

and moral judgments that Americans have yet to acknowledge and, in any event, may not wish to sign over to the government or any other third party. *Yale Journal on Regulation*, Summer 1994, 11(2): 433-494 (Reprinted with permission of ABI/Inform, Copyright UMI.)

Contracts and Supply Assurance in the UK Health Care Market, by P. Fenn, N. Rickman, and A. McGuire

The authors present a formal model of the relationship between a health care purchaser and a provider drawing on the recent experience of explicit contracting in the U.K. health sector. Specifically, they model the contractual relationships emerging between District Health Authorities, who are presently the dominant health care purchasers, and the providers of hospital care. The comparative static analysis implies that the transaction cost of using nonlocal hospitals, the expected patient demand, the extent of excess capacity in local hospitals, and the proportion of that excess capacity expected to be lost to competitive purchasers are all important determinants of the choice of contract. *Journal of Health Economics*, July 1994, 13(2): 125-144. (Reprinted with permission of the *Journal of Economic Literature*.)

Relating Hospital Health Outcomes and Resource Expenditures, by Robert C. Bradbury, Joseph H. Golec, and Paul M. Steen

An analysis addresses the question of whether hospitals with better health outcomes for their patients spend more or less to accomplish these results. Adult medical service admissions to 43 Pennsylvania hospitals are analyzed. Health outcomes and resource expenditures are adjusted for admission severity of illness and other patient variables. The results demonstrate a positive correlation between adjusted mortality (logit regression) and adjusted total charges, ancillary charges, and length of stay (ordinary least squares regression), but only the mortality and length of stay relationship is statistically significant. For patients staying at least four days, however, there is a statistically significant, positive relationship between adjusted mortality and all three adjusted measures of resource expenditures. The relationship between the adjusted morbidity and each of these three adjusted resource measures is positive and statistically significant. The positive relationship is largely unrelated to hospital size, staffing, teaching status, and location in urban areas. *Inquiry*, Spring 1994, 31(1): 56-65. (Reprinted with permission of ABI/Inform, Copyright UMI.)

Agency in Health Care with an Endogenous Budget Constraint, by D. Clark and J. A. Olsen

In this paper, a doctor acts as a perfect agent for a group of patients in an environment where the health service is funded by a group of contributors. The contributor group donates resources to the health sector in accordance with its split preferences about the health care services that they would like for them-

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