

SYMPOSIUM: HEALTH ECONOMICS

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EDITOR'S INTRODUCTION

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At the 2003 EEA Meetings in New York, Ken Koford suggested that Susan Averett, Sara Markowitz, Jose Pagan and I spearhead an effort to create a Symposium on Health Economics for the *Eastern Economics Journal*. We selected six of the manuscripts submitted in response to the solicitation in the *EEJ*; these six were presented at the 2004 EEA Meetings in Washington. Two of the papers deal with labor supply, two explore dimensions of hospital behavior, and two consider insurance-related issues. All six papers are presented in this volume.

LABOR SUPPLY

In his article "The Labor Supply of Nurses and Nursing Assistants in the United States", John Burkett estimates labor supply elasticities useful to policymakers designing initiatives to increase nursing employment or meliorate nursing shortages. Time series for earnings and employment, 1987-2002, suggest that excess demand for registered nurses (RNs) and for nursing aides, orderlies, and attendants (NAOAs) coexisted with excess supply of licensed practical nurses beginning around 1993. Burkett uses Bayesian limited information methods to estimate labor supply functions for RNs and NAOAs, and derive short-run and long run elasticities of labor supply. He concludes that increased public assistance to health care providers would probably raise employment of RNs and NAOAs somewhat in the short run and more so in the long run, but probably would not reduce reported shortages arising from monopsony power.

Hope Corman, Kelly Noonan, and Nancy Reichman, in "Mother's Labor Supply in Fragile Families: the Role of Child Health", evaluate the effect of children's poor health on the labor supply of their mothers. Their data, based on a longitudinal survey of mostly unwed mothers in 20 US cities, contains an unusually rich set of control variables, such as racial, educational and health status characteristics of the father, the nature of the relationship between the mother and father, mother's health status, and the presence of other children belonging to either the mother, the father, or to both. They examine the period following the implementation of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, which increased the pressures on mothers of young children to work compared to previous welfare systems. They find that poor child health does reduce the mother's labor supply, both by reducing her likelihood of working (by an average of eight percentage points), and by reducing hours worked per week (by three hours, on average). They also find that the mother's labor supply is higher if the father has had children with other partners.

ANALYSES OF HOSPITAL BEHAVIOR

Does the number of hospitals in a community affect hospital productivity? In “Do Agglomeration Economies Exist in the Hospital Services Industry?”, Laurie Bates and Rexford Santerre show that hospital productivity, as measured by the number of adjusted inpatient days per bed, rises with the number of hospitals per capita in the vicinity, and that this relationship became increasingly stronger over the 1990s. The implications of these findings for antitrust responses to local hospital mergers, Certificate of Need programs, and health outcomes are considered.

Using a data source that has not to my knowledge previously been utilized by health economists, Maurice Moffett and Alok Bohara explore whether the mortality rates of hospital patients are sensitive to the timing of periodic hospital quality inspections by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO). This is an especially interesting issue because the JCAHO not only regulates hospital quality, but it also serves as an advocate of hospital interests; these roles potentially conflict. For 1995-1997, a time period when hospitals knew approximately when they would be inspected, the authors focus on two sets of medical conditions that are common and have relatively high mortality rates. They show that mortality rates do in fact diminish around the time of the JCAHO inspection, and that measures of (better) patient care closely predict (lower) mortality rates. However, hospitals that get very good scores on the other two indicators, administration and management, tend to have higher mortality rates for the two conditions studied.

HEALTH INSURANCE AND ACCESS EFFECTS

In “Do Health Care Providers Quality Discriminate? Empirical Evidence from Primary Care Outpatient Clinics”, Robert Rosenman, Daniel Friesner, and Christopher Stevens explore whether primary care clinics in California provide fewer services to publicly insured patients (where reimbursement is based on government-set fees) than to privately insured patients (where providers have more power to set reimbursements). Using data for 355 community clinics, they do not find any evidence of differences in service intensity (defined as the proportion of all encounters that are repeat encounters) based on type of insurance coverage. But they do find that lower reimbursements by federal or state governments lead to a reduction in service intensity for all patients, whether publicly or privately insured.

The proportion of employers offering health insurance has declined in recent years. Joe Timmerman, in “Determinants of Access to Job-Related Health Insurance”, uses Current Population Survey data to analyze the characteristics of occupations that offered access to job-related health insurance between 1988 and 2003. He then explores the factors determining whether the employer or the worker’s union was likely to subsidize the cost of that health insurance. He finds that union membership and worker income, the two most important predictors of access to work-related health insurance in 1988, both declined in importance over time. However, longer

average weekly hours of work and being married continued to predict improved access to health insurance throughout the period. Workers who were self-employed, or who moved out-of-state, were least likely to have access to work-related health insurance.

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