

## ECON 436: Public Policy in Health Economics

### Winter 2022

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Monday/ Wednesday, 9:00-10:50am

Weeks 1-2: <https://northwestern.zoom.us/j/99796647586>

Weeks 3-10: KGH 3301

Office hours: by appointment

**Course description:** This course provides an introduction to theoretical models and empirical applications in health economics. Topics include the production and measurement of health, the provision and design of health insurance, causes and consequences of provider behavior, and competition in health care markets. The course is designed to be a complement to MECS 551 and will largely avoid duplicating material covered in the fall. However, students who did not take MECS 551 are welcome to take the course.

#### Course requirements:

- Class attendance and participation (30%): Students should read papers denoted with an asterisk in advance of each lecture; papers without an asterisk are recommended but not required. Each student is further asked to give a 30-minute presentation on one paper denoted with a double asterisk on the syllabus (papers and presentation dates to be assigned the first week of class).
- Research paper or proposal (40%): Students who took MECS 551 should continue to develop the research proposal they prepared in the fall. A 10-15 page paper outlining the research question, related literature, model (if appropriate), data, preliminary empirical work, and discussion of next steps is due by **5pm on Friday, March 4**. Students who did not take MECS 551 should instead prepare a 5-10 page research proposal (also due on March 4). Research proposals should follow the same outline as research papers, but preliminary results are not required. Students will be asked to present their research paper or proposal the final week of class.
- Final exam (30%): There will be a closed-book exam from **9-11am on Friday, March 18**. The exam will cover material from the mandatory readings, lecture slides, guest lectures, and student presentations.

#### Other notes:

- For general background, students are encouraged to consult the following textbook:  
Bhattacharya, J., T. Hyde, and P. Tu. 2014. *Health Economics*. New York NY: Palgrave Macmillan.
- For broad coverage of topics in health economics, students can consult the following handbooks:  
Culyer, A. and J. Newhouse (editors). 2000. *Handbook of Health Economics*, Volumes 1A and 1B. New York NY: Elsevier.  
Pauly, M., T. McGuire, and P. Barros (editors). 2011. *Handbook of Health Economics*, Volume 2. New York NY: Elsevier.

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## Section I: Health Capital

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### I.A The production of health

#### *Health as human capital*

Grossman, M. 1972. "On the Concept of Health Capital and the Demand for Health." *Journal of Political Economy*, 80(2): 223-255.

Grossman, M. 2000. "The Human Capital Model," in *Handbook of Health Economics* Volume 1A, A. Culyer and J. Newhouse (editors), New York NY: Elsevier: 347-408.

Lleras-Muney, A. and F. Moreau. 2020. "A Unified Model of Cohort Mortality for Economic Analysis." NBER Working Paper 28193.

#### *Fetal origins*

\* Almond, D. and J. Currie. 2011. "Killing Me Softly: The Fetal Origins Hypothesis." *Journal of Economic Literature*, 25(3): 153-172.

Almond, D., J. Currie, and V. Duque. 2018. "Childhood Circumstances and Adult Outcomes: Act II." *Journal of Economic Literature*, 56(4): 1360-1446.

Black, S., P. Devereux, and K. Salvanes. 2007. "From the Cradle to the Labor Market? The Effect of Birth Weight on Adult Outcomes." *Quarterly Journal of Economics*, 122(1): 409-439.

Heckman, J.J. 2007. "The Economics, Technology, and Neuroscience of Human Capability Formation." *Proceedings of the National Academy of Sciences*, 104(33): 13250-13255.

### I.B. Growth and productivity of health care spending

Chandra, A. and J. Skinner. 2012. "Technology Growth and Expenditure Growth in Health Care." *Journal of Economic Literature*, 50(3): 645-680.

Doyle, J. 2011. "Returns to Local-Area Health Care Spending: Evidence from Health Shocks to Patients Far from Home." *American Economic Journal: Applied Economics*, 3(3): 221-243.

\* Garber, A. and J. Skinner. 2008. "Is American Health Care Uniquely Inefficient?" *Journal of Economic Perspectives*, 22(4): 27-50.

\* Hall, R. and C. Jones. 2007. "The Value of Life and the Rise in Health Spending." *Quarterly Journal of Economics*, 122(1): 39-72.

Covered in the fall:

- Chandra, A. and D. Staiger. 2007. "Productivity Spillovers in Health Care: Evidence from the Treatment of Heart Attacks." *Journal of Political Economy*, 115: 103-140.
- Almond, D., J. Doyle, A. Kowalski, and H. Williams. 2010. "Estimating the Marginal Returns to Medical Care: Evidence from At-Risk Newborns." *Quarterly Journal of Economics*, 125(2): 591-634. (and back-and-forth with A. Barreca, M. Guldi, J. Lindo, and G. Waddell)

## I.C Health gradients

\* Cutler, D., A. Lleras-Muney, and T. Vogl. 2011. "Socioeconomic Status and Health: Dimensions and Mechanisms." *Oxford Handbook of Health Economics*. [Available at [http://www.tomvogl.com/seshealth\\_clmv.pdf](http://www.tomvogl.com/seshealth_clmv.pdf)]

### *Education*

Clark, D. and H. Royer. 2013. "The Effect of Education on Adult Mortality and Health: Evidence from Britain." *American Economic Review*, 103(6): 2087-2120.

Cutler, D. and A. Lleras-Muney. 2010. "Understanding Differences in Health Behaviors by Education." *Journal of Health Economics*, 29(1): 1–28.

Lleras-Muney, A. 2005. "The Relationship Between Education and Adult Mortality in the United States." *Review of Economic Studies*, 72(1): 189-221.

Mazumder, B. 2008. "Does Education Improve Health? A Reexamination of the Evidence from Compulsory Schooling Laws." *Economic Perspectives*, 32(2): 2-16.

### *Income*

Case, A., D. Lubotsky, and C. Paxson. 2002. "Economic Status and Health in Childhood: The Origins of the Gradient." *American Economic Review*, 92(5): 1308-1334.

Currie, J. and H. Schwandt. 2016. "Mortality Inequality: The Good News from a County-Level Approach." *Journal of Economic Perspectives*, 30(2): 29-52.

\* Miller, D., M. Page, A. Stevens, and M. Filipki. 2009. "Why Are Recessions Good for Your Health?" *American Economic Review: Papers and Proceedings*, 99(2): 122-127.

Ruhm, C. 2000. "Are Recessions Good for Your Health?" *Quarterly Journal of Economics*, 115(2): 617-650.

Schwandt, H. 2018. "Wealth Shocks and Health Outcomes: Evidence from Stock Market Fluctuations." *American Economic Journal: Applied Economics*, 10(4): 349-377.

\*\* Sullivan, D. and T. von Wachter. 2009. "Job Displacement and Mortality: An Analysis Using Administrative Data." *Quarterly Journal of Economics*, 124(3): 1265-1306.

## I.D Health behaviors (2 lectures)

### *Risky behavior*

Ahituv, A., J. Hotz, and T. Philipson. 1996. "The Responsiveness of the Demand for Condoms to the Local Prevalence of AIDS." *Journal of Human Resources*, 31(4): 869-897.

Becker, G. and K. Murphy. 1988. "A Theory of Rational Addiction." *Journal of Political Economy*, 96(4): 675-700.

Cawley, J. and C. Ruhm. 2012. "The Economics of Risky Health Behaviors," in *Handbook of Health Economics* Volume 2, M. Pauly, T. Mcguire, and P. Barros (editors), New York NY: Elsevier: 95-199.

\* Gruber, J. and B. Koszegi. 2001. "Is Addiction "Rational"? Theory and Evidence." *Quarterly Journal of Economics*, 116(4): 1261-1303.

#### *Nutrition*

\* Allcott, H., R. Diamond, J-P. Dubé, J. Handbury, I. Rahkovsky, and M. Schnell. 2019. "Food Deserts and the Causes of Nutritional Inequality." *Quarterly Journal of Economics*, 134(4): 1793-1844.

\*\* Currie, J., S. DellaVigna, E. Moretti, and V. Pathania. 2010. "The Effect of Fast Food Restaurants on Obesity and Weight Gain." *American Economic Journal: Economic Policy*, 2(3): 32-63.

Cutler, D., E. Glaeser, and J. Shapiro. 2003. "Why Have Americans Become More Obese?" *Journal of Economic Perspectives*, 17(3): 93-118.

#### *Opioids*

\*\* Alpert, A., W. Evans, E. Lieber, and D. Powell. 2021. "Origins of the Opioid Crisis and its Enduring Impacts." *Quarterly Journal of Economics*, forthcoming.

\* Alpert, A., D. Powell, and R. Pacula. 2018. "Supply-Side Drug Policy in the Presence of Substitutes: Evidence from the Introduction of Abuse-Deterrent Opioids." *American Economic Journal: Economic Policy*, 10(4): 1-35.

Buchmueller, T. and C. Carey. 2018. "The Effect of Prescription Drug Monitoring Programs on Opioid Utilization in Medicare." *American Economic Journal: Economic Policy*, 10(1): 77-112.

Currie, J., J. Jin, and M. Schnell. 2019. "U.S. Employment and Opioids: Is There a Connection?" in *Health and Labor Markets (Research in Labor Economics, Volume 47)*, S. Polachek and K. Tatsiramos (editors), England: Emerald Limited Publishing: 253-280.

\* Currie, J. and H. Schwandt. 2021. "The Opioid Epidemic Was Not Caused by Economic Distress but by Factors That Could Be More Rapidly Addressed." *ANNALS of the American Academy of Political and Social Science*, 695(1): 276-291.

Doleac, J., A. Mukherjee, and M. Schnell. 2018. "Research Roundup: What Does the Evidence Say About How to Fight the Opioid Epidemic?" *Brookings Institute*.

Kim, B. 2021. "Must-Access Prescription Drug Monitoring Programs and The Opioid Overdose Epidemic: The Unintended Consequences." *Journal of Health Economics*, 75: 102408.

Meara, E., J. Horwitz, W. Powell, L. McClelland, W. Zhou, A. O'Malley, and N. Morden. 2016. "State Legal Restrictions and Prescription-Opioid Use among Disabled Adults." *New England Journal of Medicine*, 375: 44-53.

Schnell, M. 2017. "Physician Behavior in the Presence of a Secondary Market: The Case of Prescription Opioids." Working Paper.

Schnell, M. and J. Currie. 2018. "Addressing the Opioid Epidemic: Is There a Role for Physician Education?" *American Journal of Health Economics*, 4(3): 383-410.

## I.E Health effects of non-medical programs

Almond, D., H. Hoynes, and D. Schanzenbach. 2011. "Inside the War on Poverty: The Impact of Food Stamps on Birth Outcomes." *Review of Economics and Statistics*, 93(2): 387-403.

Bhattacharya, J., J. Currie, and S. Haider. 2006. "Breakfast of Champions? The School Breakfast Program and the Nutrition of Children and Families." *Journal of Human Resources*, 41(3): 445-466.

Currie, J. and D. Thomas. 1995. "Does Head Start Make a Difference?" *American Economic Review*, 85(3): 341-364.

\*\* Cutler, D. and G. Miller. 2005. "The Role of Public Health Improvements in Health Advances: The 20<sup>th</sup> Century United States." *Demography*, 42(1): 1-22. [Presentation should include brief discussion of follow-up paper: Anderson, D.M., K. Charles, and D. Rees. 2018. "Public Health Efforts and the Decline in Urban Mortality." *American Economic Journal: Applied Economics*, forthcoming.]

Hoynes, H., M. Page, and A. Stevens. 2011. "Can Targeted Transfers Improve Birth Outcomes?: Evidence from the Introduction of the WIC Program." *Journal of Public Economics*, 95(7-8): 813-827.

Hoynes, H. and D. Schanzenbach. 2009. "Consumption Responses to In-Kind Transfers: Evidence from the Introduction of the Food Stamp Program." *American Economic Journal: Applied Economics*, 1(4): 109-139.

\* Hoynes, H., D. Schanzenbach, and D. Almond. 2016. "Long-Run Impacts of Childhood Access to the Safety Net." *American Economic Review*, 106(4): 903-934.

Ludwig, D. and D. Miller. 2007. "Does Head Start Improve Children's Life Chances? Evidence from a Regression Discontinuity Design." *Quarterly Journal of Economics*, 122(1): 159-208.

## I.F Guest lecture with Hannes Schwandt (January 26): Air pollution and health

Alexander, D. and H. Schwandt. 2021. "The Impact of Car Pollution on Infant and Child Health: Evidence from Emissions Cheating." *Review of Economic Studies*, forthcoming.

Chay, K. and M. Greenstone. 2003. "The Impact of Air Pollution on Infant Mortality: Evidence from Geographic Variation in Pollution Shocks Induced by a Recession." *Quarterly Journal of Economics*, 118(3): 1121-1167.

Currie, J. and M. Neidell. 2005. "Air Pollution and Infant Health: What Can We Learn from California's Recent Experience?" *Quarterly Journal of Economics*, 120(3): 1003-1030.

Currie, J. and R. Walker. 2011. "Traffic Congestion and Infant Health: Evidence from E-ZPass." *American Economic Journal: Applied Economics*, 3(1): 65-90.

\* Deryugina, T., G. Heutel, N. Miller, D. Molitor, and J. Reif. 2019. "The Mortality and Medical Costs of Air Pollution: Evidence from Changes in Wind Direction." *American Economic Review*, 109(12): 4178-4219.

\* Isen, A., M. Rossin-Slater, and W.R. Walker. 2017. "Every Breath You Take—Every Dollar You'll Make: The Long-Term Consequences of the Clean Air Act of 1970." *Journal of Political Economy*, 125(3): 848-902.

Moretti, E. and M. Neidell. 2011. "Pollution, Health, and Avoidance Behavior: Evidence from the Ports of Los Angeles." *Journal of Human Resources*, 46(1): 154-175.

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## Section II: Health Insurance

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### II.A Optimal health insurance

\* Aron-Dine, A., L. Einav, and A. Finkelstein. 2013. "The RAND Health Insurance Experiment, Three Decades Later." *Journal of Economic Perspectives*, 27(1): 1057-1106.

Brot-Goldberg, Z., A. Chandra, B. Handel, and J. Kolstad. 2016. "What Does a Deductible Do? The Impact of Cost-Sharing on Health Care Prices, Quantities, and Spending Dynamics." *Quarterly Journal of Economics*, 132(3): 1261-1318.

\* Cutler, D. and R. Zeckhauser. 2000. "The Anatomy of Health Insurance," in *Handbook of Health Economics* Volume 1A, A. Culyer and J. Newhouse (editors), New York NY: Elsevier: 563-643.

\* Einav, L. and A. Finkelstein. 2011. "Selection in Insurance Markets: Evidence and Theory in Pictures." *Journal of Economic Perspectives*, 25(1): 115-138.

Einav, L., A. Finkelstein, S. Ryan, P. Schrimpf, and M. Cullen. 2013. "Selection on Moral Hazard in Health Insurance." *American Economic Review*, 103(1): 178-219.

Einav, L., A. Finkelstein, and P. Schrimpf. 2015. "The Response of Drug Expenditures to Nonlinear Contract Design: Evidence from Medicare Part D." *Quarterly Journal of Economics*, 130(2): 841-899.

Fang, H., M.P. Keane, and D. Silverman. 2008. "Sources of Advantageous Selection: Evidence from the Medigap Insurance Market." *Journal of Political Economy*, 116(2): 303-350.

Finkelstein, A. 2007. "The Aggregate Effects of Health Insurance: Evidence from the Introduction of Medicare." *Quarterly Journal of Economics*, 122(1): 1-37.

Manning, W., J. Newhouse, N. Duan, E. Keeler, A. Leibowitz, and M.S. Marquis. 1987. "Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment." *American Economic Review*, 77(3): 251-277.

### II.B Health effects of health insurance

Abaluck, J., M. Caceres Bravo, P. Hull, and A. Starc. 2021. "Mortality Effects and Choice Across Private Health Insurance Plans." *Quarterly Journal of Economics*, 136(3): 1557-1610.

\* Baicker, K., S. Taubman, H. Allen, M. Bernstein, J. Gruber, J. Newhouse, E. Schneider, B. Wright, A. Zaslavsky, A. Finkelstein, and the Oregon Health Study Group. 2013. "The Oregon Experiment – Effects of Medicaid on Clinical Outcomes." *New England Journal of Medicine*, 368(1): 1713-1722.

Card, D., C. Dobkin, and N. Maestas. 2009. "Does Medicare Save Lives?" *Quarterly Journal of Economics*, 124(2): 597-636.

Currie, J. and J. Gruber. 1996. "Saving Babies: The Efficacy and Cost of Recent Changes in the Medicaid Eligibility of Pregnant Women." *Journal of Political Economy*, 104(6): 1263-1296.

Currie, J. and J. Gruber. 1996. "Health Insurance Eligibility, Utilization of Medical Care, and Child Health." *Quarterly Journal of Economics*, 111(2): 431-466.

Dafny, L. and J. Gruber. 2005. "Public Insurance and Child Hospitalizations: Access and Efficiency Effects." *Journal of Public Economics*, 89(1): 109-129.

\* Finkelstein, A., S. Taubman, B. Wright, M. Bernstein, J. Gruber, J. Newhouse, H. Allen, and K. Baicker. 2012. "The Oregon Health Insurance Experiment: Evidence from the First Year." *Quarterly Journal of Economics*, 127(3): 1057-1106.

Goldin, J., I. Zurie, and J. McCubbin. 2020. "Health Insurance and Mortality: Experimental Evidence from Taxpayer Outreach." *Quarterly Journal of Economics*, 136(1): 1-49.

Kolstad, J. and A. Kowalski. 2012. "The Impact of Health Care Reform on Hospital and Preventive Care: Evidence from Massachusetts." *Journal of Public Economics*, 96(11): 909-929.

\*\* Miller, S., S. Altekruze, N. Johnson, and L. Wherry. 2021. "Medicaid and Mortality: New Evidence from Linked Survey and Administrative Data." *Quarterly Journal of Economics*, 136(3): 1783-1829.

#### II.C Frictions in insurance demand

\* Abaluck, J. and J. Gruber. 2011. "Choice Inconsistencies Among the Elderly: Evidence from Plan Choice in the Medicare Part D Program." *American Economic Review*, 101(4): 1180-1201.

Abaluck, J. and J. Gruber. 2016. "Evolving Choice Inconsistencies in Choice of Prescription Drug Insurance." *American Economic Review*, 106(8): 2145-2184.

Abaluck, J. and J. Gruber. 2020. "When Less is More: Improving Choices by Limiting Choice in Health Insurance Markets." *Review of Economic Studies*, forthcoming.

\* Handel, B. 2013. "Adverse Selection and Inertia in Health Insurance Markets: When Nudging Hurts." *American Economic Review*, 103(7): 2541-2682.

Handel, B. and J. Kolstad. 2015. "Health Insurance for "Humans": Information Frictions, Plan Choice, and Consumer Welfare." *American Economic Review*, 105(8): 2449-2500.

\*\* Ho, K., J. Hogan, and F. Scott Morton. 2017. "The Impact of Consumer Inattention on Insurer Pricing in the Medicare Part D Program." *RAND Journal of Economics*, 48(4): 877-905.

Ketchum, J., C. Lucarelli, and C. Powers. 2015. "Paying Attention of Paying Too Much in Medicare Part D." *American Economic Review*, 105(1): 204-233.

#### II.D Guest lecture with Matt Notowidigdo (February 9): The value of insurance

Finkelstein, A., N. Mahoney, and M. Notowidigdo. 2018. "What Does (Formal) Health Insurance Do, And For Whom?" *Annual Review of Economics*, 10: 261-286.

Finkelstein, A., N. Hendren, and E. Luttmer. 2019. "The Value of Medicaid: Interpreting Results from the Oregon Health Insurance Experiment." *Journal of Political Economy*, 127(6): 2836-2874.

Finkelstein, A., N. Hendren, and M. Shepard. 2019. "Subsidizing Health Insurance for Low-Income Adults: Evidence from Massachusetts." *American Economic Review*, 109(4): 1530-1567.

\* Garthwaite, G., T. Gross, and M. Notowidigdo. 2018. "Hospitals as Insurers of Last Resort." *American Economic Journal: Applied Economics*, 10(1): 1-39.

Tebaldi, P., A. Torgovitsky, and H. Yang. 2019. "Nonparametric Estimates of Demand in the California Health Insurance Exchange." NBER Working Paper No. 25827.

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### Section III: Provider Behavior

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#### III.A Physician behavior (2 lectures)

\* McGuire, T. 2000. "Physician Agency," in *Handbook of Health Economics* Volume 1A, Anthony Culyer and Joseph Newhouse (editors), New York NY: Elsevier: 461-536.

Schnell, M. 2017. "Physician Behavior in the Presence of a Secondary Market: The Case of Prescription Opioids." Working Paper.

#### *Supplier induced demand and financial incentives*

\* Alexander, D. and M. Schnell. 2019. "The Impacts of Physician Payments on Patient Access, Use, and Health." NBER Working Paper No. 26095.

Clemens, J. and J. Gottlieb. 2014. "Do Physicians' Financial Incentives Affect Medical Treatment and Patient Health?" *American Economic Review*, 104(4): 1320-1349.

Currie, J., W. Lin, and W. Zhang. 2011. "Patient Knowledge and Antibiotic Abuse: Evidence from an Audit Study in China." *Journal of Health Economics*, 30(5): 933-949.

Dranove, D. 1988. "Demand Inducement and the Physician-Patient Relationship." *Economic Inquiry*, 26(2): 281-298.

Dranove, D. and P. Wehner. 1994. "Physician-Induced Demand for Childbirths." *Journal of Health Economics*, 13(1): 61-73.

Fuchs, V. 1978. "The Supply of Surgeons and the Demand for Operations." *Journal of Human Resources*, 13 (Supplement): 35-56.

Gruber, J. and M. Owings. 1996. "Physician Financial Incentives and Cesarean Section Delivery." *RAND Journal of Economics*, 27(1): 99-123.



### *Defensive medicine*

\* Currie, J. and W.B. MacLeod. 2008. "First Do No Harm? Tort Reform and Birth Outcomes." *Quarterly Journal of Economics*, 123(2): 795-830.

Kessler, D. and M. McClellan. 1996. "Do Doctors Practice Defensive Medicine?" *Quarterly Journal of Economics*, 111(2): 353-390.

### *Diagnostic skill*

\*\* Chan, D., M. Gentzkow, and C. Yu. 2021. "Selection with Variation in Diagnostic Skill: Evidence from Radiologists." *Quarterly Journal of Economics*, forthcoming.

Currie, J. and B. MacLeod. 2017. "Diagnosing Expertise: Human Capital, Decision Making, and Performance among Physicians." *Journal of Labor Economics*, 35(1): 1-43.

\* Currie, J. and B. MacLeod. 2020. "Understanding Doctor Decision Making: The Case of Depression." *Econometrica*, 88(3): 847-878.

### **III.B Scope of practice legislation and non-physician providers**

\* Alexander, D., J. Currie, and M. Schnell. 2019. "Check Up Before You Check Out: Retail Clinics and Emergency Room Use." *Journal of Public Economics*, 178.

Alexander, D. and M. Schnell. 2019. "Just What the Nurse Practitioner Ordered: Independent Prescriptive Authority and Population Mental Health." *Journal of Health Economics*, 66: 145-162.

Kleiner, M., A. Marier, K. Park, and C. Wing. 2016. "Relaxing Occupational Licensing Requirements: Analyzing Wages and Prices for a Medical Service." *Journal of Law and Economics*, 59(2): 261-291.

Stange, K. 2014. "How Does Provider Supply and Regulation Influence Health Care Markets? Evidence from Nurse Practitioners and Physician Assistants." *Journal of Health Economics*, 33: 1-27.

\* Traczynski, J. and V. Udalova. 2018. "Nurse Practitioner Independence, Health Care Utilization, and Health Outcomes." *Journal of Health Economics*, 58: 90-109.

### **III.C Guest lecture with Diane Alexander (February 23): Payment reforms**

\* Alexander, D. 2020. "How do Doctors Respond to Incentives? Unintended Consequences of Paying Doctors to Reduce Costs." *Journal of Political Economy*, 128(11): 4046-4096.

Duggan, M. and T. Hayford. 2013. "Has the Shift to Managed Care Reduced Medicaid Expenditures? Evidence from State and Local-Level Mandates." *Journal of Policy Analysis and Management*, 32(3): 505-535.

Finkelstein, A., Y. Ji, N. Mahoney, and J. Skinner. 2018. "Mandatory Medicare Bundled Payment Program for Low Extremity Joint Replacement and Discharge to Institutional Post-acute Care: Interim Analysis of the First Year of a 5-Year Randomized Trial." *Journal of the American Medical Association*, 320(9): 892-900.

Gupta, A. 2021. "Impacts of Performance Pay for Hospitals: The Readmissions Reduction Program." *American Economic Review*, 111(4): 1241-1283.

Ziedan, E. 2017. "The Intended and Unintended Consequences of the Hospital Readmission Reduction Program." Working Paper.

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## Section IV: Competition in Health Care Markets

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\* Gaynor, M., K. Ho, and R. Town. 2015. "The Industrial Organization of Health Care Markets." *Journal of Economic Literature*, 53(2): 235-284.

### IV.A Insurers and providers: Competition and antitrust

#### *Health insurers*

Dafny, L. 2010. "Are Health Insurance Markets Competitive?" *American Economic Review*, 100(4): 1399-1431.

Dafny, L., M. Duggan, and S. Ramanarayanan. 2012. "Paying a Premium on Your Premium? Consolidation in the U.S. Health Insurance Industry." *American Economic Review*, 102(2):1161-1185.

#### *Hospitals*

\*\* Bloom, N., C. Propper, S. Seiler, and J. Van Reenen. 2015. "The Impact of Competition on Management Quality: Evidence from Public Hospitals." *Review of Economic Studies*, 82(2): 457-489.

Dafny, L. 2009. "Estimation and Identification of Merger Effects: An Application to Hospital Mergers." *Journal of Law and Economics*, 52(3): 523-550.

Covered in the fall:

- Capps, C., D. Dranove, and M. Satterthwaite. 2003. "Competition and Market Power in Option Demand Markets." *RAND Journal of Economics*, 34(4): 737-763.
- Cooper, Z., S. Craig, M. Gaynor, and J. Van Reenen. 2019. "The Price Ain't Right? Hospital Prices and Health Spending on the Privately Insured." *Quarterly Journal of Economics*, 134(1): 51-107.
- Kessler, D. and M. McClellan. 2000. "Is Hospital Competition Socially Wasteful?" *Quarterly Journal of Economics*. 115(2): 577-615.
- Town, R. and G. Vistnes. 2001. "Hospital Competition in HMO Networks." *Journal of Health Economics*, 20(5): 733-753.

### IV.B Insurer-provider negotiations

Ho, K. 2006. "The Welfare Effects of Restricted Hospital Choice in the US Medical Care Market." *Journal of Applied Econometrics*, 21(7): 1039-1079.

Ho, K. 2009. "Insurer-Provider Networks in the Medical Care Market." *American Economic Review*, 99(1): 393-430.

Covered in the fall:

- Dafny, L., K. Ho., and R. Lee. 2019. "The Price Effects of Cross-Market Hospital Mergers." *RAND Journal of Economics*, 50(2): 286-325.
- Gowrisankaran, G., A. Nevo, and R. Town. 2015. "Mergers when Prices are Negotiated: Evidence from the Hospital Industry." *American Economic Review*, 105(1): 172-203.
- Ho, K. and R. Lee. 2017. "Insurer Competition in Health Care Markets." *Econometrica*, 85(2): 379-417.