

Topics in Health Economics

Graduate program of the Department of Economics FEP
Prof. Matilde P. Machado

Part I – Health Economics

1. Introduction - issues

- Arrow, Kenneth, J. (1963). “Uncertainty and the Welfare Economics of Medical Care.” **American Economic Review**, 53: 941-73.

2. Demand for Health Care

2.1 Moral Hazard

- Manning, W. G. et al. (1987). “Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment.” **American Economic Review**. 58: 531-8.
- Barros, Pedro P., Machado, Matilde P., and Sanz-de-Galdeano, Anna: “Moral hazard and the demand for health services: a matching estimator approach,” CEPR DP n° 5488, February 2006.

2.1 Adverse Selection and Risk Selection

- Rothschild, Michael and Joseph E. Stiglitz (1976). “Equilibrium in Competitive Insurance Markets: An Essay on the Economics of Imperfect Information.” **Quarterly Journal of Economics** 90(4): 630-49.
- Vera, Marcos, Olivella, Pau: “Testing for Adverse Selection into Private Medical Insurance” IFS Working paper WP06/02.

3. Supply of Health goods and services

3.1. Comparing the performance of Health Care Providers

- Gowrisankaran, Gautam and Town, Robert – “Estimating the Quality of Care in Hospitals using Instrumental Variables,” **Journal of Health Economics**, 18, pp 747-67.
- Machado, Matilde, Mora, Ricardo, and Romero-Medina, Antonio – “Can we measure hospital quality from physicians’ choices?” Mimeo. – [This will be presented at the seminar](#)

If time allows:

- Ackerberg, Machado, and Riordan, “*Benchmarking for Productivity Improvement: a Health Care Application*,” **International Economic Review**, vol 47, n°1, pp 161-201 February 2006.

3.2. Competition and Information

- Dranove, David, Kessler, Daniel P., McClellan, Mark, and Satterthwaite, Mark (2003). "Is More Information Better? The Effects of 'Report Cards' on Health Care Providers," **Journal of Political Economy**, 111(3): 555-588.

Complementary reading/references:

Technical Papers:

- (1) Bound, John, Jaeger, David A., and Baker, Regina (1993): "The cure can be worse than the disease: A cautionary tale regarding instrumental variables", NBER Technical Paper, #137.
- (2) Train, Kenneth E. (2002): *Discrete Choice Methods with Simulation*, Cambridge University Press, chapters 2, 3, 4.

Other References:

- (3) Chiappori, Pierre-André, Durand, Frank, Geoffard, Pierre-Yves (1998): "Moral Hazard and the Demand for physician services: First Lessons from a French Natural Experiment," *European Economic Review*, 42, pp 499-511.
- (4) Holly, Alberto Lucien Gardiol and Jacques Huguenin (2002): "Hospital services utilization in Switzerland: The role of supplementary insurance," Institute of Health Economics and Management, University of Lausanne, manuscript.
- (5) Holly, Alberto Lucien Gardiol, Gianfranco Domenighetti and Brigitte Bisig (1998): "An econometric model of health care utilization and health insurance in Switzerland," *European Economic Review* 42, pp 513-522.
- (6) Vera-Hernández, Marcos (1999): "Duplicate Coverage and Demand for Health Care. The case of Catalonia," *Health Economics* vol 8 pp 579-598.