In This Issue

THE QUALITY OF NURSING HOMES IS ONE OF THE long-standing concerns of health policy. This issue of the *Milbank Quarterly* begins with an article that brings a new perspective to this topic. In “Driven to Tiers: Socioeconomic and Racial Disparities in the Quality of Nursing Home Care,” Vincent Mor, Jacqueline Zinn, Joseph Angelelli, Joan Teno, and Susan Miller present evidence that quality problems are found disproportionately in the 15 percent of nursing homes in which more than 85 percent of the residents are Medicaid beneficiaries. This concentration—which has developed for reasons that are not easily changed—has created a tier of facilities with comparatively few resources and staff. Mor and his colleagues also reveal a large racial disparity in the use of these facilities. The lower-tier homes are about four times more likely to serve African-American residents than other facilities are.

Lower-tier nursing homes face an uncertain future in light of current policy developments, such as the public reporting of quality indicators. This article concludes with an analysis of policy alternatives to consider in view of the role that many of these facilities play in serving vulnerable populations in places that have few resources.

The next article is concerned with alternatives to nursing home care. In “The Growing Pains of Integrated Health Care for the Elderly: Lessons from the Expansion of PACE,” Diane Gross, Helena Temkin-Greener, Stephen Kunitz, and Dana Mukamel assess an important national demonstration program in Medicare. PACE, the Program of All-Inclusive Care for the Elderly, is a managed care program designed to enable frail elderly people to remain in the community. Eligibility is limited to Medicare beneficiaries whose needs make them “certifiable” for nursing home care. PACE programs, which receive capitated funding from both Medicare and Medicaid, are designed to meet all health care needs of participants, with the goal of enabling them to continue living in their homes or in homelike settings for as long as possible. The program’s core service is adult day care, as well as home care and meals at home.

Gross and her colleagues studied almost all the PACE programs. They describe how these programs work and why this seemingly attractive

model for addressing a very important problem—sustaining the frail elderly in the community—has expanded only slowly. Only 29 PACE programs (and ten pre-PACE programs) are now in operation. Based in part on a survey of program leaders, Gross and her colleagues discuss the barriers to the more rapid development of PACE programs and identify potential levers for change at both the federal and state levels. They conclude by exploring ways that policymakers might overcome these barriers.

Thomas Oliver, Philip Lee, and Helene Lipton provide a political history of the issue that has dominated Medicare policy debates in recent years: prescription drug coverage. Their history begins with the passage of Medicare in 1965 and ends with the Medicare Prescription Drug Improvement and Modernization Act that was signed into law in December 2003. Offering an outpatient prescription drug benefit to Medicare beneficiaries has been a remarkably stubborn policy challenge that long defied solution despite a series of efforts over almost 40 years. Oliver, Lee, and Lipton address three central questions about this topic. Why was there no outpatient prescription drug benefit in the first 38 years of the Medicare program? Why was one finally created when it was? And why did it take its particular and rather peculiar form? To answer these questions, the authors examine the contemporary political dynamic in Washington as well as crucial legacies from the past. For example, they argue that the experience with the Medicare Catastrophic Coverage Act—passed in 1988 and repealed in 1989—is reflected in the new legislation's provisions that the program be voluntary and that its costs not be borne solely by beneficiaries. They also suggest, however, that some lessons of the past were ignored; they express doubt about whether the law's current cost containment provisions appropriately match the expansion of benefits.

This issue of the *Quarterly* concludes with the second part of the two-part article, "Is Income Inequality a Determinant of Population Health?" The first part was a systematic, comprehensive literature review that was published in the previous issue of the *Quarterly* (vol. 82, no. 1). This second article, by John Lynch, George Davey Smith, Sam Harper, and Marianne Hillemeier and subtitled "U.S. National and Regional Trends in Income Inequality and Age- and Cause-Specific Mortality," offers new empirical data on previously unexplored aspects of the income-inequality hypothesis—whether within-U.S. differences in income are associated with differences in mortality. Lynch and his colleagues examine this

question in great detail, including race- and sex-specific rates of heart disease as well as mortality from numerous causes. It is only with regard to suicide and homicide that they find trends that may be consistent with trends in income inequality. After presenting the data, they discuss several theoretical and methodological issues regarding the epidemiological approaches to understanding differences in the health of populations.

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