

The Economics and Financing of Health Care Delivery

HCMG 2020 | ECON 0630

Spring 2024

Contact Information

Instructor: Professor Alexander L. Olssen

olssen@wharton.upenn.edu

Office hours: Wednesday 1:00 pm-2:00 pm (Colonial Penn Center 302)

Teaching Assistant: Alejandra Benitez

mbenitez@wharton.upenn.edu

Office hours: Wednesday 2:00 pm-3:00 pm (Colonial Penn Center Faculty Lounge)

Lectures

Lectures: Tuesday and Thursday 8:30 am to 10:00 am (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, 1st 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/courses/1771747/>.

Grading

Your grade depends on assignments, two in-class tests, and class participation.

Assignments	30%
First In-Class Test	35%
Second In-Class Test	35%

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 without prior arrangement. 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.

First In-Class Test: The first in-class test will be 90 minutes long and will take place on March 2nd, 2023 (instead of class on that day). The test will be closed book; no materials will be allowed. You may bring a calculator to the test, however you should not need one.

Second In-Class Test: The second in-class test will be 90 minutes long and will take place on April 25th, 2023 (instead of class on that day). The test will be closed book; no materials will be allowed. You may bring a calculator to the test, however you should not need one. If your on the first in-class test score is lower than your score on the second in-class test, then your first test score will be ignored when calculating your grade (i.e., your first in-class test will be worth 0% and your second in-class test will be worth 70%).

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 may be regraded and your grade may increase or decrease.

Class Policies

Attendance: On-time attendance is expected for all lectures. You should remain in attendance for the entire duration of lecture (or let me know in advance if you must leave early).

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.

ChatGPT: You are not allowed to use ChatGPT (or similar LLMs) to complete your assignments. As stated above, you are encouraged to work on assignments in small groups. You will do in-class tests on your own without any access to the internet or course materials. If you are found out to have used ChatGPT (or similar LLMs) to complete your assignments, then I will report this to your academic advisor.

Schedule

Test dates are **final**. Other dates may change.

Monday	Tuesday	Wednesday	Thursday	Friday
Jan 15 MLK, Jr. Day Observed	Jan 16	Jan 17	Jan 18 Health Expenditure Trends	Jan 19
Jan 22	Jan 23 Microeconomics Review	Jan 24	Jan 25 Intro to Health Care Markets	Jan 26
Jan 29	Jan 30 Health and Health Care Demand	Jan 31	Feb 1 Health Behaviors	Feb 2
Feb 5	Feb 6 Health Behaviors	Feb 7	Feb 8 Health Gradient	Feb 9
Feb 12	Feb 13 Health Gradient	Feb 14	Feb 15 Health Care Productivity	Feb 16 Assignment 1 Due 5pm
Feb 19	Feb 20 Health Care Productivity	Feb 21	Feb 22 Health Care Productivity	Feb 23
Feb 26	Feb 27 Provider Incentives	Feb 28	Feb 29 Price Transparency	Mar 1 Assignment 2 Due 5pm
Mar 4 Spring Break	Mar 5 Spring Break	Mar 6 Spring Break	Mar 7 Spring Break	Mar 8 Spring Break
Mar 11	<i>Mar 12 First In-Class Test Review</i>	Mar 13	Mar 14 First In-Class Test	Mar 15
Mar 18	Mar 19 Expected Utility Theory	Mar 20	Mar 21 Expected Utility Theory	Mar 22
Mar 25	Mar 26 Moral Hazard	Mar 27	Mar 28 Adverse Selection	Mar 29
Apr 1	Apr 2 Adverse Selection	Apr 3	Apr 4 Health Insurance RCTs	Apr 5 Assignment 3 Due 5pm
Apr 8	Apr 9 Reclassification Risk, Community Rated Prices	Apr 10	Apr 11 Horizontal and Vertical Mergers in Healthcare Markets	Apr 12
Apr 15	Apr 16 Antitrust Health Care	Apr 17	Apr 18 Medical Innovation	Apr 19 Assignment 4 Due 5pm
Apr 22	Apr 23 Medical Innovation	Apr 24	<i>Apr 25 Second In-Class Test Review</i>	Apr 26
Apr 29	Apr 30 Second In-Class Test	May 1	May 2	May 3