

THE WHARTON SCHOOL
UNIVERSITY OF PENNSYLVANIA

THE ECONOMICS AND FINANCING OF HEALTH CARE DELIVERY
HCMG202 | ECON039

COURSE DETAILS

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.

- Time: Mondays and Wednesdays, 10:30-12:00
- Place: 1201 Steinberg-Dietrich Hall

- Instructor: Molly Candon
- Office: 308 Colonial Penn Center
- Email: candon@wharton.upenn.edu
- Office Hours: Tuesdays from 1:30-3:30 and by appointment

- Teaching Assistant: Allison Briggs
- Email: dallis@wharton.upenn.edu

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.
- There are two optional 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 during class.

GRADING POLICY

- The course will consist of two exams (20% each), four problem sets (10% each), and a research brief (20%).
- 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. The entire assignment or exam will be regraded.
- Hard copies of all problem sets must be handed in *in-person* by the beginning of class on the due date because we will immediately review them.
- Exam make-ups will be given at the instructor's discretion and require proper documentation that specifies the dates that the student is unable to work.
- Late assignments without similar documentation will be docked 20 points.

IMPORTANT DATES

- Problem Set 1: Wednesday, January 21
- Problem Set 2: Monday, February 19
- Exam 1: Wednesday, February 21
- Problem Set 3: Wednesday, March 28
- Problem Set 4: Monday, April 23
- Exam 2: Wednesday, April 25
- Research Brief: Friday, May 4

COURSE SCHEDULE

January 10, 17, 22

Introduction

- Phelps: Chapters 1, 2, 3
- Feldstein: Chapters 1, 2, 3
- Grossman M. On the Concept of Health Capital and the Demand for Health. *Journal of Political Economy*, 1972; 80(2): 223-55.
- Murphy KM, Topel RH. The Value of Health and Longevity. *Journal of Political Economy*. 2006, 114(5): 871-904.

January 24, 29, 31 and February 5, 7, 12, 14

Access to Care

- Phelps: Chapters 4, 5, 10
- Feldstein: Chapters 6, 7, 8, 9, 29
- 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.
- 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.
- Finkelstein A, et al. The Oregon Health Insurance Experiment: Evidence from the First Year. *Quarterly Journal of Economics*. 2012, 127(3): 1,057-106.
- Dolan P, Kahneman D. Interpretations of Utility and Their Implications for the Valuation of Health. *The Economic Journal*. 2008, 118(525): 215-34.

February 19, 21

Review and Exam 1

February 26, 28 and March 12, 14, 19, 21, 26, 28

Health Care Delivery

- Phelps: Chapters 6, 7, 8, 9, 11
- Feldstein: Chapters 10, 11, 12, 14, 15, 16, 17, 19, 24, 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.

- 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.
- Munos B. Lessons from 60 years of pharmaceutical innovation. *Nature Reviews Drug Discovery*. 2009, 8: 959-68.
- 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.

April 2, 4, 9, 11, 16, 18

Market Failures and the Role of Government

- Phelps: Chapters 12, 13, 14, 15
- Feldstein: Chapters 5, 13, 18, 26, 30, 34, 36
- Gaynor M, Vogt WB. Antitrust and Competition in Health Care Markets. *Handbook of Health Economics*. 2000, 1: 1,406-78.
- Kaiser Family Foundation. Summary of the Affordable Care Act. 2013.
- Ruger JP. The Changing Role of the World Bank in Global Health. *American Journal of Public Health*. 2005, 95(1): 60-70.

April 23, 25

Review and Exam 2

May 4

Research Brief Due