

THE WHARTON SCHOOL
UNIVERSITY OF PENNSYLVANIA

THE ECONOMICS AND FINANCING OF HEALTH CARE DELIVERY
HCMG202 | ECON039

This syllabus is a general plan for the course. Deviations may be necessary and will be announced in advance. There is no formal attendance policy. There are no pre-requisites.

COURSE DETAILS

- Time: Tuesdays and Thursdays, 10:30-12:00
- Place: 105 Steinberg-Dietrich Hall

- Instructor: Molly Candon
- Office: 108 Colonial Penn Center
- Email: candon@wharton.upenn.edu
- Office Hours for Course Content: Wednesdays from 1:30-3:30 and by appointment

- Teaching Assistant: Allison Briggs
- Office: TBD
- Email: dallis@wharton.upenn.edu
- Office Hours for Assignments: TBD

COURSE OVERVIEW

By recognizing the importance of scarcity and incentives, the Economics and Financing of Health Care Delivery focuses on the critical economic issues we face when consuming, producing, delivering, and financing health care. This course will analyze the demand for and supply of health care; the unique roles of insurers, providers, and other industries in health care delivery; and the economic phenomena pervasive in the market for health care, including asymmetric information, externalities, and the lack of price transparency. Special emphasis will be placed on the evaluation of government regulations, the current and future roles of public health systems, and the ability to dissect economic and political issues in ongoing policy debates.

ACADEMIC INTEGRITY

All work must meet the standards of the University of Pennsylvania's Code of Academic Integrity. Lack of knowledge of these policies does not excuse a violation.

MATERIALS

- Slides and assignments will be uploaded to Canvas.
- All readings are optional and will be assigned at the end of each class.
- There are two textbooks, Phelps' Health Economics, 5th Edition and Feldstein's Health Policy Issues: An Economic Perspective, 6th Edition. Older editions are fine, but do note that chapters and content may have changed.
- Without prior approval, laptops, tablets, phones, and other electronic devices are *not* allowed out during class.

GRADING POLICY

- The course consists of two exams (25% each), four problem sets (5% each), a final paper (20%), and a Mace debate (10%).
- The instructor reserves the right to determine letter grade cutoffs.
- Grading concerns must be presented to the instructor in writing within one week of receiving said grade.
- Exam make-ups will be given at the instructor's discretion upon proper documentation of an appropriate and extenuating circumstance.
- Hard copies of all problem sets must be handed in in-person by the beginning of class on the due dates listed below because we will immediately review them.

DUE DATES

- Thursday, September 14: Problem Set 1
- Tuesday, October 10: Problem Set 2
- Thursday, October 12: Exam 1
- Tuesday, October 31: Problem Set 3
- Tuesday, November 14: Problem Set 4
- Thursday, November 16: Exam 2
- November 28, 30 and December 5, 7: Mace Debates
- Tuesday, December 12: Final Paper

COURSE SCHEDULE

August 29, 31 and September 5

introduction; the relationship between health and health care; history of health care; the role of economics

- Phelps: Chapters 1, 2, 3
- Feldstein: Chapters 1, 2, 3, 20
- Grossman M. On the Concept of Health Capital and the Demand for Health. *Journal of Political Economy*, 1972; 80(2): 223-55.

September 7, 12, 14

insurance; uncertainty and asymmetric information, including adverse selection, moral hazard, and price transparency; access to care

- Phelps: Chapters 4, 5, 10, 14
- Feldstein: Chapters 6, 7, 8, 9, 33, 34
- Manning W, et al. Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment. *American Economic Review*, 1987; 77(3): 251-77.
- Arrow K. Uncertainty and the Welfare Economics of Medical Care. *American Economic Review*, 1963; 53(5): 941-73.
- Pauly M. The Economics of Moral Hazard: Comment. *American Economic Review*, 1968; 58(3): 531-7.
- Polsky D, et al. Changes in Primary Care Access Between 2012 and 2016 for New Patients with Medicaid and Private Coverage. *JAMA Internal Medicine*, 2017; 177(4): 588-90.

September 19, 21, 26, 28 and October 3, 10

models of health care delivery; hospitals and post-acute care; physicians and mid-level providers; the pharmaceutical and medical devices industries

- Phelps: Chapters 6, 7, 8, 9, 14
- Feldstein: Chapters 10, 12, 14, 15, 17, 19, 25, 28, 35
- David G. The Convergence between Nonprofit and For-Profit Hospitals in the United States. *International Journal of Health Care Finance & Economics*, 2009; 9(4), 403-28. **Dr. David will be guest lecturing on September 19 and 21.
- Starfield B, Shi L, Macinko J. Contribution of Primary Care to Health Systems and Health. *The Milbank Quarterly*, 2005; 83(3): 457-502.
- Charles K, Sevak P. Can family caregiving substitute for nursing home care?

Journal of Health Economics, 2005; 24: 1,174-90.

October 17, 19, 24, 26, 31

correcting market failures; government agencies, including HHS, CMS, FDA, CDC, NIH, FTC, and DOJ; the Affordable Care Act and the future of health care reform

- Phelps: Chapters 12, 13, 15
- Feldstein: Chapters 5, 13, 18, 26, 30
- Philipson TJ, Posner RA. Antitrust and the Not-For-Profit Sector. *Journal of Law and Economics*, 2009; 52(1): 1-18.
- Kaiser Family Foundation. Summary of the Affordable Care Act. 2013.
- Kaiser Family Foundation. Compare Proposals to Replace the Affordable Care Act. 2017.

November 2, 7, 9, 14

mental health care; a shortage of providers; changing demographics; precision medicine

- Phelps: Chapter 16
- Feldstein: Chapters 11, 12, 24, 29, 36
- Bishop TF, Press MJ, Keyhani S. Acceptance of Insurance by Psychiatrists and the Implications for Access to Mental Health Care. *JAMA Psychiatry*, 2014; 71(2): 176-181.
- Gudbranson E, Glickman A, Emanuel EJ. Reassessing the Data on Whether a Physician Shortage Exists. *JAMA*, 2017; 317(19): 1,945-6.
- Collins, FS, Varmus H. A New Initiative on Precision Medicine. *New England Journal of Medicine*, 2015; 373: 793-5.

November 21

writing workshop

November 28, 30 and December 5, 7

Mace debates: the solvency of Medicare

December 12

final papers due at 11.59PM