

# **Industrial Organization of Health Care Markets**

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# Thoughts on Open Questions

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Hospital-insurer bargaining literature is getting a little crowded.

Some questions not yet fully addressed (some being worked on):

- ▶ How do predictions of the model change if consumers are risk averse; if hospitals have increasing/decreasing returns to scale, ...?
- ▶ What are the optimal hospital networks; how to price them?
  - ▶ Selection on preferences and unobserved severity (Shepard 2018)
  - ▶ Bargaining issues partially addressed (Ho and Lee 2018, Ghili 2018, Liebman 2018) but more work to do
- ▶ Tiered hospital networks: how does bargaining work here, implications for prices and spending?
  - ▶ See e.g. Prager (2018), Starc and Swanson (2018)
- ▶ Estimating pass-through of provider prices to insurance premiums.



# (Somewhat) Less Populated Research Areas

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- ▶ Insurer competition; implications for regulation/market design
  - ▶ On exchanges: Tebaldi ('18), Jaffe and Shepard ('18), Diamond et al ('18)
  - ▶ Many re: Medicare Part D: Abaluck and Gruber ('11,'16), Ketcham et al ('15), Ho, Hogan and Scott Morton ('17), Ericson ('14), Polyakova ('16), Decarolis et al ('18)
  - ▶ Strategic formulary choice in Part D/MA/exchanges: Carey ('17), Lavetti and Simon ('18), Einav Finkelstein and Polyakova ('18), Geruso et al ('18)
  - ▶ Less re: Medicare Advantage, Managed Medicaid: Starc et al (16), Curto et al (14)
- ▶ Vertical integration (insurer-hospital; physician-hospital somewhat crowded)
  - ▶ Brot-Goldberg (2018), Baker et al ('16), Capps et al ('17), Handel and Kolstad (2018), Cooper et al (2018)
- ▶ Physician payment reform: impact on hospital referrals, spending, prices
  - ▶ McWilliams et al ('15, '17), Colla et al ('15...) Ho and Pakes ('14), Song et al ('11)
- ▶ Impact of information/informational frictions on choices & competition
  - ▶ Brown ('18), Lieber ('17), Whaley ('15), Desai et al ('16), Handel and Kolstad ('15, '19)

