

# New Book Outlines Ways to "Fairly" Allocate Medical Resources

Research on decision-making in managed care organizations

## SUMMARY

In 2002, Norman Daniels, PhD, a [Harvard University](#) ethics professor, co-authored the book, *Setting Limits Fairly: Can We Learn to Share Medical Resources?*, which offers criteria for rationing medical resources fairly.

The co-author was James E. Sabin, MD, a professor of psychiatry at [Harvard Medical School](#) and director of the ethics program at [Harvard Pilgrim Health Care](#).

## Key Results

Dr. Daniels' work, funded under the Robert Wood Johnson Foundation's (RWJF) [Investigator Awards in Health Policy Research](#) program (for more information see [Program Results](#)), included the following:

- He proposed four conditions for fair rationing:
  - *Publicity*. Decisions and the rationales for decisions must be accessible.
  - *Relevance*. The grounds for such decisions must be ones that fair-minded people can agree are relevant.
  - *Appeals*. There must be mechanisms to challenge and resolve limit-setting decisions.
  - *Regulation*. There must be some form of regulation to ensure that the other conditions are met.
- [Oxford University Press](#) published *Setting Limits Fairly: Can We Learn to Share Medical Resources?* in 1992.
- Daniels consulted with the [National Committee for Quality Assurance](#) on ways to incorporate accountability for reasonableness into its standards.
- Daniels collaborated on an article published in *Daedalus* in 1999.

- With funding from the [Rockefeller Foundation](#), Daniels assisted four countries (Colombia, Mexico, Pakistan and Thailand) in revising benchmarks for analyzing the fairness of health care reforms.

## Funding

RWJF supported the project with a grant of \$242,513 between 1998 and 2001.

## CONTEXT

RWJF has supported the *Investigator Awards in Health Policy Research* program since 1992. The program serves as one of RWJF's main vehicles for funding research on broad health policy issues. *Investigator Awards* is an ongoing program authorized at up to \$39 million.

The program aims to build the capacity of the health policy field by offering general research support for innovative ideas that are unlikely to be funded elsewhere, and in so doing to attract and retain the field's intellectual talent. Funded projects have explored such varied topics as health risk and disease prevention, the determinants of health and disparities among population groups, adolescent violence, firearms and tobacco policies, the effects of managed care, the patient-provider relationship, medical technology, patient safety, the policy-making process, and public and private financing programs.

Investigators have also examined public health reporting, accountability, child health policy and long-term care delivery.

## THE PROJECT

During the period covered by his award, Daniels further developed ideas he had formulated earlier about the procedures necessary to assure fairness in the allocation of scarce health care resources. He had proposed four conditions for such rationing, which he termed "accountability for reasonableness":

- *Publicity.* Decisions and the rationales for decisions such as coverage for new technologies or the contents of a drug formulary must be accessible to clinicians, patients and potential health plan subscribers—or citizens in a publicly administered system.
- *Relevance.* The grounds for such decisions must be ones that fair-minded people can agree are relevant to meeting health care needs fairly under conditions of reasonable resources.
- *Appeals.* There must be mechanisms to challenge and resolve limit-setting decisions and opportunities to revise and improve policies in the light of new evidence or argument.

- *Regulation.* There must be some form of regulation to ensure that the other conditions are met. These regulations could come through governmental regulation. Alternatively, they could be voluntary—an organization could choose to follow guidelines such as those set by the National Committee on Quality Assurance (NCQA), which accredits health care organizations that meet its standards of quality.

Daniels began his work under the award with four objectives:

- To complete a book explaining the conditions under which limit-setting decisions in health delivery systems can achieve "legitimacy".
- To develop, in collaboration with key stakeholders in the health care system, regulatory proposals based on the ideas about fair process.
- To adapt what he learned about fair process and the conditions needed for legitimacy for use in developing countries.
- To incorporate these results into a revision of his 1985 book *Just Health Care*.

## RESULTS

Major accomplishments under this award included:

- Daniels and James E. Sabin, MD, a professor of clinical psychiatry at Harvard Medical School and director of the ethics program at Harvard Pilgrim Health Care, co-authored *Setting Limits Fairly: Can We Learn to Share Medical Resources?* (Oxford University Press, 2002). It "explain[s] how to ration fairly," according to the authors. The book elaborates on Daniels' criteria for rationing and examines how accountability for reasonableness can help health plans and public agencies to set limits. It has chapters on the criteria's applicability to:
  - Decisions about whether managed care should cover unproven "last chance" treatments for patients with life-threatening illnesses.
  - Insurance coverage for new technologies and procedures, such as lung volume reduction surgery, a treatment for emphysema.
  - The management of pharmacy benefits to contain costs, such as the use of pharmacy benefit management services by health care purchasers.
  - Health plan incentives to physicians to change their practice patterns in cost-conscious ways.
  - The provision of publicly funded mental and behavioral health care through for-profit managed care companies specializing in mental health, rather than through public agencies.

The book also discusses lessons learned about accountability for reasonableness internationally and describes examples of limit setting from other countries.

- Daniels consulted with the National Committee for Quality Assurance on ways to incorporate elements of accountability for reasonableness into its standards. He also consulted with Merck-Medco Managed Care, one of the largest pharmacy benefit management companies, on making its operations more accountable. Merck-Medco began publishing evidence and rationales for its benefits design features, including formulary restrictions, on its website.
- Daniels collaborated with two other Investigator Awardees, Bruce Kennedy and Ichiro Kawachi of the Harvard School of Public Health, on an article, "Why Justice Is Good for Our Health: The Social Determinants of Health Inequalities," examining when health inequalities are unjust; it was published in *Daedalus*, vol. 128, issue 4, 1999. The authors argue that an individual's health status is strongly related both to socioeconomic status and to the level of equality in society. To address this, society should improve social conditions—education, housing, income security, the workplace environment and political equality. The article was published in a revised form in the book *Is Inequality Bad For Our Health?* (Beacon Press, 2000), which includes commentaries by eight researchers, advocates and health policy-makers.
- With funding from the Rockefeller Foundation, Daniels directed collaborators from four countries (Colombia, Mexico, Pakistan and Thailand) in revising benchmarks for analyzing the fairness of health care reforms. Daniels had earlier developed these benchmarks to assess health care reform proposals in the Clinton administration. The revised benchmarks were published in the June 2000 issue of the *WHO Bulletin* (vol. 78, number 6, pages 740–750). The benchmarks are designed to promote discussion about the fairness of proposed health care reform plans among policy-makers and the public in other countries.

## Communications

*Setting Limits Fairly* had sold about 2,000 copies as of April 2004. *Is Inequality Bad for Our Health?*, the book in which Daniels' chapter appeared, had sold 2,595 copies as of July 2004. Daniels also published articles in *Health Affairs* and several other journals. The national program office features a brief about his work on its [website](#).

## AFTERWARD

Daniels is completing a revision of his 1985 book, to be called *Just Health*. The book will expand its examination of justice and health care to include the social determinants of health. Daniels is also working with the World Health Organization to develop a fair process to carry out its global goal of increasing antiviral HIV/AIDS treatment to 3 million people by 2005. The plan will enable only about half of the people who need treatment to receive it, so each participating country will have to decide how to distribute the medicine fairly.

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