

UNIVERSITY OF PENNSYLVANIA

THE ECONOMICS AND FINANCING OF HEALTH CARE DELIVERY

HCMG202 | ECON039

COURSE DETAILS

This syllabus is a general plan for the course. Deviations will be necessary and announced in advance in class or on Canvas. There is no formal attendance policy.

- Time: Mondays and Wednesdays, 10.30am-12.00pm
- Place: Lauder Fischer Hall Auditorium
- Instructor: Molly Candon, PhD
- Office: 3535 Market Street, 3rd Floor, Room 3048
- Email: candon@wharton.upenn.edu
- Office Hours: Tuesdays from 4.00-5.00pm in the faculty lounge of Colonial Penn Center and by appointment
- Teaching Assistant: Atasha Jordan, MD/MBA Candidate
- Email: atasha@wharton.upenn.edu

COURSE OVERVIEW

By recognizing the importance of scarcity, incentives and trade-offs, the Economics and Financing of Health Care Delivery focuses on critical issues we face when consuming, producing, delivering, and financing health care. This course will analyze the demand for and supply of health, health care, and health insurance; the unique roles of patients, providers, payers, and other industries in health care delivery; and the economic phenomena pervasive in health care, including asymmetric information, externalities, and the lack of price transparency. Special emphasis will be placed on market failures and the evaluation of public and private solutions, as well as the ability to dissect economic and political issues in ongoing policy debates. Time permitting, other topics will include the opioid epidemic and behavioral health economics.

ACADEMIC INTEGRITY

All work must meet the standards of the University of Pennsylvania's Code of Academic Integrity. Lack of knowledge of these policies does not excuse a violation. Working together is allowed on problem sets, but all work should stand alone.

MATERIALS

- All slides and assignments will be uploaded to Canvas. Academic articles, which are required reading, are in the study pack or can be found through the Penn Library. If you can't find it, email me and I can send you a copy. Because of copyright clearances, news articles will be linked to on Twitter using #HCMG202.
- There are two optional textbooks for purchase: Phelps' Health Economics and Feldstein's Health Policy Issues: An Economic Perspective. Old editions are fine but you are responsible for any chapter changes.
- An excellent resource for the economic theory used in class is McCloskey's The Applied Theory of Price, 2nd Edition, which is available for free on her [website](#).
- For anyone interested in doing quantitative analysis for the final paper, check out Impact Evaluation in Practice, which is also free from the [World Bank](#).
- Without my approval, laptops and similar devices aren't allowed out during class.

GRADING POLICY

- The course will consist of two exams (40%), four problem sets (40%), and a 2,500-word research brief (20%).
- I reserve the right to determine letter grade cutoffs at the end of the semester.
- Grading concerns must be presented to me in writing within one week of when the problem sets/exams are handed back in class.
- Problem sets are due at the beginning of class. If you did not hand in your problem set and plan to submit it late, do not come to the first half of that class because we will immediately review them.
- Exam make-ups and assignment extensions require documentation that specifies the dates the student is unable to work and will be given at my discretion. Otherwise, there will be a 20-point late penalty.

IMPORTANT DATES AND TIMES

- Problem Set 1: Wednesday, February 6 at 10.30am
- Problem Set 2: Monday, February 25 at 10.30am
- Exam 1: Wednesday, February 27 at 10.30am
- Problem Set 3: Monday, April 1 at 10.30am
- Problem Set 4: Monday, April 29 at 10.30am
- Exam 2: Wednesday, May 1 at 10.30am
- Research Brief: Friday, May 10 at 11:59pm

COURSE SCHEDULE

January 16, 23, 28, 30

Introduction

- Papanicolas I, Woskie LR, Jha AK. Health Care Spending in the United States and Other High-Income Countries. *JAMA*. 2018, 319(10): 1,024-1,039.
- Grossman M. On the Concept of Health Capital and the Demand for Health. *Journal of Political Economy*, 1972, 80(2): 223-55.
- Murphy KM, Topel RH. The Value of Health and Longevity. *Journal of Political Economy*. 2006, 114(5): 871-904.

February 4, 6, 11, 13, 18, 20

The Role of Insurance

- Arrow K. Uncertainty and the Welfare Economics of Medical Care. *American Economic Review*, 1963, 53(5): 941-73.
- Pauly M. The Economics of Moral Hazard: Comment. *American Economic Review*, 1968, 58(3): 531-7.
- Manning W, et al. Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment. *American Economic Review*, 1987, 77(3): 251-77.
- Finkelstein A, et al. The Oregon Health Insurance Experiment: Evidence from the First Year. *Quarterly Journal of Economics*. 2012, 127(3): 1,057-106.
- 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): 588-590.

February 25, 27

Review and Exam 1

March 11, 13, 18, 20, 25, 27 and April 1, 3

Health Care Delivery

- David G. The Convergence between Nonprofit and For-Profit Hospitals in the United States. *International Journal of Health Care Finance & Economics*, 2009, 9(4), 403-28.
- Starfield B, Shi L, Macinko J. Contribution of Primary Care to Health Systems and Health. *The Milbank Quarterly*, 2005, 83(3): 457-502.
- Munos B. Lessons from 60 years of pharmaceutical innovation. *Nature Reviews Drug Discovery*. 2009, 8: 959-68.

- 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): 176-181.

April 8, 10, 15, 17, 22, 24

Addressing Market Failures

- Gaynor M, Vogt WB. Antitrust and Competition in Health Care Markets. *Handbook of Health Economics*. 2000, 1: 1,406-78.
- Kaiser Family Foundation. Summary of the Affordable Care Act. 2013. Available [here](#).
- Ruger JP. The Changing Role of the World Bank in Global Health. *American Journal of Public Health*. 2005, 95(1): 60-70.
- Gudbranson E, Glickman A, Emanuel EJ. Reassessing the Data on Whether a Physician Shortage Exists. *JAMA*. 2017, 317(19): 1,945-1,946.
- Doleac JL, Mukherjee A, Schnell M. Research roundup: What does the evidence say about how to fight the opioid epidemic? Brookings. 2019. Available [here](#).

April 29 and May 1

Review and Exam 2

May 10

Research Brief Due