

DIVISION OF
HEALTH SERVICES RESEARCH AND POLICY
Division•News

An HSRP health economist has emerged as a national leader in research and policy initiatives aimed at reforming the country's largest health insurance program.

Rethinking the mathematics of Medicare

Every working Minnesotan pays the Medicare payroll tax. What's more, every Medicare beneficiary from Minneapolis to Miami, New York to Oahu pays an identical monthly premium for Medicare "Part B" medical insurance.

What especially interests HSRP's Bryan Dowd, however, is that what people actually get in return varies depending on where they live. A 21-year member of the HSRP faculty, Dowd has developed a national reputation as a health policy analyst, especially on issues related to the fairness and efficiency of the federal Medicare program for the elderly and the disabled.

Approaching issues from a perspective grounded in rigorous economic theory and statistical analysis, Dowd has shed valuable new light on key challenges facing the country's largest health insurance program—which currently covers one in eight Americans—especially as it grapples with spiraling health care costs and a surging beneficiary population.

Dowd's work is concerned particularly with how prudently the Health Care



Pathbreaking researcher Bryan Dowd, right, also mentors future health services research and educational leaders (such as Neil Jordan, left) as the director of HSRP's M.S. and Ph.D. programs in health services research, policy and administration.

Financing Administration (recently renamed the Centers for Medicare and Medicaid Studies), the agency overseeing Medicare, purchases health care services from physicians, hospitals, and other providers for its 39 million covered beneficiaries. Such reimbursements occur either through traditional fee-for-service (FFS) arrangements or through managed care plans such as health maintenance organizations (HMOs).

Through research carried out over the last decade, Dowd—working in collaboration with HSRP colleague Roger Feldman and the Carlson School of Management's Jon Christianson—has shown that the government's HMO reimbursement policies are seriously flawed. Moreover, their work has produced blueprints for reforms that could substantially correct the problems.

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On savoring the successes of our graduates, sharing the fruits of our research, and beginning to look ahead.

The spring semester has come to a close with the academic rite of spring—commencement exercises—capping off the academic year. This issue features the achievements and future plans of our graduates in all three of our degree programs. We are proud of our students' successes and wish them well.

Another springtime ritual for HSRP is the annual Academy for Health Services Research and Health Policy annual meeting. This important event provides an opportunity for health services/health policy researchers from around the nation to share new ideas and build collaborative relationships.

Our unit was highly visible at this year's conference, held in Atlanta—not only through the activities of our faculty and current students, but also through the accomplishments of our graduates, many of whom are making a mark in the HSR field in their respective universities.

Conference highlights

A particular highlight of the conference for us was the presentation of the Academy's Article of the Year Award to three of our faculty: John Kralewski (lead author), Bryan Dowd, and Roger Feldman, along with their Minnesota Blue Cross Blue Shield collaborators (*see page 10 for more details*).

A number of HSRP faculty and students made research presentations at the conference. In addition, our two national research and service centers—Marshall McBean's Research Data Assistance Center (the information focal point for researchers using Medicare/Medicaid administrative data) and Lynn Blewett's State Health Access Data Assistance Center (SHADAC, a hub for research related to health care coverage) were featured in several key sessions. Lynn's SHADAC has received wide attention, and her presentation on state data needs became the subject of a lively post-session question-and-answer period. Well done!

Networking, Minnesota style

We always make an effort to organize an HSRP reunion during each year's Academy meeting, a Minnesota dinner involving alumni and friends of the division along with our current students, faculty, and staff. This year's event was especially successful, as a group of 40 gathered at Pittypat's Porch, a landmark Atlanta restaurant, to renew friendships and exchange ideas.

Looking ahead

Summer is a time for faculty and students to focus on research projects and for all of us to begin work on the next academic year. We have admitted a strong group of students for our Ph.D., M.S., and M.P.H. degree programs (with some applications still pending). We will profile our new students in a future issue.

By the time this issue goes to press, I hope we will have a state budget in place. Throughout the spring and early summer, the state legislature and the governor have been deadlocked over a state budget, and there are concerns that the state will close down services on July 1. Presumably, wiser heads will prevail and neither the state nor the University will be disrupted.

Among recent developments of note: Minneapolis and St. Paul recently have weathered a nurses' strike, the Health Care Financing Administration (HCFA) has been renamed the Centers for Medicare and Medicaid Services (CMS), and the University is dropping out of the State Health Plan because of double-digit premium increases for employee health insurance. Never a dull moment in and around HSRP.

After Minnesota's wettest spring in decades, the rain finally stopped falling. Now if the mosquitoes would only take a holiday, and the mercury would stop climbing...! ♦

—Susan Bartlett Foote, J.D.
Division head

Medicare basics

- Federal health insurance program begun in 1966; covers people age 65 and older, younger people with disabilities, and people with permanent kidney failure.
- Currently covers 39 million beneficiaries, or 1 in 8 Americans; expected to grow to 69 million or 1 in 5 Americans by 2025.
- Administered by the Health Care Financing Administration (HCFA, recently renamed the Centers for Medicare and Medicaid Services), an agency of the U.S. Department of Health and Human Services. HCFA also administers Medicaid and the Children's Health Insurance Program; together these programs benefit some 85 million Americans at an annual cost of \$360 billion a year (annual cost for Medicare alone is just under \$200 billion).
- Two parts: Part A, hospital insurance, free of charge to those who paid Medicare taxes while working; and Part B, medical insurance, an optional program available for a monthly premium currently set at around \$50.
- Most Medicare beneficiaries receive covered hospital services (Part A) and health care services (Part B) through traditional fee-for-service health plans. Others, in growing numbers, choose to receive Medicare-covered services through enrollment in health maintenance organizations and other managed care plans. Some buy supplemental health insurance coverage colloquially called "Medigap" coverage that covers copays or provides expanded prescription drug coverage or other additional benefits.

Source: Health Care Financing Administration

Bryan Dowd

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Inefficiencies in Medicare

"Even though everyone pays in to Medicare under the same set of rules nationally, your county of residence is an important determinant of the level of government-financed benefits you will receive from Medicare," Dowd says. That's because Medicare HMO payments in most U.S. counties still are based largely on fee-for-service (FFS) Medicare costs in each county (despite recent rate adjustments)—with dramatic consequences for Medicare beneficiaries and taxpayers.

In the Twin Cities, FFS per-capita spending is lower than the national average. Paradoxically, the cities' apparent success in controlling health care costs has placed the cities at a disadvantage when it comes to Medicare: Tied to FFS spending, HMO payments in the Twin Cities are lower than in many other metropolitan areas.

The HMO payment rate in Miami is nearly twice the Twin Cities' rate. HMO plans for Medicare beneficiaries in Miami are notably more generous than those offered by plans in Minneapolis-St. Paul. The high payment level allows the Miami plans to waive coinsurance and deductibles and cover outpatient prescription drugs and other services, without any additional charges to enrollees.

"The reason that HMOs in high payment areas can offer more generous benefits than HMOs in Minneapolis is that HMOs' costs for providing care do not vary nationally as much as FFS Medicare spend-

ing levels vary nationally," says Dowd. "The \$250-billion question in Medicare is 'What explains the variance in FFS spending levels nationwide?' No one really knows the answer." Possible contributing factors include provider practice styles, cost differences (for example, regional differences in overhead costs), and differences in health outcomes.

"I support a recent MEDPAC proposal to contribute the same amount of government money to beneficiaries who choose FFS Medicare or HMOs," says Dowd. "In fact, that was our proposal ten years ago. But I have a problem with basing that contribution on something as poorly understood as average FFS Medicare spending levels in a county."

The most telling indictment of the current HMO payment system, says Dowd, is that in all the controversy surrounding Medicare reform, no one has ever defended it.

Competitive pricing

Dowd's research has led him to propose that the government explore competitive pricing for paying HMOs for Medicare.

"Instead of the government telling private health plans what it will pay for health care services covered by Medicare, we think the health plans should tell the government what it costs to provide the services," Dowd says of the proposal he developed with Feldman and Christianson over the last decade.

To provide an incentive for truthful cost reporting, Dowd and his colleagues

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Bryan Dowd

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proposed that the government agree to pay each plan the price for the national Medicare entitlement benefit package submitted by the lowest-price plan in each county. Higher-priced plans, including FFS Medicare, would have to collect an out-of-pocket premium from beneficiaries that was equal to the difference between the lowest cost plan and their bid.

That, says Dowd, would introduce meaningful competition into Medicare. If FFS Medicare were assigned special responsibilities (such as universal availability), then it would receive a special premium subsidy.

Impressed with a conceptual paper Dowd and his colleagues had written about competitive pricing, HCFA in 1995 decided to try such a system, with modifications, through demonstration projects around the country. HSRP and Abt Associates, an international consulting firm, were awarded the technical assistance contract for the demonstrations. One HCFA modification was to tie government reimbursement rates not to the lowest-price health plan, but to some middle value, with an eye to reducing beneficiary disruption.

Six years later, the planned demonstration projects have yet to be implemented, reflecting what Dowd calls “a sad but not surprising tale” of opposition by health plans and their political allies.

“Health plans don’t want their revenue streams threatened, and in the end Con-

‘Anytime the government acts as a prudent purchaser, it will be opposed by those whose goods and services will be prudently purchased.’

Bryan Dowd

gress was more responsive to those concerns than to the geographic inequity of the current system, the long-term fiscal health of the program, or current taxpayers, who pay most of the program’s costs,” says Dowd.

“It’s fair to say that anytime the government acts as a prudent purchaser of goods and services, it will be opposed by organizations whose goods and services will be prudently purchased,” Dowd says. The proposed demonstration sites were in areas with relatively high Medicare reimbursement rates. Health plans in those areas—including Baltimore, Denver, Kansas City, and Phoenix—successfully prevailed upon Congress to block the demonstrations.

Still, the competitive pricing idea remains very much alive in Medicare reform debates, Dowd says. Even while nixing the proposed demonstrations, Congress mandated a report on the ideas behind them, and competitive pricing has been a central component of all significant Medicare reform proposals in the past few years, including those of the Clinton administration, a bipartisan Congressional committee, and the policymakers drafting the Breaux-Frist 2000 Medicare Reform Proposal.

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About Bryan Dowd

Education: Ph.D. (public policy analysis), U of Pennsylvania; M.S. (urban admin.), Georgia State U; B.Arch. (architecture), Georgia Tech.

Selected publications: “The Effect of Tax-Exempt Out-of-pocket Premiums on Health Plan Choice,” *National Tax Journal*, 2001.

“A Tale of Four Cities: Medicare Reform and Competitive Pricing,” *Health Affairs*, 2000.

Family: Spouse of 27 years Susan Dowd; daughter Emily, 17; cat Wisty, 3.

First job: Architectural practice in Atlanta (3 years). “I’m still basically an engineer.”

Question he hears most frequently: “How did you get from architecture to health services research?” While working as an architect, I became interested in urban problems; while studying urban administration, I became interested in public policy analysis; and while studying public policy analysis, I had a research opportunity in health care, and I had enjoyed hospital work as an architect.”

Current No. 1 goal: As director of HSRP’s M.S. and Ph.D. programs, “to make sure that our students continue to be well-trained in quantitative analysis as well as qualitative analysis. That emphasis has become a trademark of our program.”

Other interests: National Institute for Health Policy (board member); Big Brother program (volunteer); MacLaurin Institute (a Christian studies center at the U, board chair); St. Stephen’s Church, Edina (vestry member); amateur radio (licensed operator, KBOVHK); jogging; gardening; piano; tennis with daughter.

Loves his work because: “I am able to work on problems that I believe are important with the best colleagues in the country, and to have virtually complete control over the content and the quality of my work.”

HSRP graduates 26 students during 2000–01

A new generation of health services leaders



M.P.H. degree recipients Sally Smaida and Merry Jo Thoele were among those participating in the School of Public Health commencement ceremony in May.

Each year, the Division of Health Services Research and Policy sends a new cohort of health services leaders into the world.

The division's three outstanding degree programs—the M.S. and Ph.D. programs in health services research, policy and administration and the M.P.H. in public health administration—equip students for influential positions in health care delivery, administration, government, and education, among other fields.

With considerable pride, the HSRP faculty bids farewell and good luck to the 26 students profiled here who received degrees during 2000–01. Many participated in the School of Public Health commencement ceremony this past May 21.

■ Sonia Bobra, M.P.H.*

Is completing the M.P.H./M.D. dual degree program. Will start her program in medicine at the University this fall. Wants to use both degrees to help a larger population, possibly in policy initiatives and international health.

■ Deirdre Brennan, M.P.H.*

Began her M.P.H. program after having completed a master's degree in religion and religious education. Was awarded a Centers for Disease Control Internship in the Community Health Assessment Experiential Learning Program, looking at managed care and Minnesota Department of Health collaborations.

■ Ann Curoe, M.P.H.*

Received a Preventive Medicine Fellowship from Mayo Clinic to complete the M.P.H. program. Is interested in learning how to address the many variables that affect the delivery of health care as well as medical research. Envisions working in a public health department or academic health center.

■ Michael Davidoff, M.P.H.*

After working six years as a biochemist for Merck and Company, came to HSRP's public health administration program to acquire knowledge and tools to identify health risk factors and improve general health and health services in the United States. Was awarded membership in Delta Omega, the honorary society for graduate studies in public health.

■ Andrea DeVries, Ph.D. (June '01)

Dissertation: "Affecting physician prescribing behavior: Factors influencing the success of a pharmacy intervention." Now division support manager, Medical Informatics Department, Highmark Blue Cross Blue Shield, Pittsburgh.

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* nearing degree completion

HSRP graduates

■ Marcella Fjelstad, M.P.H.*

Interrupted her legal studies to learn more about health-enhancing systems. Plans to continue her law degree and focus on governmental health care policy to enhance the health of populations.

■ Jennifer Frytak, Ph.D. (April '01)

Dissertation: "Capital and health status in near old adults." Currently working as a researcher with United Health Group, Center for Health Care Policy and Evaluation.

■ Carolyn Harley, Ph.D. (May '01)

Dissertation: "The social gradient in health: Social capital, human capital and the transition to adulthood." Works as a researcher with Ingenix Pharmaceutical Services, with responsibility for economic and outcomes research.

■ Anil Kaul, M.P.H.*

Is a physician from India with an extensive publishing record in women and children's health issues. Hopes to attain an administrative position and develop effective policies to improve women's health and help prevent premature births.



Sharon Lobo, graduate of the M.P.H. degree program in public health administration.



Left, M.P.H. grads, from left, Augusta Lind, Deirdre Brennan, and Nicole Reinartz. Below, M.P.H. grads Sally Smaida and Rahul Kavathekar with Douglas Wholey, HSRP professor and PHA program chair.



Photo by Richard G. Anderson

■ Rahul Kavathekar, M.P.H.*

Interested in planning and implementing initiatives to improve access to health care for underserved populations. Received the Minnesota Public Health Association Student Achievement Award as well as the Public Health Administration Community Service Award for his work at the Community University Health Care Center and Minnesota Department of Health. Relocates to Newfoundland for medical school in the fall.

■ Sandra Lin, M.P.H.*

Has been employed at Health Resources for Target Corporation throughout her tenure in HSRP's public health administration program. After completing degree requirements, heads to San Diego to start an M.B.A. program in the fall.

■ Wen-Chieh Lin, Ph.D. (Dec. '00)

Dissertation: "Post-acute care use and early hospital readmission of hospitalized elderly Medicare beneficiaries." Has accepted a position with the University of Missouri, Columbia, as assistant professor in the Department of Family and Community Medicine, School of Medicine.

■ Augusta Lind, M.P.H.

Came to HSRP to study theories of health behavior, methods of intervention, grantwriting, program implementation and evaluation. Completed a field experience at Dakota County Health Department, including work for the Youth Risk Behavior project.

■ Sharon Lobo, M.P.H.

Received her medical training at Grant Medical College in Bombay. Special interests include strategic planning and issues surrounding AIDS. Completed a field experience with the Division of Community Health Services, Minnesota Department of Health.

■ Hamid "David" Nayebaziz, Ph.D.

(May '01)

Dissertation: "The effect of revenues from health maintenance organizations on the structural attributes of medical groups: a strategic adaptation analysis." Has revived his consulting firm, PHP Developments LLC, of which he is president.

HSRP graduates

■ **Craig Nelson, M.S.** (Summer '01)

Craig came to the M.S. program as a postdoctoral fellow in alternative medicine, with a background in chiropractic medicine as both a professor and practitioner.

■ **Monica Newbauer, M.P.H.***

Employed in public health for 20 years. Continues to work as project director for the Maternal Child Health and Family Planning and Community Integrated Service System, Meeker-McLeod-Sibley Community Health Services. Looks forward to working as a community health services administrator in a county public health department or the state health department.

Right, M.P.H. graduate Sandra Lin with her mother. Far right, HSRP Prof. Robert Veninga with M.P.H. graduate Erin Simpson.



■ **Tiffany Radcliff, Ph.D.** (Dec. '00)

Dissertation: "Assessing the Relationship between hospital competition and guideline adherence for acute myocardial infarction." Has been hired as an assistant professor, Division of Health Services Administration, College of Health Professions, University of Florida.

■ **Nicole Reinarz, M.P.H.***

Worked for Lutheran Social Services and Planned Parenthood of Minnesota and South Dakota, as well as an emergency medical technician and 911 dispatcher, before joining PHA. Completed a field experience at Dakota County Public Health Department; hired to work there in the Health Promotion Unit.

■ **Darla Roelofs, M.P.H.***

Has extensive work experience in health services research and geriatric dentistry. Continues to work in clinical practice at the University's School of Dentistry. Concluded her field experience at Iowa School of Dentistry and Park Dental Clinics, comparing academic and private-practice quality assurance programs.

■ **Jennifer Schultz, Ph.D.** (Jan. '01)

Dissertation: "Selection of health care provider systems in a direct contracting model." Now working as an assistant professor in the Department of Policy Analysis and Management, Cornell University.



■ **Erin Simpson, M.P.H.***

Has worked on health promotion activities with varied populations. Completed her field experience at Fairview Health Services, expanding her knowledge of public health activities in the private sector. Soon moving to New York City. Career goal is to direct a nonprofit health organization

■ **Linda Stewart, M.P.H.***

Worked in several positions at the state health departments of South Dakota and Minnesota. Completed her field experience at UCare Minnesota, analyzing Medicare prescription drug coverage and other federal managed care proposals. Is particularly interested in coordinating public programs for a managed care organization.

■ **Sally Smaida, M.P.H.***

Interested in program and policy development as it relates to low-income and minority populations. Assisted Lynn Blewett, HSRP assistant professor, on a study of people in Minnesota's Latino community and their experience with public and private health insurance programs. Selected for the Barbara Ann Walton Spradley Leadership Award. Just accepted a position with the State Health Access Data Assistance Center, housed in HSRP.

■ **Merry Jo Thoele, M.P.H.***

A dental hygienist by training. Has worked extensively in tobacco cessation initiatives, including as dental educator on the Nix-Nicoteen Project, a collaboration between the School of Public Health's Division of Epidemiology and HealthPartners. Plans to continue to develop, lead and implement tobacco initiatives in health care settings, foundations, state agencies, or managed care organizations.

■ **Christy Thompson, M.S.** (June '01)

Has just been admitted to the dual degree program to pursue both a Ph.D. in HSRP and a J.D. (law). For the next several years, her coursework will alternate between the two programs. ♦

Recent Faculty Publications

- Abraham, J., A. Arora, M. Gaynor, & D. Wholey. (2000). **Enter at Your Own Risk: HMO Participation and Enrollment in the Medicare Risk Market.** *Economic Inquiry* 38(3): 385–401.
- Blewett, L. A., M. A. Smith, & T. G. Caldis. (2001). **Measuring the Direct Costs of Graduate Medical Education Training in Minnesota.** *Academic Medicine* 76(5): 40–46.
- Block, L. E. (2000). **Health Policy Through the Looking Glass.** In C. Harrington & C. L. Estes (eds.), *Health Policy: Crisis and Reform in the U.S. Health Care Delivery System, 3rd ed.* Sudbury, Mass.: Jones and Bartlett, 358–369.
- Boult, C., L. B. Boult, L. Morishita, B. Dowd, R. L. Kane, & C. F. Urdangarin (2001). **A Randomized Clinical Trial of Outpatient Geriatric Evaluation and Management.** *JAGS* 49(4): 351–359.
- Bryce, C., J. Engberg, & D. R. Wholey (2000). **Comparing the Agreement Among Alternate Models in Evaluating HMO Efficiency.** *Health Services Research* 35(2): 509–528.
- Burns, L. R., & D. R. Wholey (2000). **Responding to a Consolidating Healthcare System: Options for Physicians.** In J. Blair, M. Fottler, & G. Savage (eds.), *Advances in Health Care Management. Vol. 1: The Future of Integrated Delivery System.* Greenwich, Conn.: JAI Press.
- Burns, L. R., G. J. Bazzoli, L. Dynan, & D. R. Wholey (2000). **Impact of HMO Market Structure on Physician-Hospital Strategic Alliances.** *Health Services Research* 35(1, part 1): 101–132.
- Call, K. T., B. E. Dowd, R. D. Feldman, N. Lurie, M. McBean, & M. Maciejewski (2001). **Disenrollment from Medicare HMOs.** *American Journal of Managed Care* 7(1): 37–52.
- Call, K. T., T. Radcliff, & M. Casey (2000). **Rural Beneficiaries with Chronic Conditions: Does Prevalence Pose a Risk to Medicare Managed Care.** *Managed Care Quarterly* 8(3): 47–56.
- Chen, Q., & R. L. Kane (2001). **Effects of Using Consumer and Expert Ratings of an Activities of Daily Living Scale on Predicting Functional Outcomes of Postacute Care.** *Journal of Clinical Epidemiology* 54: 334–342.
- Feldman, R. (2000). **The Ability of Managed Care to Control Health Care Costs: How Much Is Enough?** *Journal of Health Care Finance* 26(3): 15–25. Reprinted in *Managed Care Quarterly* 8(3) (2000): 58–65.
- Feldman, R., & B. Dowd. (2000). **Risk Segmentation: Goal or Problem?** *Journal of Health Economics* 19(4): 499–512.
- Frytak, J. R., R. A. Kane, M. D. Finch, R. L. Kane, & R. Maude-Griffin (2001). **Outcome Trajectories for Assisted Living and Nursing Facility Residents in Oregon.** *Health Services Research* 36(1, part 1): 91–111.
- Garrard, J., J. Cloyd, C. Gross, N. Hardie, L. Thomas, T. Lackner, N. Graves, & I. Leppik (2000). **Factors Associated with Antiepileptic Drug Use Among Elderly Nursing Home Residents.** *Journals of Gerontology, Series A: Medical Sciences* 55(7): M384–M392.
- Garrard, J., S. Harms, & J. Hanlon (2001). **Management and Prevention of Medication Errors in Managed Care Organizations.** *Preventive Medicine in Managed Care* 2(2): 61–73.
- Goldstein, L., B. Bershadsky, & M. E. Maruish. (2000). **The INOVA Primary Care Pilot Project.** In M. E. Maruish (ed.), *Handbook of Psychological Assessment in Primary Care Settings.* Lawrence Erlbaum Associates, 735–760.
- Kane, R. L. (2001). **The Public Health Paradigm and Aging Research.** In E. A. Swanson, T. Tripp-Reimer, & K. Buckwalter (eds.), *Health Promotion and Disease Prevention in the Older Adult: Interventions and Recommendations.* New York: Springer, 242–257.
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- Maddox, G. (editor-in-chief), & R. C. Atcheley, J. G. Evans, R. B. Hudson, R. A. Kane, E. J. Masora, M. D. Mezey, L. W. Poon, & I. C. Siegler (associate eds.) (2001). *Encyclopedia of Aging, 3rd ed.* New York: Springer.
- McBean, A. M., & S. Rajamani (2001). **Increasing Rates of Hospitalization Due to Septicemia in the U.S. Elderly Population, 1986–97.** *Journal of Infectious Disease* 18: 596–603.

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& GRANTS

Publications, continued from page 8

McGovern, P., B. Dowd, D. Gjerdingen, I. Moscovice, L. Kochevar, & S. Murphy (2000). **The Determinants of Time Off Work After Childbirth.** *Journal of Health Politics, Policy and Law* 25: 527–564.

Moscovice, I., & A. Weliver (2000). **Rural Health Networks: An Organizational Strategy for Collaboration.** In J. Geyman, T. Norris, & G. Hart (eds.), *Textbook of Rural Medicine*. New York: McGraw Hill, 261–274.

Moscovice, I., & R. Rosenblatt (2000). **Quality of Care Challenges for Rural Health.** *Journal of Rural Health* 16: 168–177.

Padilla, L. A., D. M. Radosevich, & M. P. Milad (2000). **Accuracy of the Pelvic Examination in Detecting Adnexal Masses.** *Journal of Obstetrics and Gynecology* 96(4): 593–598.

Page, M. J., N. S. Key, & T. Rockwood (2000). **Patient/Caregiver Assessment of Convenience in the Use of Recombinant Activated Factor VII (rVIIa; NovoSeven) in Home Therapy.** *Blood Coagulation & Fibrinolysis* 11(suppl 1): S51–S52.

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Shaw, M. J., N. Talley, T. J. Beebe, T. H. Rockwood, R. Carlsson, S. Adlis, A. M. Fendrick, R. Jones, J. Dent, & P. Bytzer (2001). **Initial Validation of a Diagnostic Questionnaire for Gastroesophageal Reflux Disease.** *American Journal of Gastroenterology* 96(1): 52–57.

Veninga, R. L. (2000). **Staying the Course: How to Stay Optimistic in Changing Times.** *Promotion and Education* VII(3): 22–25.

Veninga, R.L. (2000). **Building Trust in a Competitive Environment: A Guide for Health Care Leaders.** *Health Progress* 81(6):42-45.

Veninga, R. L. (2000). **The Overstressed American Worker: What Can Help?** *Employee Benefits Planner*, 4th Quarter: 24–25.

Veninga, R. L. (2000). **Productivity Through People: Managing Organizations in the New Millennium.** *Management Services* 44(6): 28–29.

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Veninga, R. (2000). **Forging New Paths: How to Transform Your Organization in Five Easy Steps.** *Dietary Manager* 9(9): 17–18.

Virnig, B. A., & A. M. McBean (2001). **Using Administrative Data for Public Health Surveillance and Planning.** *Annual Review of Public Health* 22: 213–230.

Virnig, B. A., A. Ash, S. Kind, & D. E. Mesler (2000). **Survival Analysis Using Medicare Data: Examples and Methods.** *Health Services Research* 35: 85–101. ♦

Recent Grants

PI: Susan Foote

Evaluation of Medicare's LMRP for New Medical Technologies. Robert Wood Johnson Foundation, 5/1/01–4/30/03.

PI: Judith Garrard

A Decade of Drugged Driving in Minnesota. Center for Regional and Urban Affairs (CURA), 7/1/01–6/30/02.

PI: Ira Moscovice

Rural Health Research Center: General Center. HRSA, 5/10/01–8/31/01.

PI: Andrew Sommers

The Relationship Between Social Capital and Health. Agency for Healthcare Research and Quality (dissertation grant), 4/1/01–3/31/02. ♦

PI: Principal investigator

Related work

Dowd, too, has continued to advance the competitive pricing idea, partly by addressing health plans' concerns through careful research. Because under an efficient Medicare payment system high-priced health plans would have to charge an out-of-pocket premium in areas currently receiving high payments, plans have expressed fears of catastrophic enrollment drops should they be forced to curtail benefits or add or raise premiums.

Dowd and his colleagues recently completed a study showing that market sensitivity to premium increases is real, but far from catastrophic. A \$10 difference in out-of-pocket premiums between two plans would cost the higher-cost plan 4–6 percent of its market share—not insignificant, Dowd notes, “but certainly not enough to drive a plan from the market.”

“The idea is for competitive pricing is to set prices close to the actual cost of Medicare services,” says Dowd. A loss of four to six percentage points of market share for a \$10 premium differential should get the plans' attention.”

Dowd and his colleagues also are pursuing detailed investigation of “favorable selection” in Medicare enrollment. A study directed by HSRP colleague Kathleen Call found that HMO Medicare enrollees have lower expected health care costs than beneficiaries who remain in FFS Medicare, even after controlling for age, sex, country of residence, and other variables in the government payment formula.

Dowd is conducting further research to determine whether favorable selection varies according to socioeconomic variables such as race, income, and education. ♦

HSRP at Atlanta conference

HSRP was well represented at the Academy for Health Services Research and Health Policy annual meeting, June 10–12 in Atlanta. Among the highlights: Many HSRP faculty, staff, and students presented papers or led seminars on health services topics, and an article by three HSRP faculty members was named the year's best in the field.

HSRP participants

■ **Lynn Blewett and Kathleen Call** (faculty)—panelists, methods workshop on state and local estimates of health insurance coverage.

■ **Meg Brown** (Ph.D. student)—presenter, “Welfare Leavers' Demand for Health Insurance” at the pre- and postdoctoral research panel.

■ **Michelle Casey, Astrid Knott and Jill Klingner** (staff, Rural Health Research Center; Klingner also is a Ph.D. student)—presenters of poster sessions: “Medicare Minus Choice: The Impact of HMO Withdrawals on Rural Medicare Beneficiaries” (Casey); “A Rural Government Role in Medicaid Managed Care: The Development of County-Based Purchasing in Minnesota” (Knott); “Access to Rural Pharmacy Services in Minnesota, North Dakota, and South Dakota” (Klingner).

■ **Bryan Dowd** (faculty)—chair, panel on using Medicare data for policy analysis.

■ **Roger Feldman** (faculty)—chair, session on evidence in Medicare policymaking; also presented the paper “Estimating the Price Elasticity of Health Plan Choice in the M+C Program from Aggregate Data.”

■ **Rosalie Kane** (faculty)—panelist, roundtable discussion of critical issues in health and health care, part of the Robert Wood Johnson Foundation Investigator Awards Program.

■ **John Kralewski** (faculty)—presenter, “The Effects of Payment Withholds on the Costs of Care Provided by Medical Group Practices” for a panel focused on the effects of physician incentives on providers and patients.



Photo by Richard G. Anderson

HSRP Prof. John E. Kralewski accepted the Academy for Health Services Research and Health Policy's Article-of-the-Year Award for “The Effects of Medical Group Practice and Physician Payment Methods

on Costs of Care” at a luncheon at the annual meeting in Atlanta. Cowritten with Eugene C. Rich, Roger Feldman, Bryan E. Dowd, Terrence Bernhardt, Christopher Johnson, and William Gold, the article was published in *Health Services Research* 35(2): 591–613.

■ **Bharati Manda** (Ph.D. student)—presenter, results of a study conducted as part of an agreement between the FDA and the Center for Health Care Policy and Evaluation, UnitedHealth Group: “The Risk of Esophageal Obstruction Associated with the Use of Anti-Allergy Medication (CLARITIN-D® 24 Hour)” for a session concerned with evaluating the use of new medical technologies. Also, Manda's abstract was named outstanding in the category of pharmaceuticals/emerging technology.

■ **A. Marshall McBean and Beth Virnig** (faculty)—panelists, methods workshop concerned with use of Medicare data for health services research; McBean also collaborated with several colleagues to lead a seminar on health services research methods involving Medicare/Medicaid databases.

■ **Ira Moscovice** (faculty)—presenter, “The Ecology of Network Organizations: Determinants of Rural Health Network Failure” for a session concerned with the causes and impacts of turbulence in health care systems and networks. ♦

Notable HSRP faculty and student activities

Faculty

■ **Bryan Dowd** gave the keynote address in June at the Agency for Healthcare Research and Quality Health Services Research Training Program Directors Meeting in Atlanta. In asking Bryan to make the presentation, conference organizers noted that the Minnesota program is widely known for its rigorous standards and thoughtful approach to health services research training, thus providing an excellent base for curricular-related discussion.

■ **Susan Foote** in April gave a presentation about national Medicare coverage policy at a Medical Alley workshop on Reimbursement. Also this past spring, she spoke at the Institute for Biomedical Engineering's Design of Medical Devices Conference and participated in a Center for Bioethics Press Briefing on Biotechnology and Policy, both at the University, and presented a paper, "Fostering High-Value Medical Innovation," at the National Research Council/Institute of Medicine conference on Medical Innovation in a Changing Healthcare Marketplace, Washington, D.C.

■ **John Nyman** was inducted into Delta Omega, the honorary public health society.

■ **Douglas Wholey** assisted Stephen Parente (Department of Healthcare Management, Carlson School of Management) in teaching the Second Annual Healthcare Information Technology Analysis Institute, June 24–27 at the University. The institute is intended for managers or analysts seeking to use health information systems to advance the strategic value of their organizations. ♦

Student award recipients

Congratulations to six HSRP students who were among those honored at a School of Public Health Reception for Scholarship Benefactors and Recipients on May 21. They received the following awards and scholarships:

Ph.D./M.D. student:

■ **Elizabeth Trice**, *Long-Term Care Award*

M.P.H. (PHA) students:

■ **Rahul Kavathekar**, *Public Health Administration Community Service Award* and *Minnesota Public Health Association Student Achievement Award*

■ **Yogindra Samant**, *James Craig Fellowship*

■ **Sally Smaida**, *Barbara Ann Walton Spradley Leadership Award*

Incoming Ph.D. students:

■ **Jye Weng** and **Tzy Chyi Yu**, *John E. and Marjorie L. Kralewski Family Fellowship*



HSRP academic program coordinator Maureen Andrew, left, with Yogindra Samant and School of Public Health career services director Sharon Goodyear.

Students

■ **George Avery**, Ph.D. student, published a paper in a recent issue of the journal *Public Administration Review* (2000; 60[4]: 320–327). Titled "Outsourcing Public Health Laboratory Services: A Blueprint for Determining Whether to Privatize, and How," the article was adopted as a chapter for a book to be published in August 2001. George also co-wrote a paper and study report with Stan Falk and Jason Lee concerning quality practices used with waived and PPMP testing. The report was published in October 2000 by the Division of Laboratory Services, Public Health Practice Program Office, Centers for Disease Control and Prevention.

■ Students **Michael Davidoff** (M.P.H.) and **Jennifer Frytak** (Ph.D.) were inducted into Delta Omega, the honorary public health society.

■ **Rajiv Dhingra**, Ph.D. student, in March presented a paper titled "Health Insurance and the Working Poor" at the American Pharmacy Association Conference annual meeting in San Francisco.

■ **Neil Jordan**, Ph.D. student, has accepted a position as assistant professor in the Department of Mental Health Law and Policy, University of South Florida in Tampa.

■ **Suying Li**, Ph.D. student, co-wrote "Hemocrit Levels and Associated Medicare Expenditures," which was published in the *American Journal of Kidney Disease*, August 2000.

■ **Anna Sommers**, Ph.D. student, has accepted a research associate position in the Health Policy Center at The Urban Institute, Washington, D.C. She will be working in the area of public insurance access. ♦

Division News

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Susan Bartlett Foote, J.D., M.A., *Division Head*
Helen Nelson, *Assistant to Division Head*

Division Faculty:

Boris Bershadsky, Ph.D.
Lynn A. Blewett, Ph.D.
Lester E. Block, D.D.S., M.P.H.
Kathleen Thiede Call, Ph.D.
Bryan E. Dowd, Ph.D.
Roger D. Feldman, Ph.D.
Judith M. Garrard, Ph.D.
Robert L. Kane, M.D.
Rosalie A. Kane, D.S.W.
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Douglas R. Wholey, Ph.D., M.B.A.
Amy R. Wilson, Ph.D.

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This publication is available in alternative formats upon request. Please contact HSRP.

Editing & design: Kate Tyler Communications, tyler007@tc.umn.edu

Mission Statement

The mission of the University of Minnesota Division of Health Services Research and Policy is to stimulate, coordinate, and conduct high-quality research focused on the organization, financing, and effectiveness of health services, and to provide a broad range of training programs for those interested in these issues. Our purpose is to provide research-based information and educational programs that will enhance the provision of cost-effective health services to improve the quality of life.

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Introducing HSRP's newest faculty member

HSRP will gain expertise in health services and policy issues related to mental health this fall when Donna McAlpine joins the division's faculty.



New HSRP faculty member Donna McAlpine.

McAlpine is completing her Ph.D. in sociology at Rutgers University, New Brunswick, NJ, where her dissertation focuses on patients' trust of primary care physicians in the managed care era.

Since 1997, she has worked as a research associate for the Institute of Health, Health Care Policy, and Aging Research at Rutgers. Previously, she was senior research officer for the Ministry of the Solicitor General and Corrections, Government of Ontario.

McAlpine earned her M.A. and B.A., both in sociology, from the University of Western Ontario.

Her recent publications focus on such topics as length of patient-physician visits, substance abuse among inpatients with schizophrenia, patterns of care for people with severe mental illnesses, and identifying risk factors and strategies in linkage to outpatient psychiatric care.

SPH Health Services Research & Policy
SCHOOL OF PUBLIC HEALTH
UNIVERSITY OF MINNESOTA

Division of Health Services Research and Policy
School of Public Health, University of Minnesota
420 Delaware Street S.E., Mayo Mail Code 729
Minneapolis, MN 55455

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