

# The Economics and Financing of Health Care Delivery

HCMG 202 | ECON 039

Spring 2021

## Contact Information

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**Instructor:** Professor Alexander L. Olssen

Colonial Penn Center 306

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

Office hours: Monday 4:30-5:30 pm (or by appointment)

**Teaching Assistant:** Karen Zhang

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

Office hours: Thursday 4:30-5:30 pm (or by appointment)

## Lectures

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**Zoom lectures:** Tuesday and Thursday 3:00-4:30 pm (a link is available on the course website)

## Course Overview

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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

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

**Readings:** The *optional* textbook for the class is “Health Policy Issues: An Economic Perspective”, by Paul J. Feldstein, 6<sup>th</sup> edition. The book 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

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Your grade depends on your performance on assignments, a mid-term exam, and a final exam.

<b>Assignments</b>	<b>30%</b>
<b>Mid-term Exam</b>	<b>30%</b>
<b>Final Exam</b>	<b>40%</b>

**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 (the remaining three assignments will all receive equal weight, i.e., 10% each). You may work on assignments in small groups of no more than three 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 administered online. The mid-term exam will take place on March 16, 2021 (instead of class on that day). You will be able to start the exam between 8:00 am and 10:30 pm (EST). Once you start the exam, you will have 90 minutes to complete the exam.

**Final Exam:** The final exam will be 90 minutes long and administered online. The final exam will take place on April 29, 2021 (instead of class on that day). You will be able to start the exam between 8:00 am and 10:30 pm (EST). Once you start the exam, you will have 90 minutes to complete the exam. 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 will be worth 0% and your final will be worth 70%).

**Questions about grades:** You should email your Teaching assistant with any questions about grades. If you believe that your assessment has been graded incorrectly, then you should email your teaching assistant within one week of your grade being posted on Canvas. You should provide a description of the specific problem. Your teaching assistant will email to schedule a Zoom meeting with you (likely during office hours). If you ask for an assessment to be regraded, then the entire assessment will be regraded and your grade may increase or decrease after regrading.

## Class Policies

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**Attendance:** On-time attendance is expected for all Zoom lectures. You should have your video on and your microphone muted. 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

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The following schedule is tentative, except for the exam dates.

Monday	Tuesday	Wednesday	Thursday	Friday
Jan 18	Jan 19	Jan 20 First Day of Classes	Jan 21 Health Expenditure Trends	Jan 22
Jan 25	Jan 26 Microeconomics Review	Jan 27	Jan 28 Health Care Markets	Jan 29
Feb 1	Feb 2 Health Capital	Feb 3	Feb 4 Health Behaviors	Feb 5
Feb 8	Feb 9 Expected Utility Theory	Feb 10	Feb 11 Insurance	Feb 12
Feb 15	Feb 16 Insurance and Welfare	Feb 17	Feb 18 Asymmetric Information	Feb 19 Assignment 1 due
Feb 22	Feb 23 Asymmetric Information	Feb 24	Feb 25 Asymmetric Information	Feb 26
Mar 1	Mar 2 Rothschild and Stiglitz	Mar 3	Mar 4 Insurance RCTs	Mar 5 Assignment 2 due
Mar 8	Mar 9 ACA	Mar 10	Mar 11 Engagement Day (no classes)	Mar 12
Mar 15	Mar 16 Mid-term Exam	Mar 17	Mar 18 Employer-Provided Insurance	Mar 19
Mar 22	Mar 23 Medicare	Mar 24	Mar 25 Medicare	Mar 26
Mar 29	Mar 30 Engagement Day (no classes)	Mar 31	Apr 1 Medicare Part D	Apr 2
Apr 5	Apr 6 Prescription Drug Pricing	Apr 7	Apr 8 Medicaid	Apr 9 Assignment 3 due
Apr 12	Apr 13 Provider Incentives	Apr 14	Apr 15 Provider Incentives	Apr 16
Apr 19	Apr 20 Market Failures and Policy	Apr 21	Apr 22 Market Failures and Policy	Apr 23 Assignment 4 due
Apr 26	Apr 27 Market Failures and Policy	Apr 28	Apr 29 Final Exam	Apr 30 Last day of classes