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## HCMG2020 | ECON0630

### The Economics and Financing of Health Care Delivery Fall 2023

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**Time:** Mondays and Wednesdays, 1.45-3.15pm

**Place:** JMHH Room F90

**Instructor:** Molly Candon ([candon@wharton.upenn.edu](mailto:candon@wharton.upenn.edu))

**TA:** Michael Sielski ([msielski@wharton.upenn.edu](mailto:msielski@wharton.upenn.edu))

**Office Hours:** Mondays from 12.00-1.00pm in the Colonial Penn Center Faculty Lounge (3641 Locust Walk, 1<sup>st</sup> Floor) and Fridays from 12.00-1.00pm on Zoom (<https://upenn.zoom.us/j/92714175186>)

**TA Office Hours:** Wednesdays from 3.30-4.30pm in the Colonial Penn Center Chestnut Room (3641 Locust Walk, 1<sup>st</sup> Floor)

**Course Overview:** The Economics and Financing of Health Care Delivery covers the critical issues we face when consuming, producing, delivering, financing, and regulating health care. Topics include insurance design, value-based payments, health equity, and economic phenomena that are pervasive in health care, including asymmetric information, externalities, and price transparency (or the lack thereof). Over the course of the semester, we will also develop a toolkit for how to rigorously evaluate policy and practice changes related to health care, considering the roles of patients, clinicians, payers, and policymakers.

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## Course Policies & Procedures

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- Attendance is expected and in-class participation is a component of your grade.
- Do not begin questions by apologizing.
- The course content emphasizes the U.S. health care system, but students are encouraged to discuss other countries during class or in any assignment.
- 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 prompt asks for a specific article or topic (e.g., how health insurance works in a given country), do not use the same article or topic as others in your group.

- Some problem set prompts will require the use of ChatGPT or similar products; other prompts will ban it. You are welcome to use AI to support and streamline content for the final project, but points will be lost for AI-related mistakes or misconceptions. Whenever these products are used, they should be cited or mentioned in the acknowledgements.
- The instructor reserves the right to ban electronics in the classroom.
- The course schedule is tentative. Changes will be announced in class and/or on Canvas.

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## Course Materials

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- Slides, assignments, and most readings will be made available on Canvas.
- The reading list is primarily academic articles. In addition to the readings listed below, the instructor reserves the right to add one reading per week, which will be shared via Canvas.
- There are no required textbooks but there are optional ones that support the course content.
  - [Health Policy Issues: An Economic Perspective](#) by Paul Feldstein
  - [Impact Evaluation in Practice](#) from the [World Bank](#)
- To enrich in-class discussions, you are encouraged to stay up to date on the latest news related to health care financing and delivery using news platforms like Stat News, the Health Affairs Blog, the Philadelphia Inquirer, and the Kaiser Family Foundation, and podcasts like Freakonomics, M.D. and Tradeoffs.

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## Grading

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- Your final grade consists of three problem sets (10 points each), two exams (20 points each), a final project (20 points), and participation (10 points).
- Participation is based on active engagement in class or during office hours. At the end of the semester, you will be sent a brief survey in which you self-assess your participation, which will contribute to the final participation grade.
- Timely attendance is expected.
  - We will be using the attendance app on Canvas. The only days where attendance will not be taken are October 16 and December 11.
  - Excused absences include illnesses, medical emergencies, and religious holidays.
  - Students are allotted two unexcused absences per semester, which cover

travel, job interviews, or other professional obligations. Additional unexcused absences will affect your grade.

- Showing up more than 10 minutes late qualifies as an absence.
- 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. Exam make-ups will be permitted and scheduled at the instructor's discretion.
- Grade requests can be emailed to [candon@wharton.upenn.edu](mailto:candon@wharton.upenn.edu) within one week of when grades are posted. In the email, provide a screenshot of the original answer.

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## Due Dates

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- Problem Set 1: September 27 at 11:59pm
- Problem Set 2: October 11 at 11:59pm
- Exam 1: October 16 at 1.45pm
- Problem Set 3: November 20 at 11:59pm
- Exam 2: December 11 at 1.45pm
- Final Project: December 14 at 11:59pm
- Feedback on Final Project: December 21 at 11:59pm
- Self-assessment of Participation: December 21 at 11:59pm

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## Course Schedule

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### Module 1: Introduction

*August 30 | September 6, 11, 13*

- Papanicolas I, Woskie LR, Jha AK. Health Care Spending in the United States and Other High-Income Countries. *JAMA*. 2018;319(10).
- Massetti GM, Jackson BR, Brooks JT, et al. Summary of Guidance for Minimizing the Impact of COVID-19 on Individual Persons, Communities, and Health Care Systems - United States, August 2022. *MMWR Morbidity and Mortality Weekly Report*. 2022;71(33):1057-1064.
- Arrow K. Uncertainty and the Welfare Economics of Medical Care. *American Economic Review*. 1963;53(5).
- Pauly M. The Economics of Moral Hazard, Comment. *American Economic Review*. 1968;58:531-537.

## Module 2: How to Build an Evidence Base

September 18, 20, 25

- Holmberg MJ, Andersen LW. Adjustment for Baseline Characteristics in Randomized Clinical Trials. *JAMA*. 2022;328(21):2155–2156.
- Kidwell KM, Almirall D. Sequential, Multiple Assignment, Randomized Trial Designs. *JAMA*. 2023;329(4):336–337.
- Newgard CD, Lewis RJ. Missing Data: How to Best Account for What Is Not Known. *JAMA*. 2015;314(9):940–941.
- Dimick JB, Ryan AM. Methods for Evaluating Changes in Health Care Policy: The Difference-in-Differences Approach. *JAMA*. 2014;312(22):2401–2402.
- Maciejewski ML, Basu A. Regression Discontinuity Design. *JAMA*. 2020;324(4):381–382.

## Module 3: Access to Care and Insurance Design

September 27 | October 2, 4, 9, 11

- Wray CM, Khare M, Keyhani S. Access to Care, Cost of Care, and Satisfaction with Care Among Adults With Private and Public Health Insurance in the US. *JAMA Network Open*. 2021;4(6):e2110275.
- Aron-Dine A, Einav L, Finkelstein A. The RAND Health Insurance Experiment, Three Decades Later. *Journal of Economic Perspectives*. 2013;27(1): 197-222.
- Baicker K, Taubman SL, Allen HL, et al. The Oregon experiment—effects of Medicaid on clinical outcomes. *New England Journal of Medicine*. 2013;368(18):1713-1722.
- 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).
- Agarwal R, Mazurenko O, Menachemi N. High-Deductible Health Plans Reduce Health Care Cost And Utilization, Including Use Of Needed Preventive Services. *Health Affairs (Millwood)*. 2017;36(10):1762.
- Hinton E, Raphael J. 10 Things to Know About Medicaid Managed Care. Kaiser Family Foundation. March 1, 2023. Available at <https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-medicaid-managed-care/>.

## Exam 1

October 16 at 1.45pm in JMHH

## Module 4: Health Care Delivery and the Rise of Value-based Payments

October 18, 23, 25, 30 | November 1, 6, 8, 13

- 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).
- Friedberg MW, Chen PG, Simmons M, et al. Effects of Health Care Payment Models on Physician Practice in the United States: Follow-Up Study. *RAND Health Quarterly*. 2020;9(1):1.
- Chatterjee P, Qi M, Werner RM. Association of Medicaid Expansion With Quality in Safety-Net Hospitals. *JAMA Internal Med*. 2021;181(5):590–597.
- Yang BK, Johantgen ME, Trinkoff AM, Idzik SR, Wince J, Tomlinson C. State Nurse Practitioner Practice Regulations and U.S. Health Care Delivery Outcomes: A Systematic Review. *Medical Care Research and Review*. 2021;78(3):183-196.
- Malerba F, Orsenigo L. The evolution of the pharmaceutical industry. *Business History*. 2015;57(5): 664-676.
- Case A, Deaton A. The Great Divide: Education, Despair, and Death. *Annual Review of Economics*. 2022;14:1-21.

#### Module 5: Market Failures and Policy Solutions

November 15, 20, 27, 29 | December 4, 6

- Brownson RC, Chiqui JF, Stamatakis KA. Understanding Evidence-Based Public Health Policy. *American Journal of Public Health*. 2009;99(9).
- Miller S, Johnson N, Wherry LR. Medicaid and Mortality: New Evidence From Linked Survey and Administrative Data. *Quarterly Journal of Economics*. 2021;136(3):1783-1829.
- South EC, Hohl BC, Kondo MC, MacDonald JM, Branas CC. Effect of Greening Vacant Land on Mental Health of Community-Dwelling Adults: A Cluster Randomized Trial. *JAMA Network Open*. 2018;1(3):e180298.
- Song Z, Zhang X, Patterson LJ, Barnes CL, Haas DA. Racial and Ethnic Disparities in Hospitalization Outcomes Among Medicare Beneficiaries During the COVID-19 Pandemic. *JAMA Health Forum*. 2021;2(12):e214223.

#### Exam 2

December 11 at 1.45pm in JMHH

#### Final Project Due

December 14 on Canvas

#### Feedback on Final Projects and Self-Assessment of Participation Due

December 21 on Canvas

