of these chapters is not to discuss current policy issues, but to analyze major trends in private pension plans and to provide the necessary framework for analyzing and classifying the statistical information. The remaining chapters fall into two groups. The first group contains two articles which analyze certain labor market aspects of pensions. Chapter 4 examines the pension plan coverage and vesting status of private wage and salary workers in 1985 and changes occuring since 1975. Chapter 5 analyzes the trends in the growth of plans and participants by plan type, size, industry, and year of formation over the 40 year period from 1946 to 1985.

The second group of articles deals with the role private pensions are playing in capital markets. The maturing of the private pension system and improved funding have expanded the role of private pensions in corporate finance and in financial markets. Chapter 6 presents historical data and compares pension asset holdings to total financial assets in the U.S. economy. Chapters 7, 8 and 9 examine the funding status of private pension plans in 1985, a comparison is made in the funding levels among industries, and a conceptual framework is developed for measuring and reporting the liability of a pension plan. Chapters 10 and 11 deal with the public policy issues involved in pension plan terminations and asset reversions associated with either single sponsors or corporate takeovers. Chapter 12 analyzes pension rates of return for the period 1968 to 1986 and relates these to certain plan characteristics, such as size of the plan, collective bargaining status, and plan maturity.

The chapters vary in analytic approach, reflecting a diversity of background among the authors. All authors have kept technical detail to a minimum, because the main goal was to provide a basic framework for the classification of the statistical material. The data published in this volume is mainly used by pension policy makers at the U.S. Department of Labor, but the intended audience also includes academics and other pension policy analysts, pension actuaries, pension investment managers, pension attorneys, and generally anyone interested in the current state of private pensions in the United States.

Health Care Cost Containment, by Karen Davis, Gerard F. Anderson, Diane Rowland, and Earl Steinberg. (The Johns Hopkins University Press, 1990).

Reviewer: Thomas G. McGuire, Professor of Economics, Boston University.

Keeping up with the literature in health services research that is relevant for policy is well beyond the ability of ordinary mortals. Davis, Anderson, Roland and Steinberg make the task considerably easier with their *Health Care Cost Containment*. The Johns Hopkins-based team has worked together and with federal, state, and private decision makers for a number of years on problems of the uninsured, health regulation, risk-based capitation, and prospective payment. In this book, they present a sophisticated analysis of U.S. cost-containment efforts in health care, working towards a prescription for health policy reform.

After an introduction and an historical chapter, the book follows with five strong chapters on elements of health policy: hospital payment and Medicare,

Medicaid, state rate setting, private employer efforts, and Health Maintenance Organizations (HMOs). These chapters constitute more than a review of cost containment, per se, and cover legislative history and some pertinent administrative details of the various policies. As a block, these chapters constitute an excellent summary of the current institutional setting for U.S. health policy. A specialist in health services research will find these chapters a handy reference. The interested student of health policy will be well-oriented in directions of health policy. Later chapters assess the success of thse efforts from the point of view of cost, quality, and distributional concerns.

The book covers much ground quickly, and this is done at a cost. State rate setting is handled in 11 pages. The longest chapter—on hospital payment—is 36. In the hospital payment chapter, I could have done with less on the nuts and bolts of the Diagnosis Related Group (DRG)-based Prospective Payment System (PPS), and more on analysis of this and related policies. We have two pages of 1986 DRG weights, a page of 1977 hospital cost components, and several other pages with DRG payment formulae that are unlikely to merit the space they consume. Certain topics are treated quickly, with possibly misleading results. The reader of the hospital chapter would get the impression that the TEFRA hospital payment system (named for the Tax Equity and Fiscal Responsibility Act of 1981) was completely replaced by PPS. In fact, about 300,000 discharges are paid for annually under TEFRA by Medicare; it is still mimicked by the Medicaid program in some states, and its payment structure has changed from the one described in the chapter.

The authors are happy with the PPS form of hospital payment, and have only minor changes to recommend: 1) incorporation of "complexity" measures in DRGs, 2) use of short-stay outliers, 3) inclusion of capital payments in the PPS payment, and 4) incorporation of nonlabor and inner-city cost adjustments. The capital issue (and the related question of technology policy) is the only PPS policy question receiving much attention at present. The authors, consistent with current Medicare doctrine, favor replacing the "pass-through" capital payments with an amount included in the DRG rates.

Another question in payment policy—physician fee setting—is given almost no attention at all in the book, and probably constitutes the book's most noticeable weakness. Public and private efforts to control health costs center on physicians. None of William Hsiao's work on setting physician fees for Medicare is mentioned. None of the controversy about the level of fees, the permissibility of "balance billing," or the drastic reduction in fees proposed for some specialties appears in the book.

The authors' recommendations for directions for U.S. health policy are based on a three-way structure: 1) compulsory private health insurance, 2) encouragement of innovative organizations such as HMOs and Preferred Provider Organizations, and 3) rate setting for hospitals and providers. Readers will find some details lacking (e.g., criteria on selection of physicians other than fees), but the overall recommendations form a coherent and well-balanced policy. There is nothing radical about the analysis or

recommendations; they are, however, reasonable, achievable, and maybe even right. As such, the work in this book will remain squarely within U.S. health policy debate.

I was recently asked by a colleague in the Economics Department what he should read to become familiar with health policy in the U.S. This book was my choice. It doesn't cover everything, proving nothing other than Davis, Anderson, Rowland and Steinberg are mortals too. It has enough good material to make it a very useful contribution.

Dependent Care and the Employee Benefits Package: Human Resource Strategies for the 1990s, Lou Ellen Crawford (Quorum Books, New York, 1990) 183 pages.

Reviewer: William L. Roach, School of Business, Washburn University, Topeka, KS.

Dependent Care and the Employee Benefits Package advocates including care for dependents in the employee benefits package. Dependents include the elderly as well as children. *Dependent Care* builds a case for increased dependent care benefits. It does not provide a tool kit for the practitioner to set up dependent care benefits.

Dependent Care reviews dependent care benefits in a jumbled manner. The reader finds bits and pieces of a topic scattered throughout the book. For example, Chapters 1, 3, 5, and 6, with some repetition, discuss several of the federal approaches to dependent care benefits. The Preface notes that the author intended some of this overlapping coverage—at least in Chapter 6. Chapters 2, 3, 4, and 5 include material on employer initiatives.

Poor writing and editing make *Dependent Care* difficult to read. Grammar and style checking software resulted in the following comments for the Preface. Sentences are too long, an average of 26 words. The complex sentence structure gives the preface a reading level of grade 14. The Flesch readability score was 39; a good score is 40 or above. The software rates the writing style as extremely weak. Excessive use of passive voice, long sentences, wordy phrases, weak phrases, complex vocabulary, and cliches were responsible for the weak rating. *Dependent Care* reports the results of a survey questionnaire of employer practices regarding dependent care benefits. Appendix A includes a copy of the questionnaire and the cover letter which accompanied it. The sample frame was a list of 796 executives of U.S. companies listed in the April 25, 1988 issue of *Forbes* magazine. *Dependent Care* does not discuss the sample frame of any alternative frames considered. *Dependent Care* does not discuss whether the non-respondents are likely to differ from the respondents. The sample was a "systematic selection" from the sample frame. The narrative omits the details of the selection technique and probably sampling errors.

Dependent Care does not discuss the design of the questionnaire or any pre-test of the questionnaire. The statistical results of the *Dependent Care* survey are not comparable to previous surveys (Scheinberg, 1988) because the