

Health Care Markets and Regulation Syllabus – Spring 2023

PBPL 28335 – Thursday 2pm-4:50pm (undergrad)

Harris Public Policy
University of Chicago

NOTE: syllabus is subject to change.
This version: March 23, 2023

Professor: Joshua Gottlieb

Email: jgottlieb@uchicago.edu, include "PBPL 28335" in subject line

Description

This course analyzes the economics of health care markets and the way regulations impact those markets. We will study the unique institutional arrangements found in the health care sector (primarily, though not exclusively, in the United States) and examine how market forces manifest themselves in this setting. We will consider the behavior of health care providers, insurers' roles as both intermediaries and risk managers, patients' health care demand, and geographic differences in medicine. The study of government regulations, including their theoretical and empirical impacts on health care markets, will be integrated throughout these topics.

For each student, the course will be structured around a healthcare area of your choosing, such as a specific disease or treatment. At the beginning of the quarter, students will choose a topic in healthcare in conjunction with Prof. Gottlieb (ensuring each student has a different topic). You may choose from the list below or, with Prof. Gottlieb's agreement, a different topic of your own.

- Each week, students will prepare a presentation, applying that week's topic to your treatment area.
- At the end of the quarter, students will bring all of this work together into the final paper and presentation. This culminating project will synthesize the presentations from throughout the quarter into an analysis of the market and regulations most important for the topic, and making any appropriate policy recommendations for the topic.

Professional communications

1. All emails to the instructor must include in the **subject line "PBPL 28335"**
2. All communications in the course, including emails, must be professional and clear. Use complete sentences, punctuation, and proper grammar. Do not start emails with "Hey", "yo", or any of the more creative salutations I've seen over the years.

Assignments

Weekly presentations (50%)

- Beginning in the second week of class, students will prepare an eight-minute presentation each week, discussing how the week's topic applies to their chosen area of medicine.
- Note: you may skip one week's assignment without penalty. However, the assignments build up towards the final project, so it is in your interest to complete all of them.

Final presentation (25%)

Final paper (25%)

Pre-approved topic list

- CAR-T cell therapy: cancer immunotherapy treatment
- Hepatitis C antiviral treatments
- Alzheimer's disease – speculative new treatments
- Laser eye surgery – Lasik
- End-stage renal disease and dialysis
- Gene therapy
- Cystic fibrosis treatments such as CFTR modulators
- Rheumatoid arthritis biologic therapies
- **Other topics upon mutual agreement with the instructor**

Deadlines

Due dates are taken seriously and late assignments will be penalized. No work submitted after the last regular course meeting will be graded under any circumstances.

Reading List

** indicates mandatory readings which must be completed before class

1. March 23: Class introduction and basics of the U.S. health care system

Cooper, Zack, and Fiona Scott Morton (2016), “Out-of-Network Emergency-Physician Bills – An Unwelcome Surprise,” *The New England Journal of Medicine*, November 2016, 375 (20), 1915–1918. [available [here](#)]

2. March 30: Health insurance: risk mitigation & consumer demand

**Sacks, Daniel and Haizhen Lin, “Intertemporal substitution in Health Care Demand: Evidence from the RAND Health Insurance Experiment.” July, 2019. *Journal of Public Economics*, 175: 29-43. [available [here](#)]

Cutler, David M., and Richard J. Zeckhauser. “The Anatomy of Health Insurance.” In *Handbok of Health Economics*, edited by Anthony J. Culyer and Joseph P. Newhouse, Volume 1, Part A, 563-643. Amsterdam: Elsevier, 2000. [available [here](#)]

3. April 6: Payment systems for healthcare services

Clemens, Jefferey, Joshua D. Gottlieb, and Tímea Laura Molnár, “Do Health Insurers Innovate? Evidence From the Anatomy of Physician Payments,” *Journal of Health Economics*, September 2017, 55, 153–167. [available [here](#)]

4. April 13: Guest lecture: Kelsey Maguire

Topic: Innovation in payment models and value-based care

Kelsey Maguire is a Managing Director with Sandbox Industries and the Blue Venture Fund, investing on behalf of 34 Blue Cross Blue Shield plans and affiliates. Kelsey invests in venture and growth stage companies in healthcare services, healthcare technology, and clinical diagnostics.

5. April 20: Health insurance: intermediation & incidence

**Clemens, Jeffrey, and Joshua D. Gottlieb (2017), “In the Shadow of a Giant: Medicare’s Influence on Private Payment Systems,” *Journal of Political Economy*, January 2017, 125 (1), 1–44. [available [here](#).]

**Cabral, Marika, Michael Geruso, and Neale Mahoney, “Do Larger Health Insurance Subsidies Benefit Patients or Producers? Evidence from Medicare Advantage,” *American Economic Review*, August 2018, 108 (8), 2048–2087. [available [here](#)]

Finkelstein, Amy, Nathaniel Hendren, and Mark Shepard, “Subsidizing Health Insurance for Low-Income Adults: Evidence from Massachusetts,” *American Economic Review*, April 2019, 109 (4), 1530–67. [available [here](#)]

6. April 27: Healthcare labor markets and physician behavior

**Clemens, Jeffrey, and Joshua D. Gottlieb, “Do Physicians’ Financial Incentives Affect Medical Treatment and Patient Health?,” *American Economic Review*, April 2014, 104 (4), 1320–49. [available [here](#)]

Molitor, David, “The Evolution of Physician Practice Styles: Evidence from Cardiologist Migration,” *American Economic Journal: Economic Policy*, February 2018, 10 (1), 326–56. [available [here](#)]

Ellis, Randall P., and Thomas McGuire, “Provider Behavior Under Prospective Reimbursement: Cost Sharing and Supply,” *Journal of Health Economics*, June 1986, 5 (2), 129–152. [available [here](#)]

Kessler, Daniel and Mark McClellan, "Do Doctors Practice Defensive Medicine?," *Quarterly Journal of Economics*, May 1996, 111 (2), 353–390. [available [here](#)]

Bhattacharya, Jayanta, "Specialty Selection and Lifetime Returns to Specialization Within Medicine," *Journal of Human Resources*, Winter 2005, 40 (1), 115–143. [available [here](#)]

Propper, Carol, and John Van Reenen, "Can Pay Regulation Kill? Panel Data Evidence on the Effect of Labor Markets on Hospital Performance," *Journal of Political Economy*, April 2010, 118 (2), 222–273. [available [here](#)]

Gruber, Jonathan, and Samuel A. Kleiner. 2012. "Do Strikes Kill? Evidence from New York State." *American Economic Journal: Economic Policy*, 4 (1): 127-57. [available [here](#)]

7. May 4: Selection and privatization

**Cutler, David M., and Sarah J. Reber, "Paying for Health Insurance: The Trade-Off between Competition and Adverse Selection," *The Quarterly Journal of Economics*, May 1998, 113, (2), 433–466. [available [here](#)]

Cabral, Marika, "Claim Timing and *Ex Post* Adverse Selection," *The Review of Economic Studies*, January 2017, 84 (1), 1–44. [available [here](#)]

**Gruber, Jonathan, "Delivering Public Health Insurance through Private Plan Choice in the United States." *Journal of Economic Perspectives*, Fall 2017: 3-22. [available [here](#)]

Layton, Timothy J, Nicole Maestas, Daniel Prinz, and Boris Vabson, "Private vs. Public Provision of Social Insurance: Evidence from Medicaid," Working Paper 26042, National Bureau of Economic Research, July 2019. [available [here](#)]

Einav, Liran, Amy Finkelstein, and Maria Polyakova, "Private Provision of Social Insurance: Drug-Specific Price Elasticities and Cost Sharing in Medicare Part D," *American Economic Journal: Economic Policy*, August 2018, 10 (3), 122-53. [available [here](#)]

8. May 11: Administrative costs

Cutler, David M., and Dan P. Ly, "The (Paper)Work of Medicine: Understanding International Medical Costs," *Journal of Economic Perspectives*, Spring 2011, 25 (2), 3–25. [available [here](#)]

Gottlieb, Joshua D., Adam Hale Shapiro, and Abe Dunn, "The Complexity Of Billing And Paying For Physician Care," *Health Affairs*, April 2018, 37 (4), 619–626. [available [here](#)]

Bloom, Nicholas, Carol Propper, Stephan Seiler, and John Van Reenen, “The Impact of Competition on Management Quality: Evidence from Public Hospitals,” *Review of Economic Studies*, January 2015, 82 (2), 457–489. [available [here](#)]

Sacarny, Adam, “Adoption and learning across hospitals: The case of a revenue-generating practice,” *Journal of Health Economics*, July 2018, 60, 142–164. [available [here](#)]

9. May 18: Geography of healthcare

Gawande, Atul. “The cost conundrum.” *New Yorker* [serial on the Internet]. June 1, 2009. [date accessed: 2020 February 10]. Available from: http://www.newyorker.com/reporting/2009/06/01/090601fa_fact_gawande

Franzini, Luisa, Osama I. Mikhail, and Jonathan S. Skinner, “McAllen And El Paso Revisited: Medicare Variations Not Always Reflected In The Under-Sixty-Five Population,” *Health Affairs*, December 2010, 29 (12), 2302–2309. [available [here](#)]

Finkelstein, Amy, Matthew Gentzkow, and Heidi L. Williams, “Place-Based Drivers of Mortality: Evidence from Migration,” Working Paper 25975, National Bureau of Economic Research, June 2019. [available [here](#)]