

# The Economics and Financing of Health Care Delivery

HCMG 202 | ECON 039

Spring 2022

## Contact Information

---

**Instructor:** Professor Alexander L. Olssen

Colonial Penn Center 306

[olssen@wharton.upenn.edu](mailto:olssen@wharton.upenn.edu)

Office hours: Tuesday 8:30-9:30 am

**Teaching Assistant:** Alejandra Benitez

[hongyuzh@wharton.upenn.edu](mailto:hongyuzh@wharton.upenn.edu)

Office hours: TBD

## Lectures

---

**Zoom lectures (until Jan 23):** Tuesday and Thursday 3:30-5:00 pm (link on canvas)

**Class lectures (after Jan 23):** Tuesday and Thursday 3:30-5:00 pm (CPCR AUD)

## 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. Special emphasis is placed on insurance design, payment models, market failures, and the role of public and private policy solutions.

## Course Materials

---

**Lecture Slides:** Slides will be available before every lecture.

**Readings:** The *optional* textbook is “Health Economics”, by Bhattacharya, Hyde, and Tu, 1<sup>st</sup> ed., *Bloomsbury Publishing*. Copies will be available from the Lippincott Library reserve desk. Some lectures will have journal articles as required readings.

**Website:** The course website is at <https://canvas.upenn.edu/>.

## Grading

---

Your grade depends on assignments, a mid-term exam, a final exam, and class participation.

<b>Assignments</b>	<b>30%</b>
<b>Mid-term Exam</b>	<b>30%</b>
<b>Final Exam</b>	<b>35%</b>
<b>Class Participation</b>	<b>5%</b>

Grade ranges: A-/A/A+ [90%-100%], B-/B/B+ [80%-90%], C-/C/C+ [70%-80%), D [60%-70%).

**Assignments:** There will be four problem sets, which will cover materials from lectures and required readings. Late assignments will not be accepted. To accommodate for unanticipated events, illness, or schedule conflicts, your lowest-scoring assignment will be ignored when calculating your grade (your top three assignments are each worth 10%). You may work on assignments in small groups of up to four students. Each student should submit their own individual solutions and indicate who they worked with.

**Mid-term Exam:** The mid-term exam will be 90 minutes long and will take place on March 3rd, 2022 (instead of class on that day). The mid-term exam will be closed book; no materials will be allowed. You may bring a calculator to the mid-term exam, however you should not need one.

**Final Exam:** The final exam will be 120 minutes long. The final exam will take place on May 5th, 2022 (during the exam period). The final exam will be closed book; no materials will be allowed. You may bring a calculator to the final exam, however you should not need one. If your mid-term exam score is lower than your final exam score, then your mid-term exam score will be ignored when calculating your grade (i.e., your mid-term exam will be worth 0% and your final exam will be worth 65%).

**Questions about grades:** You should email your teaching assistant with any questions about grades. Please email specific questions about grades to your teaching assistant within one week of grades being posted on Canvas. Your teaching assistant will schedule a meeting with you. If you ask for regrade, the entire assessment will be regraded and your grade may increase or decrease.

## Class Policies

---

**Attendance:** On-time attendance is expected for all lectures. For Zoom lectures, please turn your video on. You should remain in attendance for the entire duration of lecture.

**Academic Integrity:** All work must meet the standards of the University of Pennsylvania's Code of Academic Integrity (<https://catalog.upenn.edu/pennbook/code-of-academic-integrity/>). Lack of knowledge does not excuse a violation.

## Schedule

Monday	Tuesday	Wednesday	Thursday	Friday
Jan 10	Jan 11	Jan 12 First Day of Classes	Jan 13 Health Expenditure Trends	Jan 14
Jan 17 MLK Day	Jan 18 Microeconomics Review	Jan 19	Jan 20 Health Care Markets	Jan 21
Jan 24	Jan 25 Health Capital	Jan 26	Jan 27 Health Behaviors	Jan 28
Jan 31	Feb 1 Expected Utility Theory	Feb 2	Feb 3 Insurance	Feb 4
Feb 7	Feb 6 Insurance and Welfare	Feb 8	Feb 9 Asymmetric Information	Feb 10 Assignment 1 due
Feb 14	Feb 15 Asymmetric Information	Feb 16	Feb 17 Asymmetric Information	Feb 18
Feb 21	Feb 22 Rothschild and Stiglitz	Feb 23	Feb 24 Rothschild and Stiglitz	Feb 25 Assignment 2 due
	Mar 1 Insurance RCTs	Mar 2	Mar 3 Mid-term Exam	Mar 4
Mar 7 Spring Break	Mar 8 Spring Break	Mar 9 Spring Break	Mar 10 Spring Break	Mar 11 Spring Break
Mar 14	Mar 15 ACA	Mar 16	Mar 17 Employer-Provided Insurance	Mar 18
Mar 21	Mar 22 Medicare	Mar 23	Mar 24 Medicare	Mar 25
Mar 28	Mar 29 Medicare Part D	Mar 30	Mar 31 Prescription Drug Pricing	Apr 1 Assignment 3 due
Apr 4	Apr 5 Medicaid	Apr 6	Apr 7 Medicaid	Apr 8
Apr 11	Apr 12 Provider Incentives	Apr 13	Apr 14 Provider Incentives	Apr 15
Apr 18	Apr 19 Health Innovation	Apr 20 Assignment 4 due	Apr 21 COVID and Health Economics	Apr 22
Apr 25	Apr 26 Final Exam Review	Apr 27 Last day of classes	Apr 28 Reading Days	Apr 29 Reading Days