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Anupam B. Jena, Tomas Philipson

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Anupam B. Jena, Tomas Philipson : Innovation and Technology Adoption in Health Care Markets before purchasing it in order to gauge whether or not it would be worth my time, and all praised Innovation and Technology Adoption in Health Care Markets:

1 of 1 people found the following review helpful. Groundbreaking! By Ross Kessler I just finished reading this book and have to say it is a well written, insightful, and novel approach to asking the important question: Are health care systems paying for drugs in a way that slows the development of new, better drugs? Kudos to the author for having the

guts to approach this controversial subject. Anyone who is involved in health care or health care technology should give this book a quick read!

The twentieth century brought tremendous advances in health care technology, from antibiotics to laparoscopic surgery to targeted therapies for cancer but these gains have been expensive. Governments are struggling to control burgeoning expenditures without compromising the quality of health care. Increasingly, these efforts have relied on "cost-effectiveness analysis" that balances costs against patient benefits to determine which treatments will qualify for reimbursement. Is the use of cost-effectiveness analysis to guide technology adoption wise? Although reimbursement criteria may satisfy government health budgets today, they threaten to stifle the innovation that will generate new breakthroughs in health care technologies tomorrow. Such criteria benefit current patients by lowering the cost of health care in the short term, but they also hurt future patients by limiting producers' incentives for further medical innovation. Developers of drugs to treat HIV/AIDS, for example, earn lifetime profits equal to only 5 percent of the estimated \$1.4 trillion social value of their treatments. How can policymakers reward innovators adequately and thereby secure the welfare of future patients while ensuring that current patients have access to much-needed new treatments? In this book, Anupam B. Jena and Tomas J. Philipson argue that further use of cost-effectiveness analysis to curb health care spending may do more harm than good. Governments should adopt a more inclusive view of cost-effectiveness, one that reflects not only the short-term costs to patients but also the long-term effect on medical innovation. Policymakers should provide sufficient incentives for companies to develop new health care technologies or risk a dangerous shortage of life-saving drugs in the future.

About the Author Anupam B. Jena is a visiting fellow at the Bing Center for Health Economics at the RAND Corporation and a fellow in the Medical Scientist Training Program at the University of Chicago. Tomas J. Philipson is a visiting scholar at AEI and the Daniel Levin Professor at the University of Chicago's Irving B. Harris Graduate School of Public Policy.