of
drugs and medical devices in France:  Part 1, The
Context, unpublished manuscript (gdepouvo@kb.insrm.fr),
4. Grandfils N and Sermet C, “Pharmaceutical policy in
France: Evaluating and Regulating Drugs”.

Wednesday 26 February and 2 and 4 March  Presentations of term papers

Wed 9 March* The U.S. Health System and Pharmaceutical Policy:
(Paris)  A Blend of Private and Government Activity in Regulation
and Cost-containment, S O Schweitzer
Readings:
1. PEP Chapter 12.

Monday 11 Mar  Last day of class.
Readings:
1. PEP Chapter 14.

New issues in pharmaceutical policy
Supply issues, such as biotechnology and patents, and
demand factors, such as demographics, cost, and value.
Third-party payers: Balancing coverage and cost.
Government dilemmas: such as drug access vs.
maintenance of quality. Consider conflicts between R&D incentives, financial access, quality of existing drugs, safety and efficacy of new drugs, and lowering cost of care while assuring appropriate use of medication.

*Note that two class sessions are at an irregular place. On February 24 and March 4 we will have our class meetings together with students at the ESSEC Business School in Paris! These sessions take place in the “square” conference room in the main lobby of the FSPH (first floor) at 8am SHARP. The time that each class begins is critical, so please allow enough extra time to find the venue and take your seat.