

THE ECONOMICS AND FINANCING OF HEALTH CARE DELIVERY

HCMG 202 | ECON 039

Time: Mondays and Wednesdays, 1.30-2.50pm

Instructor: Molly Candon

Email: candon@wharton.upenn.edu

Teaching Assistant: Poorwa Godbole

Email: pgodbole@wharton.upenn.edu

Office Hours: Wednesdays from 9-10am and by appointment

Miscellaneous:

- All classes will be recorded live. Virtual recordings are available via Canvas.
- There is no formal attendance policy, but participation is a component of your grade.
- Do not begin questions by apologizing.
- The class focuses on the US health care system. Students are more than welcome to discuss any country's system in any assignment.

Course Overview: By examining scarcity, incentives, and trade-offs, the Economics and Financing of Health Care Delivery will dissect critical issues we face when consuming, producing, delivering, and financing health care. Topics include the demand for and supply of health, health care, and health insurance; the unique roles of patients, providers, and payers; and economic phenomena that are pervasive in health care, including asymmetric information, externalities, market power, and the lack of price transparency. Special emphasis is placed on insurance design, payment models, market failures, the role of public and private policy solutions, and COVID-19.

Academic Integrity: All work must meet the standards of the University of Pennsylvania's Code of Academic Integrity. Lack of knowledge does not excuse a violation. You may work together on problem sets but your answers need to be in your own words. If a problem set asks for a specific academic article or geographic unit, do not use the same one as others in your work group.

Materials: Slides and assignments are available on Canvas. Academic articles are available on the Course Materials @ Penn Libraries tab. The *optional* textbook is Feldstein's [Health Policy Issues: An Economic Perspective](#). Older editions are fine, but you are responsible for any chapter changes. Another excellent resource for the economic theory used in class is McCloskey's [The Applied Theory of Price](#), which is available [here](#). For anyone interested in doing quantitative analysis for the final paper, check out [Impact Evaluation in Practice](#) from the [World Bank](#).

Grading:

- Your final grade consists of four problem sets (40 points), two group debates (25 points), a research brief (25 points), and participation (10 points).
- Participation will be based on both in-class and out-of-class engagement.
 - In-class (5 points): Students are expected to attend live classes and engage in the discussion. You are welcome to interrupt me, use the raise hand feature, or post questions and/or comments in the group chat. Students who are not comfortable speaking in class or who have scheduling conflicts can supplement their in-class participation with extra out-of-class participation.
 - Out-of-class (5 points): You are expected to post at least two relevant articles to Canvas's discussion boards or to Twitter using the hashtag #HCMG202. You also are expected to comment on at least three posts from three different classmates. At the end of the semester, you'll submit screenshots of your posts and comments.
- Letter grade cutoffs will be set at the end of the semester and will more-than-likely be the traditional ones (e.g., A is a 93+). There is no A+ option.
- Please expect a two-week turnaround on grades.
- Late assignments will receive a 20-point deduction. Extensions will be given at the instructor's discretion.
- Grade requests should be emailed to candon@wharton.upenn.edu within one week of when grades are posted to Canvas. Provide a screenshot of the original answer and a brief explanation of why you deserve points back.

Due dates:

- Problem Set 1: September 23 at 1.30pm
- Problem Set 2: October 12 at 1.30pm
- Debates I: October 14, 19
- Problem Set 3: November 11 at 1.30pm
- Problem Set 4: December 2 at 1.30pm
- Debates II: December 7, 9
- Participation: December 16 at 11.59pm
- Research Brief: December 22 at 11.59pm

Schedule*

Introduction

September 2, 9, 14, 16, 21

- Feldstein: Chapters 1-3
- Papanicolas I, Woskie LR, Jha AK. Health Care Spending in the United States and Other High-Income Countries. *JAMA*. 2018, 319(10).
- Grossman M. On the Concept of Health Capital and the Demand for Health. *Journal of Political Economy*, 1972, 80(2).
- Murphy KM, Topel RH. The Value of Health and Longevity. *Journal of Political Economy*. 2006, 114(5).
- Nicola M, Alsafi Z, Sohrabi C, et al. The socio-economic implications of the coronavirus pandemic (COVID-19): A review. *International Journal of Surgery*. 2020. 78: 185-193.

Insurance & Access

September 23, 28, 30 / October 5, 7, 12

- Feldstein: Chapters 6-9, 20
- Arrow K. Uncertainty and the Welfare Economics of Medical Care. *American Economic Review*, 1963, 53(5).
- Pauly M. The Economics of Moral Hazard. *American Economic Review*, 1968, 58(3).
- Manning W, Newhouse JP, Duan N, et al. Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment. *American Economic Review*, 1987, 77(3).
- Finkelstein A, et al. The Oregon Health Insurance Experiment: Evidence from the First Year. *Quarterly Journal of Economics*. 2012, 127(3).
- Polsky D, Candon M, Saloner B, Wissoker D, Hempstead K, Kenney GM, Rhodes K. Changes in Primary Care Access Between 2012 and 2016 for New Patients with Medicaid and Private Coverage. *JAMA Internal Medicine*. 2017, 177(4).

Debates I

October 14, 19

Health Care Delivery

October 21, 26, 28 / November 2, 4, 9

- Feldstein: Chapters 10-12, 14-17, 19, 24, 25, 28, 35
- Friedberg MW, Chen PG, White C, et al. Effects of Health Care Payment Models on Physician Practice in the United States. *RAND Health Quarterly*. 2015, 5(1).
- Horrocks S, Anderson E, Salisbury C. Systemic review of whether nurse practitioners working in primary care can provide equivalent care to doctors. *BMJ*. 2002, 324.
- Munos B. Lessons from 60 years of pharmaceutical innovation. *Nature Reviews: Drug Discovery*. 2009, 8.

- 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).
- Chen MK, Chevalier JA, Long EF. Nursing Home Staff Networks and COVID-19. NBER Working Paper w27608. Available [here](#).

Market Failures and Policy Solutions

November 11, 16, 18, 23, 30 / December 2

- Feldstein: Chapters 5, 13, 18, 26, 30, 34, 36
- Brownson RC, Chiqui JF, Stamatakis KA. Understanding Evidence-Based Public Health Policy. *American Journal of Public Health*. 2009, 99(9).
- Murray R, King JS, Delbanco SF, Lehan M. The State of State Legislation Addressing Health Care Costs and Quality. *Health Affairs Blog*. August 22, 2019. Available [here](#).
- Courtemanche C, Garuccio J, Le A, Pinkston J, Yelowitz A. Strong Social Distancing Measures in the United States Reduced the COVID-19 Growth Rate. *Health Affairs*. 2020, 39(7).
- Azar KMJ, Shen Z, Romanelli RJ, et al. Disparities in Outcomes among COVID-19 Patients in a Large Health Care System in California. *Health Affairs*. 39(7).

Debates II

December 7, 9

*This is a tentative schedule.