PHC 6102: Principles of Health Policy and Management
Context and process of Health Policymaking

1. Hello and welcome to the Lecture on the "Context and Process of Health Policymaking." The content for this lecture is taken from Health Policymaking in the United States by Beaufort Longest Jr."

2. The objectives of the lecture are as follows:
    a. Describe political context within which health policy takes place
    b. Describe a model of the public policymaking process

3. Health occurs within a political context. It is a joint federal-state responsibility. The Federal and state gov't functions similarly. Each state has a constitution and a bill of rights. Each state has 3 branches of government. The legislative branch passes laws and overseas the executive branch, which implements the law. The judiciary branch determines the constitutionality of laws and adjudicates violations at both levels.

4. States' role in protecting and ensuring the public's health is their fundamental responsibility in the pursuit of health. States were granted constitutional authority to establish laws that protect the public's health and welfare. This responsibility engages States to
    a. Act as guardians of public health which includes protecting the environment, ensuring safe workplaces and food service establishments, mounting programs that prevent injury and promote healthy lifestyles.
    b. The state gov't is the largest purchaser of health care services.
    c. States have legal authority to regulate almost every aspect of the healthcare system. They license and regulate health professionals through the provisions of their practice acts, and they regulate license and monitor health-related organizations. For example states control the content, marketing, and price of health insurance products and health plans because of the 1945 McCarran-Ferguson Act. States also establish and monitor compliance with environmental quality standard.

5. States provide safety nets through their support for community-based providers, hospitals that provide charity care, local health departments that serve low-income people, and other programs that ensure access to appropriate healthcare services.

    States subsidize medical education, often but not exclusively in state-supported medical schools. They also subsidize graduate medical education through Medicaid payments to teaching hospitals, state appropriations, and scholarships and loan programs.

    States are viewed as laboratories in which experiments with such policy ideas as comprehensive approaches to health reform take place. For example the 2006 Massachusetts health care insurance reform law which mandated that nearly every resident of Massachusetts obtain a state-government-regulated minimum level of healthcare insurance coverage, and provides free health care insurance for residents earning income less than 150% of the federal poverty level.

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6. The political market place for health policies has characteristics in common with a traditional economic market. Willing buyers and sellers enter into economic exchanges in which each party attains something of value. One party demands, and the other supplies. Because people are calculative regarding relative rewards and cost of market exchanges, they **negotiate**. (Exhibit 2.1.) Negotiation or bargaining involves two parties attempting to reach an agreement in an economic transaction. Negotiation in economic exchanges usually follow one of two approaches: cooperative (win/win) or competitive (win/lose) situation.

7. Health policies made in context of political markets **operate** like traditional economic markets; however, there are notable differences. Buyers or demanders in economic markets express their preferences by spending their own money. That is, they reap the benefits of their choices, and they directly bear the cost of their choices. In political markets, the link between who receives the benefits and who bears the cost is less direct. Public policies that impose cost on future generations are routinely established. Allocative policies like Medicare and Social Security are examples of this phenomenon.

8. In political markets, as illustrated by exhibit 2.2, suppliers and demanders stand to reap benefits or incur cost because of the authoritative decisions called polices. Thus policies are valued commodities in the political marketplace. For example, current seniors may enjoy the benefits of the removal of the "donut hole" in their prescription drug benefits afforded through the Affordable Care Act. However, future seniors will pay the cost of current seniors' benefits.

9. In the political markets, demanders seek public policies that satisfy their preference. Policymakers are in the position to supply the policies that demanders seek. Demanders of health policies include 1) Anyone who considers such policies relevant to the pursuit of their own health or that of others about whom they care and 2) Anyone who considers such policies as a means to some desired end, such as economic advantage. The most effective demanders of policies are well-organized interest groups. For example, the American Medical Association and the American Association of Retired Persons.

10. The list of ***suppliers*** of health policies is endless because it includes members of the executive, legislative, and judicial branches s of gov't. The judicial branch of government is an interesting supplier of policies. Whenever the court interprets an ambiguous law, upholds a law, or interprets the US constitution, it makes a policy. For example, when the Supreme Court recently upheld the Affordable Care Act which includes the mandate that all able-bodied persons buy insurance or pay a penalty or tax, they acted as suppliers of health policy.

11. In the political marketplace, the outcome of polices depend on the relative abilities of demanders and suppliers to influence actions, behaviors, and decisions of participants. Those who wish to exert influence in the political marketplace must acquire power from the sources available to them. The categories for sources of interpersonal power include legitimate, reward, coercive, expert, and reverent power.

a. Legitimate power is derived from one's relative position in a social system, organization, or group. The CEO, chairman, president of an organization or group possesses legitimate power that accompanies their social or organizational position.
b. Reward power is based on the ability of one person, organization, or group to reward others for their decisions and actions. Reward power stems from legitimate power. Within organizations, it includes control over pay increases, promotion, work and vacation schedules, recognition of accomplishments and so on. Coercive power is the opposite of reward power and is based on the capacity to withhold or prevent someone from obtaining desired rewards.
c. Expert power tends to reside in individuals but can also reside in a group or organization. It is derived from possessing expertise valued within the political marketplace, such as expertise in solving problems or performing crucial task. People with expert power can serve as advisors to other participants in the policymaking arena.
d. Referent power is derived from the influence that results from the ability of some people, organization, and interest group to generate admiration, loyalty, and emulation from others. In the political marketplace, this form of power, when it pertains to individuals, is called charismatic power.

The bases of power in the political market place are interdependent. They can complement and conflict with each other. For example people who abuse coercive power might weaken or lose their referent power. People or organizations that are in position to use reward power and do so wisely can strengthen their referent power.

12. The most useful way to conceptualize a process as complex and intricate as the policymaking process is through a schematic model as seen in exhibit 2.4. The components of this model will be discussed in greater detail in subsequent lectures. The model emphasizes the various distinct phases of the policy making process, which are highly interactive and interdependent. The three interconnected phases are:
    a. Policy formulation, which incorporates activities associated with setting the policy agenda, and subsequently the development of legislation
    b. Policy implementation, which incorporates activities associated with rulemaking that help guide the implementation of policies and the actual operationalization of the policies
    c. And policy modification, which allows for all prior decisions made within the process to be revisited and changed.

13. There are several key features of the policymaking process as reflected in this model that are helpful in understanding the policy making process. As the model illustrates

    a. The policymaking process is cyclical.
    b. It is influenced by inputs such as the preferences of individuals, organizations and interest groups.
    c. It is influenced by biological, cultural, demographic, ecological, economic, ethical, legal, psychological, social, and technological inputs.

14. Let's do a brief recap,

i. Health policies are made within the context of the political marketplace, where demanders for and supplies of health policies interact.
ii. Federal and state governments have important policy roles and similar health policymaking processes.
iii. Demanders of policies include those who view public policies as a mechanism for meeting their objectives, such as economic advantage.
iv. Suppliers of health policies include elected and appointed members of all 3 branches of government.
v. The policymaking process is a highly complex, interactive, and cyclical process that incorporates formulation, implementation, and modification phases.

15. This brings us to an end to this lecture. Thank you for listening. Please take a look at the questions at the end of the lecture. These questions can help you prepare for the exam.