In This Issue

THE U.S. HEALTH CARE SYSTEM IS CHARACTERIZED BY a great diversity of organizational forms and sources of payment for medical services. This pluralism, which includes a large uninsured population, creates many natural experiments. In the first article in this issue of *The Milbank Quarterly*, “Markets and Medical Care: The United States, 1993–2005,” political scientist Joseph White draws on the nation’s experience during the period bracketed by the failure of the Clinton health reform legislation and the addition of a pharmaceutical drug benefit to the Medicare program. This period, White argues, is a rich source of lessons about the operation of market forces and the movement of private capital in health care. He makes use of a wide range of evidence from published sources, including macro data and contemporary descriptions of market developments provided by various researchers, particularly those associated with the Center for Studying Health System Change.

Harnessing market forces to address health policy problems is a distinctly American approach. After laying out the elements of health care in the United States, White examines how market mechanisms operated during this period to affect the health care system. He finds that these mechanisms failed to rein in the cost of health care, enhance access to health insurance coverage, or help rationalize the health care system. He concludes with observations about the implications for future health system reform, arguing that to be effective, reform will need to restrain the market, not rely on it.

The second article in this issue is also concerned with reform—in this case possible changes in Medicare payment methods. In “Rewarding Excellence and Efficiency in Medicare Payments,” Karen Davis and Stuart Guterman draw lessons from studies of local health care markets (generally metropolitan areas). Davis and Guterman, both health economists who have held high policy positions in the U.S. federal government, show that under current Medicare payment methods, expenditure levels

vary widely among market areas and this variation is unrelated to quality of care.

Davis and Guterman argue that, as the largest single purchaser of medical services, Medicare should seek to stimulate improvement in the health care system. They focus on how payment methods could be reformed to reward high performance on quality and efficiency. They call for more experiments with pay-for-performance methods and a transition to a payment system that involves a blend of capitation and fee for service.

The third article in this issue brings a comparative perspective to bear on an important health policy problem—coverage of prescription drugs in health insurance programs. The article, by Marie-Pascale Pomey, Pierre-Gerlier Forest, Howard Palley, and Elisabeth Martin, is entitled “Public/Private Partnerships for Prescription Drug Coverage: Policy Formulation and Outcomes in Quebec’s Universal Drug Insurance Program, with Comparisons to the Medicare Prescription Drug Program in the United States.”

Pomey and her colleagues assess ten years of experience with Quebec’s prescription drug program and analyze the challenges faced by any such program—making decisions about which drugs will be covered, managing costs, and sustaining a “healthy and innovative” pharmaceutical industry. They conclude that the primary policy success of the Quebec approach has been the removal of inequality of access to prescription drugs, while cost containment is the central problem. After offering observations about ways the Quebec experience might inform U.S. Medicare’s drug coverage program, they call for more “cross-national policy learning” to facilitate improvements in health care systems.

The next article in this issue is “Program Characteristics and Enrollees’ Outcomes in the Program of All-Inclusive Care for the Elderly (PACE),” by Dana Mukamel, Derick Peterson, Helena Temkin-Greener, Rachel Delavan, Diane Gross, Stephen Kunitz, and T. Franklin Williams. By now well known, PACE is an innovative managed care program, funded on a capitation basis by Medicare and Medicaid and designed to enable beneficiaries who meet the requirements for nursing home coverage to live independently in the community. The program offers enrollees a full spectrum of services, including primary, acute, and long-term care, as well as a day center, home care, and meals at home.

These researchers have been studying the PACE program for several years and have published extensively about it, including in these pages (Gross et al. 2004). The present article reports on the associations among

key characteristics of the PACE model and several health and functional outcome measures. Among the factors that they cite as important are full-time medical directors, particularly those with geriatric training, and congruence in the ethnic backgrounds of caregivers and enrollees. The most mature programs tend to have the best outcomes, suggesting that there is a need to transmit best practices to newer programs. The results they report should be helpful to policymakers and program managers in improving existing and new PACE programs, as well as in building more effective community care models for the frail elderly.

The final article in this issue is David Mechanic's "Population Health: Challenges for Science and Society" and is based on the first annual Matilda White Riley Lecture in the Behavioral and Social Sciences at the National Institutes of Health. Mechanic presents a broad array of evidence showing the limits of focusing on individual risk factors in efforts to promote health and reduce mortality in the population. He emphasizes the importance of social class as a fundamental source of health differences within populations and argues that education provides a strategic point of intervention because of the numerous pathways by which it is connected to health status and the existing social and political consensus about its value beyond health.

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Reference

- Gross, D.L., H. Temkin-Greener, S. Kunitz, and D.B. Mukamel. 2004. The Growing Pains of Integrated Health Care for the Elderly: Lessons from the Expansion of PACE. *The Milbank Quarterly* 82(2):257–82.