

**Health Services 205: Pharmaceutical Economics and Policy
Course Syllabus
Winter Quarter 2007**

Instructor: Stuart O. Schweitzer, Ph.D.

Course Objectives

This course will acquaint students with policy issues pertaining to the pharmaceutical sector. Though the share of national health expenditures allocated to pharmaceuticals is smaller than that allocated to either hospitals or physician services, there are several reasons why this particular sector deserves independent, serious study. The first reason is that the relatively small share of expenditures belies the significant effect that drugs have in improving the efficiency of other health system inputs, especially hospitals, physician services, nursing homes, and home care. The second is the important role that the pharmaceutical industry plays in development of America's high-tech industrial base. It derives from and contributes to the enormous increase in the nation's stock of intellectual and human capital. The pharmaceutical sector also contributes favorably to the nation's financial and commodity trade balance. Lastly, the sector illustrates many conflicts inherent in allocating new technology in a health system that utilizes government intervention as well as free markets.

Parts of this course will be held simultaneously with a similar course taught at the Ecole Supérieure de Science Economique et de Commerce (ESSEC) in Paris, one of the leading schools of business in France.

Course Readings

The text for the course will be S.O. Schweitzer, Pharmaceutical Economics and Policy (2nd ed) (New York: Oxford University Press), 2006 (noted **PEP** in the schedule of readings). Additional readings are available from Westwood Copies, located on Gayley Avenue in Westwood Village.

Course Organization and Requirements

Student performance in the course will be evaluated through class discussion (40 percent) and a term paper (60 percent). The course will be in a seminar format, with students reporting on required readings. Classes will be held Thursdays from 8-11am.

The Course Schedule

Introduction

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| 4 Jan | Introduction to the Pharmaceutical Industry Readings: PEP Introduction |
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The Industry

11 Jan Pharmaceutical Industry Research and Development
Readings: **PEP** Chapter 1, 2, and 3

The Consumer

18 Jan The Demand for Pharmaceuticals
Readings: **PEP** Chapter 5

The Market

25 Jan Pricing of Pharmaceuticals
Readings: **PEP** Chapter 6, 8

1 Feb Marketing Pharmaceuticals to the world
Readings: **PEP** Chapter 4, 7

Public and Private Intervention in the Pharmaceutical Market

8 Feb Drug Approvals in the US and Abroad
Readings: **PEP** Chapter 9

15 Feb The U.S. Health System and Pharmaceutical Policy: A blend
(Paris) of private and government activity

Readings:

1. Overview of the U.S. Healthcare System

Barton PL, Understanding the U.S. Health Services System
(Chicago: Health Administration Press), 1998. Chpt 2 (pp11-40).

2. Managed Care

Folland S, Goodman AC, and Stano M, The Economics of Health
and Health Care (2nd ed.) (Upper Saddle River, N.J.: Prentice
Hall) 1997, chpt 12 (pp266-291).

3. The future of Managed Care

Marquis MS and Long SH, "Trends in Managed Care and Managed
Competition," Health Affairs 18(6):75-88 (November/December
1999).

4. Pharmaceutical Policy

Kane N M, "Pharmaceutical cost containment and innovation in the
US," Health Policy 41(S):S71-89, 1997.

22 Feb Containing Pharmaceutical Costs: Evaluating and Regulating
Drugs

Readings: **PEP** Chapters 10, 11, and 14

- 1 Mar (Paris) The French Health Care System and Pharmaceuticals: The results of a stronger governmental role
Readings: **PEP** Chapter 12 and
1. Financial Pressures facing the French System
Rodwin VG and Le Pen C, "Health Care Reform in France-The Birth of State-Led Managed Care, NEJM 351(22): 2259-2262 (November 25, 2004).
 2. Danzon PM and Chao LW, "Cross-national price differences for pharmaceuticals: how large, and why?" J of Health Economics 19:159-195, 2000.
 3. Noyce P R, Huttin C, Atella V, et al., "The cost of prescription medicines to patients," Health Policy 52:129-145, 2000.
 4. Fattore G and Jommi C, "The new pharmaceutical policy in Italy," Health Policy 46(1):21-41 1998.
 5. Tarabusi C C, Vickery G, "Globalization in the pharmaceutical industry, part I." International Journal of Health Services 28(1): 67-105, 1998 .
- 8 Mar Government Intervention in Patent Protection
Readings: **PEP** Chapter 13
- 15 Mar Resolving Conflicts in Pharmaceutical Policy: A Look Ahead
Readings: **PEP** Chapter 16

Readings: **PEP** Chapter 11 PhRMA, Pharmaceutical Industry profile 2000 (op cit), chpt 7.
Angell M, "Is academic medicine for sale?" NEJM 342:1516-18, 2000.
Tarabusi C C, Vickery G, "Globalization in the pharmaceutical industry, part II." International Journal of Health Services 28(2): 281-303, 1998.
US Government Accounting Office, Prescription drugs: Increasing Medicare beneficiary access and related implications Feb 16, 2000
Mehl B, Santell J P, "Projecting future drug expenditures-1998," Am

J Health-Syst Pharm 55:127-136, 1998.