

## Health Care Markets and Regulation Syllabus – Spring 2023

Harris Public Policy  
University of Chicago

PPHA 37820 / PBPL 28335 / ECON 17710  
Section 1: Tu/Th 9:30am-10:50am  
Section 2: Tu/Th 11am-12:20am

NOTE: syllabus is subject to change.  
*This version: September 7, 2023*

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**Email subject line must include "PPHA 37820" or "PBPL 28335" or "ECON 17710"**

### 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" or "PPHA 37820" or "ECON 17710"**
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 a five-minute presentation for each Thursday class, 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
- 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.

## Book

Amy Finkelstein and Liran Einav, *We've Got You Covered: Rebooting American Health Care*  
<https://www.amazon.com/Weve-Got-You-Covered-Rebooting/dp/B0BQ8HXKFC/>

## Reading List by Week

\*\* indicates mandatory readings which must be completed before class

### 1. **September 26: Class introduction. Basics of health insurance and the U.S. health care system**

Selection in Insurance Markets: Theory and Empirics in Pictures Liran Einav Amy Finkelstein. *Journal of Economic Perspectives* 25(1), Winter 2011. [available [here](#)]

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. October 3: 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 *Handbook of Health Economics*, edited by Anthony J. Culyer and Joseph P. Newhouse, Volume 1, Part A, 563-643. Amsterdam: Elsevier, 2000. [available [here](#)]

## 3. October 10: Payment systems and physician behavior

- You can focus on the introduction and institutional background sections of these papers.

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](#)]

\*\*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](#)]

## 4. October 17: 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. October 24: 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](#)]

## 6. October 31: 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](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](#)]

## 7. November 7: Healthcare labor markets and investment

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](#)]

Clemens, Jeffrey, Joshua D. Gottlieb, and Jeffrey Hicks, "How Would Medicare for All Affect Health System Capacity? Evidence from Medicare for Some". *Tax Policy and the Economy* 35 (2021). [available [here](#)]

## 8. November 14: Guest lecture: Jarrett Fowler and Alia Ibrahim Topic: Trade in medical services

Jarrett Fowler is senior director of strategic and international initiatives at the National Center for Healthcare Leadership (NCHL), a Chicago-based healthcare leadership organization. He also oversees NCHL's international activities and NCHL's US Cooperative for International Patient Programs (USCIPP) team. He holds a Master of Public Policy and Administration from Northwestern University and a Bachelor of Arts in international studies from the University of Chicago.

Alia Ibrahim is senior manager of USCIPP at NCHL. She holds a Bachelor of Arts in political science from the University of Illinois at Chicago and is currently pursuing a Master of Science in interdisciplinary studies from DePaul University.

## 9. November 28: Health insurance: intermediation & incidence

\**Katherine Baicker, Amitabh Chandra, and Mark Shepard*, BFI WORKING PAPER · NO. 2023-05 "Achieving Universal Health Insurance Coverage in the United States: Addressing Market Failures or Providing a Social Floor?", January 2023.

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](#)]

### Additional material

\*\*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](#)]