

**Health Services 205: Pharmaceutical Economics and Policy  
Course Syllabus  
Winter Quarter 2004**

**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 (New York: Oxford University Press), 1997 (noted **PEP** in the schedule of readings). A set of required course readings will supplement the text. The Reader is available at Westwood Copies on Gayley Avenue in Westwood.

**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 Tuesdays from 8-11am.

**The Course Schedule**

**Introduction**

Week 1	Introduction to the Pharmaceutical Sector
Thursday	Readings: <b>PEP</b> Introduction
Jan 8	Comanor WS, "The Political Economy of the Pharmaceutical Industry," <u>Journal of Economic Literature</u> 24:1178-1217, 1986.

PhRMA, Biomedicine: Promises for health (Washington, D.C.: PhRMA), 2000.  
PhRMA, Pharmaceutical Industry Profile 2000 (Washington, D.C.: PhRMA), 2000. chpt 1.  
Altman SH and Parks-Thomas C, "Controlling Spending for Prescription Drugs" NEJM, 346(11):855-856 (March 14 2002).

### **The Industry**

Week 2  
Thursday  
Jan 15  
Pharmaceutical Industry Research and Development  
Readings: **PEP** Chapter 1  
PhRMA, Pharmaceutical industry profile 2000 (op cit.), chpt 2.  
Rettig R A, "The industrialization of clinical research," Health Affairs 19(2):129-146, 2000.

### **The Consumer**

Week 3  
Thursday  
Jan 22  
The Demand for Pharmaceuticals  
Readings: **PEP** Chapter 3  
PhRMA, Pharmaceutical industry profile 2000 (op cit), chpt 4.  
Freund D A, Willison D, Reeher G, et al, "Outpatient pharmaceuticals and the elderly: policies in seven nations," Health Affairs 19(3): 259-266, 2000.

### **The Market**

Week 4  
Thursday  
Jan 29  
Marketing Pharmaceuticals  
Readings: **PEP** Chapter 2  
PhRMA, Pharmaceutical industry profile 2000 (op cit), chpt 5  
Perri III M, Shinde S, and Banavaku R, "The past, present, and future of direct-to-consumer prescription drug advertising," Clinical Therapeutics 21(10):1798-1811, 1999.  
Wilkes MS, Bell RA, and Kravitz RL, "Direct-to-consumer prescription drug advertising: trends, impact, and implications" Health Affairs 19(2): 110-128, 2000.  
Rosenthal MB, et al., "Promotion of Prescription Drugs to Consumers" NEJM, 346(7):498-505 (February 14, 2002).

### **Public and Private Intervention in the Pharmaceutical Market**

Week 5  
Thursday  
Feb 5  
Drug Approvals in the US and Abroad  
Readings: **PEP** Chapter 7  
PhRMA, Pharmaceutical industry profile 2000 (op cit), chpt 3.  
Neumann P J, Claxton K, Weinstein M C, "The FDA's regulation of health economic information," Health Affairs 19(5):129-137, 2000.  
Willman D and Anderson N, "Rezulin's swift approval, slow removal raises issues," LA Times 23 March 2000.

Willman D, "The rise and fall of the killer drug rezulin," LA Times 4 June 2000.

Gold M, "Prescription deaths bring call for checks," Washington Post 3 July 2000.

Schweitzer S O, Schweitzer M E, Guellec M S, "Is there a U.S. drug lag? The timing of new pharmaceutical approvals in the G-7 countries and Switzerland," Medical Care Research and Review 53(2):162-178, 1996.

Week 6  
Thursday  
Feb 12  
(Paris)

The U.S. Health System and Pharmaceutical Policy: A blend of private and government activity

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 (2<sup>nd</sup> 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.

Week 7  
Thursday  
Feb 19

Containing Pharmaceutical Costs: Evaluating and Regulating  
Readings: **PEP** Chapters 8 and 10

PhRMA, Pharmaceutical industry profile 2000 (op cit), chpt 6  
US Government Accounting Office, Prescription drug benefit, implications for beneficiaries of Medicare HMO use of formularies.

Christensen S and Wagner J, "The cost of a Medicare prescription drug benefit," Health Affairs 19(2):212-218, 2000.

Week 8  
Thursday  
Feb 26

Government Intervention in Patent Protection

Readings: **PEP** Chapter 9

PhRMA, Pharmaceutical industry profile 2000 (op cit), chpt 8.

Bae JP, "Drug patent expirations and the speed of generic entry," Health Services Research 32(1):87-101, 1997.

- Week 9  
Thursday  
Mar 4  
(Paris)
- The French Health Care System and Pharmaceuticals: The results of a stronger governmental role  
Readings: **PEP** Chapters 4, 5, and 6
1. An Overview of the French Health Care System and the Public and Private Sectors  
Rodwin VG and Sandier S, "Health Care Under French National Health Insurance," Health Affairs Fall 1993 pp111-131.
  2. Financial Pressures facing the French System
  3. French Pharmaceutical Policy  
Danzon PM and Chao LW, "Cross-national price differences for pharmaceuticals: how large, and why?" J of Health Economics 19:159-195, 2000.
- Noyce P R, Huttin C, Atella V, et al., "The cost of prescription medicines to patients," Health Policy 52:129-145, 2000.
- Fattore G and Jommi C, "The new pharmaceutical policy in Italy," Health Policy 46(1):21-41 1998.
- Tarabusi C C, Vickery G, "Globalization in the pharmaceutical industry, part I." International Journal of Health Services 28(1): 67-105, 1998 .
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- Week 10  
Thursday  
Mar 11
- Resolving Conflicts in Pharmaceutical Policy: A Look Ahead  
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.