



# News from Health Care Financing & Economics

April 2009

## NEW PUBLICATIONS BY HCFE RESEARCHERS

Two new journal articles were recently published by HCFE researchers:

1. **“An Intuitive Review of Methods for Observational Studies of Comparative Effectiveness,”** Steven D. Pizer, *Health Services and Outcomes Research Methodology* 9(1) (March 2009): 54-68.

**Abstract:** This review uses diagrams to illustrate the sources of potential selection bias in observational studies of comparative effectiveness. Three hypothetical scenarios are presented that clarify the strengths and weaknesses of two prominent methods used to account for potential selection bias: propensity scores and instrumental variables. After reviewing the fundamentals of how to apply each method, including new developments that make implementation easier, references are made to some recent studies that illustrate how choice of method can affect estimates. The conclusion emphasizes that many studies with apparently rich sources of data are nevertheless unlikely to produce unbiased estimates and that conceptual modeling can help identify these problems in advance. The article can be accessed online at <http://www.springerlink.com/content/1787673gqxg8425g6/fulltext.pdf>. Please address any questions to [pizer@bu.edu](mailto:pizer@bu.edu)

2. **“Beneficiary Price Sensitivity in the Medicare Prescription Drug Plan Market,”** by Austin B. Frakt and Steven D. Pizer, *Health Economics* (2009).

**Abstract:** The Medicare stand-alone prescription drug plan (PDP) came into existence in 2006 as part of the Medicare prescription drug benefit. It is the most popular plan type among Medicare drug plans and large numbers of plans are available to all beneficiaries. In this article we present the first analysis of beneficiary price sensitivity in the PDP market. Our estimate of elasticity of enrollment with respect to premium, -1.45, is larger in magnitude than has been found in the Medicare HMO market. This high degree of beneficiary price sensitivity for PDPs is consistent with relatively low product differentiation, low fixed costs of entry in the PDP market, and the fact that, in contrast to changing HMOs, beneficiaries can select a PDP without disrupting doctor-patient relationships. The article can be accessed online <http://www3.interscience.wiley.com/journal/121673428/abstract>. Please address any questions to [frakt@bu.edu](mailto:frakt@bu.edu).

Health Care Financing & Economics (HCFE)  
VA Boston Healthcare System Research & Development  
150 South Huntington Avenue, Mail Stop 152H, Boston, MA 02130  
Phone: 857-364-6058 Fax: 857-364-4511  
[Click here for HCFE Website](#)

\*If this e-mail has been forwarded to you, and you would like to be placed on the mailing list, please send an email to [Health\\_Care\\_Financing & Economics \(HCFE\)](mailto:Health_Care_Financing_and_Economics@bu.edu).  
To unsubscribe, please send an email to [Health\\_Care\\_Financing & Economics \(HCFE\)](mailto:Health_Care_Financing_and_Economics@bu.edu) with UNSUBSCRIBE as the subject line.