Description of the Seminar

Medicare, the national health insurance program for close to 50 million elderly and disabled beneficiaries, costing over $550 billion a year, is one of the largest government-financed health insurance programs in the world and, along with Social Security, one of the two most popular federal domestic programs in the United States. The successes of the Medicare program in addressing the health needs of the elderly and long-term disabled, and helping to elevate their economic security, are difficult to deny.

Not long ago, however, the program faced both short-term and long-term financial pressures. The immediate perceived crisis was the late-1980s projected depletion of the trust fund for Part A hospital coverage in 2002. The most discussed challenge in later years was—and remains—the anticipated impact of the enormous 77 million member “baby-boom” generation, which began to reach retirement age starting in 2011. But it is the unrelenting growth in health care costs overall that remains the most significant threat to the program’s sustainability. The program is also plagued by its own inefficiencies and perverse incentives, often the result of political intrusions and a problematic governance structure that promotes congressional micromanagement and “special-interest” self promotion.

A combination of a strong economy during the 1990s and policy changes averted the immediate financial concern. What had been the longest economic expansion in the nation’s history helped infuse more revenues into the Part A trust fund, while the bipartisan Balanced Budget Act of 1997 included provisions that led to reduced aggregate Medicare spending. Rather than 2002 or even 2008, in a later projection using intermediate assumptions the Medicare Trustees, in their 2003 report, estimated a trust fund deficit starting in 2026.

Even when the short-term situation seems to improve, both conservatives and liberals agree that more “reform” is clearly required to sustain the program substantively and politically in the future (they just disagree on what kind!). In accordance with the BBA of 1997, for example, President Clinton and the leaders of Congress named seventeen individuals to the National Bipartisan Commission on the Future of Medicare with the mandate to develop a bipartisan reform plan. The only option seriously considered by the Commission—a controversial “premium-support” approach predicated on managed competition among
private health plans—failed to secure the support of the Clinton White House or, just barely, the eleven votes required to become the official recommendation of the Commission. Opponents of this plan had their own approaches for protecting the fiscal and political integrity of the program.

In December 2003, Congress enacted one of the most significant changes in the program: the Medicare Prescription Drug, Improvement, and Modernization Act (MMA), which was the Republican plan for adding private prescription drug coverage for Medicare beneficiaries and introducing a variety of other programmatic features long supported by conservatives (including health savings accounts and demonstrations that would put fee-for-service Medicare in direct price competition with private plans). Many of the law’s provisions stirred considerable and ongoing controversy and the implementation process proved rocky, but many more beneficiaries have drug coverage as a result. The vast majority of that coverage expansion, however, was not funded with any new dedicated revenue stream.

The “Great Recession,” the new drug benefit, and the MMA’s subsidies for private plans worsened once again the projections of Medicare expenditures relative to revenues. The Medicare Trustees estimated in their 2009 report that the Part A trust fund would be depleted in 2017, nine years earlier than the 2003 estimate.

The enactment of the Patient Protection and Affordable Care Act of 2010—generally referred to as the Affordable Care Act (ACA), or Obamacare—made a number of changes in Medicare, from some benefit expansions, to cutting health plan subsidies, raising revenues, establishing new institutions to guide the program’s decision making, and launching a number of demonstration projects designed to improve care delivery and constrain costs. As a result of the spending reductions and new revenues incorporated in the ACA, the Trustees in their delayed report of 2010 extended their estimated date for Part A trust fund depletion by eleven years, to 2028. But by the 2012 report, the projected date moved up to 2024. The current estimate is 2026.

Our objective this quarter is to evaluate options for reforming Medicare to ensure its suitability and viability for the baby-boom generation and beyond. We will also assess Medicare as a platform for moving the country to universal coverage.

To give our work on this subject specific grounding in Medicare and health insurance reform issues, we will explore a number of vital factors that set the foundation for formulating and evaluating proposals for the long-term reform of Medicare. They include the international standard for health insurance systems; the politics and understood meaning of Medicare at its origins; the specific demographic and technological challenges facing Medicare in the next century; how to think about the economics of health care financing; major features in the transformation of the overall health care system since Medicare’s enactment; the politics of health care and Medicare policy making at the national level in the United States; the nature of previous changes in Medicare; and the current Medicare “status quo” following the enactment of the ACA. We will then turn to a number of specific policy options for reforming Medicare itself, such as strengthening “traditional” Medicare, promoting competition among private plans (and with traditional Medicare), transitioning to a voucher system to buy private insurance, and in general increasing individual beneficiary responsibility for costs, and for using Medicare to broaden health insurance coverage for the rest of the population.
Suggested Books for Purchase

The books listed below are **required reading** and are available for purchase at the **LuValle Bookstore**. They are identified with an "**" on the schedule of reading assignments.

ISBN: 9780815701507 (Paperback)

ISBN: 9780190231545

ISBN: 0822332485 (Paperback)

ISBN: 0226615960 (Paperback)

ISBN: 9781421428949 (Paperback)

Other Readings On-Line or on the Course Webpage

Most of the assigned articles, documents, and chapters not in the books listed for purchase can be obtained by clicking on the web link provided below each reading on the syllabus—access is free either through a UCLA-networked computer or on any computer with access to the Internet and set up with a VPN “proxy” to access the UCLA system. A few of the readings are available on the password-protected course webpage available through My.ucla.edu—they are marked “[Webpage].”

Books Are Also on Reserve

Within the constraints of library resources, the book-based reading assignments for the course should also be available at the reserve desk in the C. E. Young Research Library.

Course Assignments, Requirements, and Grading Policy

The grade each student receives for the course will be an aggregation of the following:

- **Oral Participation (15%)**: Given the importance of full and effective oral participation in a seminar—and even more so in the world of policy making—part of the course grade will be based on each student’s individual participation. **Attendance**, of course, is a predicate for participation. “Participation” itself includes such things as demonstrating preparation and familiarity with the course readings, speaking clearly about multifaceted subjects and offering valuable insights, being respectful of the diversity of each individual’s personal characteristics and views, synthesizing relevant information, answering questions effectively, posing pertinent questions, as well as listening to other members of the class, informed by their own distinct experiences and perspectives, and building effectively upon their contributions. A useful guide for us all is *Creating a Positive Classroom Climate for Diversity* prepared by UCLA ([https://equity.ucla.edu/wp-content/uploads/2016/06/CreatinaPositiveClassroomClimateWeb-2.pdf](https://equity.ucla.edu/wp-content/uploads/2016/06/CreatinaPositiveClassroomClimateWeb-2.pdf)); see, in particular, page 9 on
“Ground Rules for Class Discussions”). **Students must be prepared at all times to be called upon during class and to participate actively in sections.**

- **Policy Problem Memo (15%), Due April 23rd, beginning of class:** Based on a reading of the assignments for the week of April 23rd, each student will submit a 5-7 page, word-processed, double-spaced paper written as a memorandum to the Administrator of the Centers for Medicare and Medicaid Services (CMS) providing an assessment of the major challenges confronting the Medicare program over the next couple of decades. The memo should concisely identify the major problems the program will encounter in the absence of policy change, the magnitude of those problems and their specific effects, the level of confidence the administrator should have in the estimates, and possible sources of variation in the estimates. *This paper is not to consider possible solutions.*

- **Washington Post Op-Ed (15%), Due May 7th, beginning of class:** Choosing among any of the issues covered in the readings for the week of May 7th (any feature of the health care system that has been in transition since the mid-1960s), each student will submit an op-ed page essay suitable for publication in *The Washington Post* (a forum read by opinion leaders and policy makers) of no more than 900 words (word-processed, double-spaced) that makes an evidence-based argument about the implications of that issue for the future of Medicare.

- **Prepared and Delivered Testimony on Medicare Reform (55%), Written Part of Assignment Due by 10:00 a.m., June [date to be determined]:** Each student in the class will be both (1) a representative of an organization, think tank, or academic center who prepares and delivers congressional testimony in support of a Medicare reform initiative she, he, or they developed and (2) a member of the U.S. Senate Committee on Finance (the Senate committee with jurisdiction over Medicare issues) to which the testimony is given. The written testimony will be an 8-10 page word-processed, double-spaced document that describes the proposed reform and offers cogent, rigorous analytical support of it. Oral testimony to the committee will include providing a brief overview of the proposal and answering questions posed by the Finance Committee members. As members of the Committee, each student will take on the persona of a particular senator and formulate questions consistent with that senator’s political and policy orientation. A separate handout will furnish more details about the assignment.

**Academic Integrity**

In a statement to students on academic integrity, the UCLA Office of the Dean of Students explains that “UCLA is a community of scholars…[F]aculty, staff, and students alike are responsible for maintaining standards of academic honesty.” The Dean of Students makes clear that plagiarism, multiple submissions unauthorized by the respective professors, and all other forms of cheating and academic dishonesty result in formal disciplinary proceedings usually involving suspension or dismissal from the program. Future careers are put at risk. Be absolutely certain that you understand what constitutes violations of academic integrity. Ignorance is neither an excuse nor an effective defense. **Plagiarism**, for example, is described by the Office of the Dean of Students as “Presenting another’s words or ideas as if they were one’s own,” including “submitting as your own…part of or an entire work produced verbatim by someone else” and “paraphrasing ideas, data or writing without properly acknowledging the source.” Readers of your work need to be able to easily recognize and distinguish between when the words and ideas they read are your own and when they are from others. There can be no ambiguity. Any specific terms, phrases, sentences, paragraphs, or sections used verbatim from sources must be formally quoted and cited, including page numbers and dates. Any ideas or concepts derived from sources must be formally cited. **These rules hold true for any work produced by someone else that you use in a course assignment.** But please also know that we on the faculty are always available to help you avoid mistakes. **Please do not hesitate at any time to ask questions.** You can find more information at: [http://www.deanofstudents.ucla.edu/Academic-Integrity](http://www.deanofstudents.ucla.edu/Academic-Integrity)
Resources
There are a number of research resources that are of potential use for gaining more detailed analytical background on the issues students may be considering for their proposed reform and written testimony. I offer below a limited set of primary examples (full-text copies of articles from these journals are generally available over the web through the UCLA library on campus or with a VPN proxy):

Journals
- New England Journal of Medicine
- JAMA (Journal of the American Medical Association)
- Health Affairs
- Journal of Health Politics, Policy and Law
- The Milbank Quarterly
- Inquiry
- HSR: Health Services Research
- Medical Care
- Medical Care Research and Review
- Health Care Financing Review
- Journal of Health Economics

Web Sites
  (The agency in the U.S. Department of Health and Human Services (DHSS) that runs Medicare – with easy access to data, analysis, and charts)
  (Congressional advisory commission – analyses of full range of Medicare issues)
  (Congressional policy analytic and accounting agency – includes full text of reports)
  (Within the Library of Congress, policy and legal analysis for committees and members of Congress – includes full text of reports)
  (Includes reports, cost scoring, and congressional testimony about Medicare)
- Senate Republican Policy Committee: https://www.rpc.senate.gov/
  (Republican assessment of policy issues, including issue briefs)
- Senate Democratic Policy & Communication Center: https://dpcc.senate.gov/
  (Democratic assessment of policy issues, including issue briefs)
- The Policy Archive: http://www.policyarchive.org/
  (A searchable clearing how for non-published reports and other documents produced by think tanks, research centers, etc.)
- AcademyHealth: https://www.academyhealth.org
  (The professional society for health services and health policy research, and program office for many initiatives with access to research and reports of relevance to Medicare)
- Urban Institute: https://www.urban.org
  (Largest health policy group at a general think tank; full-text reports on line)
• Kaiser Family Foundation:  https://www.kff.org/
  (Major source of research and synthesis on health policy questions, including Medicare; for up-to-the-minute information on health policy, go to http://www.kaiserhealthnews.org/ )

• The Commonwealth Fund: https://www.commonwealthfund.org/
  (Major health policy foundation that also conducts its own research and distributes reports, including much on Medicare)

• Brookings Institution:  https://www.brookings.edu
  (Major mainstream/center-left think tank)

• American Enterprise Institute (AEI):  http://www.aei.org
  (Major center-right think tank)

• Heritage Foundation:  https://www.heritage.org
  (Major conservative think tank, with a Center for Health Policy Studies)

• Cato Institute:  https://www.cato.org
  (Well-known Libertarian think tank, with Cato Health Policy Studies)

• AARP:  https://www.aarp.org
  (Largest senior citizen organization—indeed, largest membership organization in the U.S. outside of the Catholic Church, and has a well-staff policy shop)

• National Committee to Protect Social Security and Medicare (NCPSSM):  https://www.ncpssm.org
  (Much smaller competing senior citizen organization)

• FamiliesUSA:  https://www.familiesusa.org
  (Major liberal health care organization)

• Public Citizen:  https://www.publiccitizen.org
  (Consumer organization with the Health Research Group)
Important Note about the Readings: Given the volume of “assigned” readings, I do not expect you to read every selection verbatim. Many of the articles and documents assigned for each week are relatively short, are quickly accessible with the associated web links, and can be reviewed quickly for core themes and analytical takeaways. Some weeks I am likely to ask subsets of students to focus on particular subjects so that we can have an informed and robust seminar discussions of multiple topics. The objective is to become duly conversant about core complexities of the health care system and Medicare in order to identify beneficial avenues of reform. The class does not have any exams or other kinds of assignments that require regurgitation from the readings.

April 2nd: Introduction to the Seminar

Part 1: The Medicare Context

April 9th: The International Standard and Experience

The Overall “International Standard”


Mossialos, Elias, Ana Djordjevic, Robin Osborn, and Dana Sarnak, eds. “International Profiles of Health Care Systems.” The Commonwealth Fund, May 2017. Focus on the English System (National Health Service), Canadian System (Single-Payer), German System (Regulated Sickness Funds), and The Dutch System (individual mandate with competing private plans)

http://jhppl.dukejournals.org/content/34/4/453.full.pdf+html?sid=c648735-5803-48ce-917f-5964afdbf80c

https://www.thelancet.com/action/showPdf?pii=S0140-6736%2817%2931280-1


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Empirical Comparisons Between the U.S. and Abroad: Spending, Quality, and Outcomes


[http://content.healthaffairs.org/content/28/1/w1.full.pdf+html](http://content.healthaffairs.org/content/28/1/w1.full.pdf+html)


April 16th: Origins and Meaning of Medicare


Chapter 1, “Introduction,” pp. 1-16.  
Part of Chapter 3, “Going Nowhere,” pp. 36-40.  
Part of Chapter 4, “Going Broke,” pp. 74-83.

[http://content.healthaffairs.org/content/14/4/62.full.pdf+html](http://content.healthaffairs.org/content/14/4/62.full.pdf+html)

[http://jhppl.dukejournals.org/content/26/1/7.full.pdf+html?sid=d860dfee-3f8d-4424-ab57-00a6378cb516](http://jhppl.dukejournals.org/content/26/1/7.full.pdf+html?sid=d860dfee-3f8d-4424-ab57-00a6378cb516)

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**SUGGESTION:** **START READING NEXT WEEK’S ASSIGNMENTS.** For this week you have somewhat less reading, and no written assignments, so it would be a really good idea to launch right into a significant portion of next week’s readings.

**Part 2: The Problem and the Dimensions of Analysis**

**April 23rd: The Demographic and Cost Challenges**

**NOTE: Policy Problem Memo Due**

**National Health Care Spending Trends in the U.S.**


**The Overall Medicare Challenge and Debate: Demographic Change and Expenditure Growth**


[Continues on next page]
The 2018 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.
Introduction and Overview, pp. 1-42.

http://jhppl.dukejournals.org/content/26/1/107.full.pdf+html

http://content.healthaffairs.org/content/18/1/63.full.pdf+html


A Medicare Paradox: Does More Spending Produce More Quality?

Baicker, Katherine, and Amitabh Chandra. “Medicare Spending, the Physician Workforce, and Beneficiaries’ Quality of Care.” Health Affairs, Web Exclusive, 7 April 2004, pp. W4-184 to W4-197.
http://content.healthaffairs.org/content/early/2004/04/07/hlthaff.w4.184.full.pdf+html
[Note: for an analytical rejoinder to this kind of analysis, see Richard A. Cooper, “States With More Health Care Spending Have Better-Quality Health Care: Lessons About Medicare.” Health Affairs, Web Exclusive, 4 December 2008, pp. w103-115.
http://content.healthaffairs.org/content/28/1/w91.full.pdf+html]


The Cost Burdens on Medicare Beneficiaries


http://content.healthaffairs.org/content/26/6/1692.full.pdf+html
April 30th: Economics and Markets in Health Care

   Chapters 2 (Utility & Health), 3 (The Transformation of Medical Care to Health), and
   4 (The Demand for Medical Care: Conceptual Framework).

   Ebook available from UCLA Library, go to:
   and click on EBSCOhost Ebooks

   [Webpage]

* Hammer, Peter J., Deborah Haas-Wilson, Mark A. Peterson, and William M. Sage, eds. Uncertain
   Times: Kenneth Arrow and the Changing Economics of Health Care. Duke University Press,
   2003.
   Arrow, reprint of original 1963 AER article, “Uncertainty and the Welfare Economics of Medical
   Care”
   Sloan, “Arrow’s Concept of the Health Care Consumer…,” pp. 49-59
   Cooper and Aiken, “Human Inputs…,” pp. 71-83
   Havighurst, “Health Care as a (Big) Business…,” pp. 84-99
   Reinhardt, “Can Efficiency in Health Care Be Left to the Market?,” pp. 111-133
   Hall, “Arrow on Trust,” pp. 259-271

   No. 20, The Synthesis Project, Robert Wood Johnson Foundation, Princeton, NJ. December
   2010. [Webpage]

Further Perspectives on Health, Economics, Markets, and Patient Cost Sharing (Not Required):

   (originally 1983).

Thomas Rice and Lynn Unruh, The Economics of Health Reconsidered, 4th Ed. Chicago, IL: Health Administration

Newhouse, Joseph P., and the Insurance Experiment Group. Free for all?: Lessons from the Rand Health Insurance

From Canada: Morris L. Robert G. Evans, and Gregg L.Stoddart, Controlling Health Care Costs by Direct Charges to
   Patients: Snare or Delusion? Ontario Economic Council, Occasional Paper 10, 1979,
   https://archive.org/stream/controllinghealth00evan/controllinghealth00evan_djvu.txt.
May 7th: The Health Care System in Transition

**NOTE:** Washington Post Op-Ed Due

**The Modern American Health Care System**


Glied, “Health Insurance and Market Failure since Arrow,” pp. 103-110
Bazzoli, “….Evolution of Provider Compensation Arrangements,” pp. 142-155
Silver, “The Role of Capital Markets in Restructuring Health Care,” pp. 156-166
Haas-Wilson, “Changing Content and Sources of Health Care Information,” pp. 169-180
Robinson, “The End of Asymmetric Information,” pp. 181-188
Casolino, “…Intermediate Organizations as Triple Agents,” pp. 189-201
Needelman, “The Role of Nonprofits in Health Care,” pp. 243-258
Jacobson, “Regulating Health Care…,” pp. 290-301
Sage, “The Lawyerization of Medicine,” pp. 302-317


**The Turn to the Market in the U.S. Health Care System**

**Overview**

Peterson, Mark A., ed. *Healthy Markets? The New Competition in Medical Care.* Duke University Press, 1998. [Links below are to the original journal publication]

[https://read.dukeupress.edu/jhppl/article/22/2/291-313/39384](https://read.dukeupress.edu/jhppl/article/22/2/291-313/39384)

[https://read.dukeupress.edu/jhppl/article/22/2/363-382/39393](https://read.dukeupress.edu/jhppl/article/22/2/363-382/39393)

**Managed Care**


**Competition (For Selecting Health Plans vs. Selecting Treatments and Services)**


[Continues on next page]
Assessing the Impact of the Market Model


[https://read.dukeupress.edu/jhppl/article/27/1/5/65859/Managed-Competition-versus-Industrial-Purchasing](https://read.dukeupress.edu/jhppl/article/27/1/5/65859/Managed-Competition-versus-Industrial-Purchasing)


May 14th: The Public, Politics, and Health Care Policy Making

General Health Care Politics

Whole book as a reference (focus on Chapters 1-4).

  Peterson, “From Trust to Political Power…,” pp. 272-289.

[http://jhppl.dukejournals.org/content/36/2/227.full.pdf+html](http://jhppl.dukejournals.org/content/36/2/227.full.pdf+html)

Medicare Politics


[Continues on next page]
Part 3: Reform

May 21st: Past Changes in Medicare

From Enactment Through the Balanced Budget Act of 1997

Part of Chapter 3, “How Medicare Has Changed: Coverage…,” pp. 54-75.

Part of Chapter 3, “Going Nowhere,” pp. 40-73

Chapter 9, Uwe E. Reinhardt, “Medicare Innovations in the War Over the Key to the U.S. Treasury,” pp. 169-189.

The Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003


[Continues on next page]
Prescription Drugs


https://read.dukeupress.edu/jhppl/article/32/2/187-219/93534


http://content.healthaffairs.org/content/31/10/2259.full.pdf+html?sid=5f6e73cd-b5d0-48ee-844e-6412f179d651

Private Insurance and Medicare Advantage

http://files.kff.org/attachment/Fact-Sheet-Medicare-Advantage

https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.28.1.w41


What is Always Left Out—Long-Term Care

Full Studies of Past Major Medicare Reforms (Not Required):


May 28th: The Current Situation in the Aftermath of the Patient Protection and Affordable Care Act (ACA) of 2010, and the American Recovery and Reinvestment Act (ARRA) of 2009

**The Affordable Care Act Provisions**


**Reform Themes Affecting Medicare**


**Bundled Payments**


**Pay for Performance (P4P)/Value-Based Purchasing**

http://jhppl.dukejournals.org/content/34/5/717.full.pdf+html

**Chronic Care Disease Management**


**Health Information Technology (HIT)**


**Reform of Primary Care Delivery—Patient-Centered Medical Homes and Accountable Care Organizations**

[Note *Health Affairs* issue on “Profiles of Innovation in Health Care Delivery” (March 2011)]

Nichols, Donald E., Susan G. Haber, Melissa A. Romaine, Suzanne G. Wensky, and Multi-Payer Advanced Primary Care Practice Evaluation Team. “Changes in Utilization and Expenditures for Medicare Beneficiaries in Patient-Centered Medical Homes.” *Medical Care* 56(9) (September 2018): 775-783.  
https://oce.ovid.com/article/00005650-201809000-00007/HTML

McWilliams, J. Michael, Michael E. Chernew, and Bruce E. Landon. “Medicare ACO Program Savings Not Tied to Preventable Hospitalizations or Concentrated Among High-Risk Patients.” *Health Affairs* 36(12) (December 2017): 2085-2093.  


[Continues on next page]
Comparative Effectiveness Research (CER) and the Patient-Centered Outcomes Research Institute (PCORI)

[Note Health Affairs issue on “Comparative Effectiveness Research” (October 2010)]


https://khn.org/news/030711millenson/

Cost Control through an Independent Payment Advisory Board (IPAD)

https://read.dukeupress.edu/jhppl/article/43/3/483/133592/Technocratic-Dreams-Political-Realities-The-Rise

June 4th: Competing Approaches to Medicare Reform

Introduction—Medicare and the Dynamics of Reform


The Set Up—Direct Government Provision vs. Markets and Private Plans

Social Insurance

https://read.dukeupress.edu/jhppl/article/43/6/1013/135383/Social-Insurance-and-American-Health-Care

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**Private Plans/Private Markets**


**Competing Policy Approaches to Medicare Reform**


  Read only: “Fulfilling the Mission of Health and Retirement Security for All Americans,” p. 44-47


Point/Counterpoint on Restructuring Medicare, *Journal of Policy Analysis and Management* 30(4) (Fall 2011): 928-946:
REFERENCE: Complete Compilation of Medicare Policy Options Large and Small:

https://kaiserfamilyfoundation.files.wordpress.com/2013/02/8402.pdf

Reforming Medicare as the Route to Universal Coverage


https://read.dukeupress.edu/jhppl/article/32/2/247-291/93537

https://www.washingtonpost.com/opinions/2019/03/19/democrats-have-figured-out-where-theyre-going-health-care/?utm_term=.96222636d060

For the range of bills Democrats have introduced, see:
Where Do U.S. Health Reform Proposals Fall on the Medicare-for-All Continuum?
https://www.commonwealthfund.org/many-varieties-universal-coverage

A counter political analysis to Waldman:

June ?? [To be determined]: Submission of Written Testimony

June ?? [To be Scheduled]: Hearing on Medicare Reform,
United States Senate Committee on Finance