

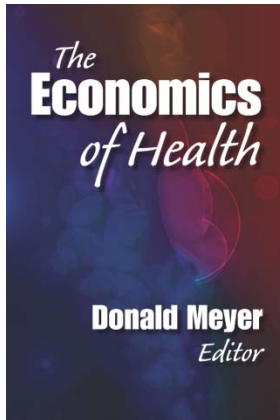


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The Economics of Health

Donald J. Meyer, *Western Michigan University*, Editor

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KALAMAZOO, Mich.—The choices we make concerning our health have consequences that are felt both personally and economy-wide. On the personal level, good health allows us to function freely, earn a living, interact with family, friends, and co-workers, and to generally enjoy life.

Each individual's health-related decisions also play a role in the nation's healthcare economy, which now represents some 17 percent of the nation's GDP with projections that it will reach nearly 20 percent by 2024. Therefore, policies and actions that encourage healthy living, along with a streamlined healthcare system, can have positive impacts on a large and growing portion of the nation's economy.

In *The Economics of Health*, a new book from the Upjohn Press, editor Donald J. Meyer leads a group of notable health economists who explore critical issues—and their economic impacts—facing the nation's healthcare system today. These include lifestyle choices and their health impacts, decisions on medical care and self-care, the fee-for-service payment model, disability and workers' compensation insurance claims, long-term care, and how various aspects of the Patient Protection and Affordable Care Act (ACA) impact the nation's healthcare system. Included are

- **We Have met Our Enemies and They Are Us**, Charles E. Phelps. Phelps describes how poor lifestyle choices pertaining to tobacco usage, poor diets, inactivity, and alcohol consumption contribute to the leading causes of death in the United States. He suggests that more education and increased investment in medical research into the underlying reasons for obesity and addiction are needed to reverse the current self-destructive trend.

- **Do Medical Care and Self-Care Compete or Complement in Health Production**, Donald J. Meyer. Meyer looks at the interaction between healthcare (doctor visits, lab tests, diagnostics, etc.) and self-care (including self-insurance) and whether or not people use these activities to substitute or complement each other.
- **Payment Reforms and “Bending the Curve”**, John H. Goddeeris. Goddeeris examines how healthcare providers are paid (typically, the fee-for-service model) and recommends changes to this process aimed at helping to control costs, or as President Obama put it “. . . bend the cost curve . . . because the system we have right now is unsustainable . . .”
- **The Potential Effects of the Affordable Care Act on Disability Insurance and Workers’ Compensation Insurance**, Marcus Dillender. Dillender reviews basic program information on disability insurance and workers’ compensation insurance and discusses how the ACA affects the likelihood of a worker filing a claim for either or both types of insurance.
- **The Economic Challenges of the CLASS Act**, Edward C. Norton. Norton’s focus is long-term care, particularly the Community Living Assistance Services and Support (CLASS) Act, which would have created a market for long-term care insurance as part of the ACA. He explains why it was dropped from the ACA, the economic challenges it faced, and the proper role of government in providing an insurance market. He also discusses the challenges inherent in the elderly long-term care market.
- **The Role of Private Health Insurance in the Medicare Program**, M. Kate Bundorf. Bundorf describes the basic workings of the Medicare system and then focuses on two forms of private insurance that interact with Medicare: 1) Medicare Part C (also called Medicare Advantage), which allows beneficiaries to enroll in a private plan that replaces Medicare Parts A and B; and 2) Medigap, a private policy that supplements traditional Medicare. She finds that “private health insurance has done little to improve the efficiency of the delivery of Medicare-financed services and has actually increased Medicare spending.”

This book is a product of the 2011–2012 Werner Sichel Lecture Series held at Western Michigan University. This Series was cosponsored by the W.E. Upjohn Institute for Employment Research, the WMU College of Arts and Sciences, and the Medical Humanities Workgroup of WMU.

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