2026 Health Econ Review Schedule

Time: 1-2 pm Wednesdays

Date	**Topic**	**Person**
1/28	Moral Hazard and the Value of Insurance	Luca
2/4	Adverse Selection and Plan Choice	Luca
2/11	Behavioral Health Economics	Luca
2/18	Health Plan Design	Luca
2/25	Competition	Luca
3/4	Consolidation and Antitrust	Luca
3/11	The Pharmaceutical Market	Luca

January 28 - Moral Hazard and the Value of Insurance

Overview Readings:

1. Cutler, David M., and Richard J. Zeckhauser. "The anatomy of health insurance." In *Handbook of Health Economics*, vol. 1, pp. 563-643. Elsevier, 2000. **(Chapters 1-3)**
2. Chetty, Raj, and Amy Finkelstein. "Social insurance: Connecting theory to data." In *Handbook of Public Economics*, vol. 5, pp. 111-193. Elsevier, 2013. **(Chapter 3)**

Main Readings:

3. Brot-Goldberg, Zarek C., Amitabh Chandra, Benjamin R. Handel, and Jonathan T. Kolstad. "What Does a Deductible Do? The Impact of Cost-sharing on Health Care Prices, Quantities, and Spending Dynamics." *The Quarterly Journal of Economics* 132, no. 3 (2017): 1261-1318.
4. Finkelstein, Amy, Sarah Taubman, Bill Wright, Mira Bernstein, Jonathan Gruber, Joseph P. Newhouse, Heidi Allen, Katherine Baicker, and the Oregon Health Study Group. "The Oregon Health Insurance Experiment: Evidence from the First Year." *The Quarterly Journal of Economics* 127, no. 3 (2012): 1057-1106.
5. Ericson, Keith M., and Justin R. Sydnor. "Liquidity Constraints and the Value of Insurance." *American Economic Journal: Microeconomics*, forthcoming (2022).
6. Chandra, Amitabh, Jonathan Gruber, and Robin McKnight. "Patient cost-sharing and hospitalization offsets in the elderly." *American Economic Review* 100, no. 1 (2010): 193-213.

Additional Readings:

7. Aron-Dine, Aviva, Liran Einav, Amy Finkelstein, and Mark Cullen. "Moral hazard in health insurance: do dynamic incentives matter?" *Review of Economics and Statistics* 97, no. 4 (2015): 725-741.
8. Aron-Dine, Aviva, Liran Einav, and Amy Finkelstein. "The RAND health insurance experiment, three decades later." *Journal of Economic Perspectives* 27, no. 1 (2013): 197-222.
9. Starc, Amanda, and Robert J. Town. "Externalities and benefit design in health insurance." *The Review of Economic Studies* 87, no. 6 (2020): 2827-2858.
10. Ericson, Keith M., Johannes G. Jaspersen, and Justin R. Sydnor. "Moral Hazard under Liquidity Constraints." No. w33648. National Bureau of Economic Research, 2025.
11. Acquatella, Angelique, and Victoria Marone. "The Risk Protection Value of Moral Hazard." No. w34156. National Bureau of Economic Research, 2025.
12. Nyman, John A. "The Value of Health Insurance: The Access Motive." *Journal of Health Economics* 18, no. 2 (1999): 141-152.
13. Kowalski, Amanda E. "Estimating the Tradeoff Between Risk Protection and Moral Hazard with a Nonlinear Budget Set Model of Health Insurance." *International Journal of Industrial Organization* 43 (2015): 122-135.

Sample Field Exam Questions

- Is it socially better to give insurance to a high-cost type with very little uncertainty about what their costs will be next year or a low-cost type with lots of uncertainty about what their costs will be next year? Assume moral hazard is equivalent for the two types.
- Some argue that the elasticity of demand for medical services to insurance coverage is a sufficient statistic for welfare. Discuss (1) what is meant by a "sufficient statistic for welfare," (2) a few reasons why this parameter would NOT be a sufficient statistic, and (3) a set of experiments that would help determine the extent to which each of the issues from (2) matters.
- An employer randomizes employees to receive a large bonus at the start of the year vs having the same bonus distributed monthly. Would we expect one group to be willing to pay more for more generous health insurance coverage? Why or why not?
- In 2006, the US government added a new universal benefit to the Medicare program - prescription drug coverage. Discuss the potential implications of this new benefit for equity and efficiency.
- Estimates of consumer willingness to pay (WTP) for insurance suggest that average WTP falls far below the actual cost of insurance coverage among low-income populations. What are the potential implications of this finding for whether it would be more socially beneficial to offer these populations a cash payment equal to the cost of providing insurance? Be sure to provide the argument for why this finding *should* lead us to prefer cash and the argument for why it *should not* lead us to prefer cash.

February 4 - Adverse Selection and Insurance Choice

Overview Readings

1. Einav, Liran, and Amy Finkelstein. "Selection in insurance markets: Theory and empirics in pictures." *Journal of Economic Perspectives* 25, no. 1 (2011): 115-138.
2. Geruso, Michael, and Timothy J. Layton. "Selection in health insurance markets and its policy remedies." *Journal of Economic Perspectives* 31, no. 4 (2017): 23-50.

Main Readings

3. Hendren, Nathaniel, Camille Landais, and Johannes Spinnewijn. "Choice in insurance markets: A Pigouvian approach to social insurance design." *Annual Review of Economics* 13, no. 1 (2021): 457-486.
4. Cutler, David M., and Sarah J. Reber. "Paying for Health Insurance: The Tradeoff Between Competition and Adverse Selection." *Quarterly Journal of Economics* 113, no.2 (1998): 433–466.
5. Einav, Liran, Amy Finkelstein, and Mark R. Cullen. "Estimating welfare in insurance markets using variation in prices." *The Quarterly Journal of Economics* 125, no. 3 (2010): 877-921.
6. Geruso, Michael, Timothy Layton, and Daniel Prinz. "Screening in Contract Design: Evidence from the ACA Health Insurance Exchanges." *American Economic Journal: Economic Policy* 11, no. 2 (2019): 64-107.

Additional Readings

7. Einav, Liran, Amy Finkelstein, Stephen P. Ryan, Paul Schrimpf, and Mark R. Cullen. "Selection on moral hazard in health insurance." *American Economic Review* 103, no. 1 (2013): 178-219.
8. Finkelstein, Amy, and Kathleen McGarry. "Multiple Dimensions of Private Information: Evidence from the Long-Term Care Insurance Market." *American Economic Review* 96(4), 2006, 938–958.
9. Handel, Ben, Igal Hendel, and Michael D. Whinston. "Equilibria in health exchanges: Adverse selection versus reclassification risk." *Econometrica* 83, no. 4 (2015): 1261-1313.
10. Geruso, Michael, Timothy J. Layton, Grace McCormack, and Mark Shepard. "The two-margin problem in insurance markets." *Review of Economics and Statistics* 105, no. 2 (2023): 237-257.
11. Handel, Benjamin R. "Adverse Selection and Inertia in Health Insurance Markets: When Nudging Hurts." *American Economic Review* 103, no. 7 (2013): 2643-2682.
12. Handel, Benjamin R., Jonathan T. Kolstad, and Johannes Spinnewijn. "Information Frictions and Adverse Selection: Policy Interventions in Health Insurance Markets." *Review of Economics and Statistics* 101, no. 2 (2019): 326-340.
13. Marone, Victoria R., and Adrienne Sabety. "When Should There Be Vertical Choice in Health Insurance Markets?" *American Economic Review* 112, no. 1 (2022): 304-342.
14. Finkelstein, Amy, Nathaniel Hendren, and Mark Shepard. "Subsidizing health insurance for low-income adults: Evidence from Massachusetts." American Economic Review 109, no. 4 (2019): 1530-1567.

Sample Field Exam Questions

- Who bears the burden of adverse selection when insurers cannot perfectly price discriminate?
  - **Sicker patients bear the cost by being priced out of insurance, or because plans are not as generous**
- What are the efficiency costs and benefits of community rating versus risk rating? Would your answer change depending on whether insurance markets are imperfectly vs. perfectly competitive?
  - **Under perfect competition, AS can cause severe unraveling, but with market power, it's less likely, so CR is arguably more feasible when firms have market power**
- Assuming that Traditional Medicare is adversely selected relative to Medicare Advantage, what are the equilibrium effects of a larger MA subsidy on the quality of plans chosen by MA enrollees?
  - **Idea is that pass through goes to things that attract healthier enrollees (within MA)**
- Under what conditions would inertia imply we should be more vs. less aggressive about risk adjustment?
  - **Basically depends on who is more likely to stay (healthy or sick) and whether inertia locks in different types of patients in different plans making it harder to attract other types.**
- How might adverse selection on the generosity of behavioral health coverage affect bargaining power of behavioral health providers? Related, how do we think about who would capture the surplus from risk adjustment compensating insurers more for people with behavioral health conditions?
  - **If those who use behavioral health are unobservably more costly, then insurers**
- Why do exchange plans all have very narrow networks?
  - **Because other dimensions of plan generosity are strictly regulated**

February 11 - Behavioral Health Economics

Overview Readings

1. Chandra, Amitabh, Benjamin Handel, and Joshua Schwartzstein. "Behavioral economics and healthcare markets." In *Handbook of Behavioral Economics: Applications and Foundations 1*, vol. 2, pp. 459-502. North-Holland, 2019.
2. Handel, Benjamin, and Joshua Schwartzstein. "Frictions or Mental Gaps: What's Behind the Information We (Don't) Use and When Do We Care?" *Journal of Economic Perspectives* 32, no. 1 (2018): 155-178.

Main Readings

3. Handel, Benjamin R., and Jonathan T. Kolstad. "Health Insurance for 'Humans': Information Frictions, Plan Choice, and Consumer Welfare." *American Economic Review* 105, no. 8 (2015): 2449-2500.
4. Brot-Goldberg, Zarek, Timothy Layton, Boris Vabson, and Adelina Yanyue Wang. "The Behavioral Foundations of Default Effects: Theory and Evidence from Medicare Part D." *American Economic Review* 113, no. 10 (2023): 2718-2758.
5. Baicker, Katherine, Sendhil Mullainathan, and Joshua Schwartzstein. "Behavioral hazard in health insurance." *The Quarterly Journal of Economics* 130, no. 4 (2015): 1623-1667.
6. Ho, Kate, Joseph Hogan, and Fiona Scott Morton. "The Impact of Consumer Inattention on Insurer Pricing in the Medicare Part D Program." The RAND Journal of Economics 48, no. 4 (2017): 877-905.

Additional Readings

7. Handel, Benjamin R., Jonathan T. Kolstad, Thomas Minten, and Johannes Spinnewijn. "The Social Determinants of Choice Quality: Evidence from Health Insurance in the Netherlands." No. w27785. National Bureau of Economic Research, 2020.
8. Abaluck, Jason, and Jonathan Gruber. "Choice Inconsistencies Among the Elderly: Evidence from Plan Choice in the Medicare Part D Program." *American Economic Review* 101, no. 4 (2011): 1180-1210.
9. Ketcham, Jonathan D., Claudio Lucarelli, and Christopher A. Powers. "Paying attention or paying too much in Medicare Part D." *American Economic Review* 105, no. 1 (2015): 204-233.
10. Davis, Brent, Adam Leive, and Andrew Gellert. "Fungibility in workplace benefits choices: Evidence from Health Savings Accounts." TIAA Institute Research Report (2023).
11. Goldin, Jacob, Ithai Z. Lurie, and Janet McCubbin. "Health Insurance and Mortality: Experimental Evidence from Taxpayer Outreach." *The Quarterly Journal of Economics* 136, no. 1 (2021): 1-49.
12. Baicker, Katherine, William J. Congdon, and Sendhil Mullainathan. "Health Insurance Coverage and Take-up: Lessons from Behavioral Economics." *The Milbank Quarterly* 90, no. 1 (2012): 107-134.
13. Abaluck, Jason, and Jonathan Gruber. "When less is more: Improving choices in health insurance markets." *The Review of Economic Studies* 90, no. 3 (2023): 1011-1040.

Sample Field Exam Questions

- How do optimal defaults differ under frictional versus mental gaps models of switching costs/inattention?
- How do the welfare implications of passive choice differ under frictional versus mental gaps models of switching costs/inattention?
- In Handel and Kolstad's "Health Insurance for Humans" paper, can you come up with an alternative explanation for their key results (that people who answer survey questions incorrectly are less likely to choose the high deductible plan) that does not rely on any behavioral friction?
- Does the envelope theorem apply in the presence of behavioral frictions? Why or why not?
- Discuss the following statement: "an important implication of the way that public economists think about insurance: health insurance shouldn't make people much healthier unless people are making big mistakes (and health insurance *does* make people healthier)

February 18 – Health Plan Design

Overview Readings

1. Glied, Sherry. "Managed care." In *Handbook of Health Economics*, vol. 1, pp. 707-753. Elsevier, 2000.

Main Readings

2. Cutler, David M., Mark McClellan, and Joseph P. Newhouse. "How Does Managed Care Do It?" *The RAND Journal of Economics* (2000): 526-548.
3. Curto, Vilsa, Liran Einav, Amy Finkelstein, Jonathan Levin, and Jay Bhattacharya. "Health Care Spending and Utilization in Public and Private Medicare." *American Economic Journal: Applied Economics* 11, no. 2 (2019): 302-332.
4. Geruso, Michael, Timothy J. Layton, and Jacob Wallace. "What Difference Does a Health Plan Make? Evidence from Random Plan Assignment in Medicaid." *American Economic Journal: Applied Economics* 15, no. 3 (2023): 341-379.
5. Brot-Goldberg, Zarek C., Samantha Burn, Timothy Layton, and Boris Vabson. "Rationing Medicine Through Bureaucracy: Authorization Restrictions in Medicare." No. w30878. National Bureau of Economic Research, 2023.

Additional Readings

6. Abaluck, Jason, Mauricio Caceres Bravo, Peter Hull, and Amanda Starc. "Mortality Effects and Choice Across Private Health Insurance Plans." *The Quarterly Journal of Economics* 136, no. 3 (2021): 1557-1610.
7. Richards, Michael R., and D. Sebastian Tello-Trillo. "Public Spillovers from Private Insurance Contracting: Physician Responses to Managed Care." *American Economic Journal: Economic Policy* 11, no. 4 (2019): 375-403.
8. Wallace, Jacob. "What Does a Provider Network Do? Evidence from Random Assignment in Medicaid Managed Care." *American Economic Journal: Economic Policy* 15, no. 1 (2023): 473-509.
9. Feng, Josh, and Luca Maini "Insurance Design and the Passthrough of Nominal Drug Prices" (2025)
10. Miller, Keaton. "Capturing and Harvesting in Medicare Advantage Plan Design." Health Affairs Scholar 2, no. 6 (2024): qxae077.

Sample Field Exam Questions

- Discuss the equity and efficiency implications of reducing drug spending via (i) cost-sharing, (ii) prior authorization restrictions, or (iii) narrow provider networks.
- Many have argued that cost-sharing for prescription drugs is too high in Medicare Part D. Part D provides drug coverage via a competitive marketplace, so why would competition not lead to the "correct" level of cost-sharing?
- Discuss the equity and efficiency tradeoffs of carving a benefit (say, behavioral health care) or a group of individuals (say, individuals with disabilities) out of a managed care contract.
- Evaluate the following claim: The real problem with US healthcare is that we don't invest enough in primary care. If we invested more in primary care and prevention, we would get healthcare spending under control.

February 25 – Competition

Overview Readings

1. Handel, Ben, and Kate Ho. "The industrial organization of health care markets." In *Handbook of Industrial Organization*, vol. 5, no. 1, pp. 521-614. Elsevier, 2021.

Main Readings

2. Gaynor, Martin, Rodrigo Moreno-Serra, and Carol Propper. "Death by Market Power: Reform, Competition, and Patient Outcomes in the National Health Service." *American Economic Journal: Economic Policy* 5, no. 4 (2013): 134-166.
3. Dranove, David, Daniel Kessler, Mark McClellan, and Mark Satterthwaite. 2003. "Is More Information Better? The Effects of 'Report Cards' on Health Care Providers." Journal of Political Economy 111(3): 555–588.
4. Ho, Katherine. "Insurer-Provider Networks in the Medical Care Market." *American Economic Review* 99, no. 1 (2009): 393-430.
5. Clemens, Jeffrey, and Joshua D. Gottlieb. "In the Shadow of a Giant: Medicare's Influence on Private Physician Payments." *Journal of Political Economy* 125, no. 1 (2017): 1-39.

Additional Readings

6. Cooper, Zack, Stuart V. Craig, Martin Gaynor, and John Van Reenen. "The price Ain't right? Hospital prices and health spending on the privately insured." *The Quarterly Journal of Economics* 134, no. 1 (2019): 51-107.
7. Dranove, David, and Mark A. Satterthwaite. "Monopolistic Competition when Price and Quality are Imperfectly Observable." *The RAND Journal of Economics* (1992): 518-534.
8. Grennan, Matthew (2013). "Price Discrimination and Bargaining: Empirical Evidence from Medical Devices." AER 103(1): 145–177.
9. Ho, Kate, and Robin S. Lee. "Equilibrium provider networks: Bargaining and exclusion in health care markets." *American Economic Review* 109, no. 2 (2019): 473-522.
10. Boswell Dean, Emma, Josh Feng, and Luca Maini. "Stocking Under the Influence: Spillovers from Commercial Drug Coverage to Medicare Utilization." Available at SSRN 4578352 (2023).
11. Garthwaite, Craig L. "The Doctor Might See You Now: The Supply Side Effects of Public Health Insurance Expansions." *American Economic Journal: Economic Policy* 4, no. 3 (2012): 190-215.
12. Geddes, Eilidh, and Molly Schnell. "The Expansionary and Contractionary Supply-Side Effects of Health Insurance." No. w31483. National Bureau of Economic Research, 2023.

Sample Field Exam Questions

- How might adverse selection on the generosity of behavioral health coverage affect the bargaining power of behavioral health providers? Related, how do we think about who would capture the surplus from risk adjustment, compensating insurers more for people with behavioral health conditions?
- Medicare was introduced in the US in 1965, representing the largest single expansion of health insurance in US history. Finkelstein (2007) shows that the impact of the introduction of Medicare in 1965 on healthcare spending is much larger than what would be implied by projecting using individual elasticities (e.g., from the RAND health insurance experiment). Why do you think that is? How could Medicare expansion affect patients that already had insurance?
- True/False/Uncertain: Expanding Medicaid will improve the health of low-income Americans.
- CMS has made a large effort to design and track a host of provider quality metrics, such as 30-day rehospitalization rates after an initial inpatient stay, adherence to guidelines, etc. These metrics can affect how much money providers receive from the government in reimbursements. Is it really necessary for the government to track provider performance? If so, why? Discuss the pros and cons of tying reimbursement to these metrics.

March 4 – Consolidation and Antitrust

Overview Readings

1. Gaynor, Martin, and William B. Vogt. "Antitrust and competition in health care markets." *Handbook of health economics*, vol. 1, ch. 27 (2000): 1405-1487.

Main Readings

2. Gowrisankaran, Gautam, Aviv Nevo, and Robert Town. "Mergers when prices are negotiated: Evidence from the hospital industry." American Economic Review 105, no. 1 (2015): 172-203.
3. Dafny, Leemore, Mark Duggan, and Subramaniam Ramanarayanan. "Paying a Premium on Your Premium? Consolidation in the US health Insurance Industry." *American Economic Review* 102, no. 2 (2012): 1161-1185.
4. Capps, Cory, David Dranove, and Christopher Ody, "The effect of hospital acquisitions of physician practices on prices and spending," *Journal of Health Economics*, 2018, 59, 139–152.
5. Prager, Elena, and Matt Schmitt. "Employer Consolidation and Wages: Evidence from Hospitals." *American Economic Review* 111, no.2 (2021): 397–427.

Additional readings

6. Brot, Zarek, Zack Cooper, Stuart V. Craig, and Lev Klarnet. "Is There Too Little Antitrust Enforcement in the US Hospital Sector?" *American Economic Review: Insights* 6, no. 4 (2024): 526-542.
7. Eliason, Paul J., Benjamin Heebsh, Ryan C. McDevitt, and James W. Roberts. "How Acquisitions Affect Firm Behavior and Performance: Evidence from the Dialysis Industry." *The Quarterly Journal of Economics* 135, no. 1 (2020): 221-267.
8. Gray, Charles, Abby Alpert, and Neeraj Sood. "Disadvantaging rivals: vertical integration in the pharmaceutical market." *American Economic Journal: Applied Economics* 18, no. 1 (2026): 286-304.
9. Cuesta, José Ignacio, Carlos E. Noton, and Benjamin Vatter. "Vertical Integration and Plan Design in Healthcare Markets." NBER Working Paper 32833, 2024.
10. Starc, Amanda, and Thomas G. Wollmann. "Does Entry Remedy Collusion? Evidence from the Generic Prescription Drug Cartel." *American Economic Review* 115, no. 5 (2025): 1400-1438.
11. Dafny, Leemore, Kate Ho, and Robin S. Lee. "The price effects of cross-market mergers: theory and evidence from the hospital industry." *The RAND Journal of Economics* 50, no. 2 (2019): 286-325.
12. Wollmann, Thomas G. "How to Get Away with Merger: Stealth Consolidation and its Effects on US Healthcare." No. w27274. National Bureau of Economic Research, 2020.
13. Kakani, Pragya. "The impact of vertical integration on health care delivery and costs: Evidence from physician-pharmacy integration." Journal of Health Economics (2025): 103085.
14. Yde, Eric. "Vertical Integration and Regulated Profits in Pharmacy Benefits Markets." (2025).

Sample Field Exam Questions

- Suppose that a leading academic hospital in a large urban center (e.g., Boston) wants to acquire a hospital located in a somewhat distant suburb (e.g., Lowell). You work at the FTC and have been asked to analyze the potential anticompetitive effects of this merger. What are your main considerations?
- The FTC challenged Amgen's proposed acquisition of Horizon (both pharmaceutical companies), even though Horizon's drugs were not direct substitutes for (i.e., did not directly compete with) Amgen's existing drugs. What competitive concerns can arise in a merger without clear horizontal product overlap?
- In December 2000, the US government amended the 1976 Hart-Scott-Rodino Act to increase the threshold value (from 10 to 50 million USD) above which M&A deals are required to provide a pre-merger notification to antitrust authorities. The logic of this increase (and the logic behind having a threshold more generally) is that deals with low value are unlikely to affect the competitive balance in a market. Do you agree? Why or why not?
- In 2018, CVS (a PBM and retail pharmacy) merged with Aetna (an insurance company). As a condition for the merger to go through, Aetna was required to divest its Medicare Part D business (since Part D only covers drugs, this was the only market where it was competing directly with CVS). However, Aetna was allowed to retain its business in adjacent markets (e.g., Medicare Advantage). Was the Part D divestiture sufficient to address potential harms in Medicare? What additional competitive concerns should be considered in evaluating this merger?

March 11 - The Pharmaceutical Market

Overview Readings

1. Morton, Fiona Scott, and Margaret Kyle. "Markets for pharmaceutical products." In *Handbook of Health Economics*, vol. 2, pp. 763-823. Elsevier, 2011.
2. Garthwaite, Craig, and Amanda Starc. "Why Drug Pricing Reform Is Complicated: A Primer and Policy Guide to Pharmaceutical Prices in the US." (2023).

Main Readings

3. Feng, Josh. "History Dependence in Drug Demand: Identification and Implications for Entry Incentives." *Review of Economics and Statistics* 106, no. 2 (2024): 455-469.
4. Feng, Josh, and Luca Maini. "Demand Inertia and the Hidden Impact of Pharmacy Benefit Managers." *Management Science* 70, no. 12 (2024): 8940-8961.
5. Maini, Luca, and Fabio Pammolli. "Reference Pricing as a Deterrent to Entry: Evidence from the European Pharmaceutical Market." *American Economic Journal: Microeconomics* 15, no. 2 (2023): 345-383.
6. Finkelstein, Amy "Static and Dynamic Effects of Health Policy: Evidence from the Vaccine Industry." *The Quarterly Journal of Economics* 119, no.2 (2004): 527–564.

Additional Readings

7. Frank, Richard G., and David S. Salkever. "Generic entry and the pricing of pharmaceuticals." *Journal of Economics & Management Strategy* 6, no. 1 (1997): 75-90.
8. Dafny, Leemore, Kate Ho, and Edward Kong. "How do copayment coupons affect branded drug prices and quantities purchased?" *American Economic Journal: Economic Policy* 16, no. 3 (2024): 314-346.
9. Ishitani, Catherine. "In Defense of the Middleman: Quality Failures in the Generic Pharmaceutical Market." (2025).
10. Feng, Josh, Thomas Hwang, and Luca Maini. "Profiting from Most-Favored-Customer Procurement Rules: Evidence from Medicaid." *American Economic Journal: Economic Policy* 15, no. 2 (2023): 166-197.
11. Shapiro, Bradley T. "Positive Spillovers and Free Riding in Advertising of Prescription Pharmaceuticals: The Case of Antidepressants." *Journal of Political Economy* 126, no. 1 (2018): 381-437.
12. Grennan, Matthew, Kyle R. Myers, Ashley Swanson, and Aaron Chatterji. "No Free Lunch? Welfare Analysis of Firms Selling Through Expert Intermediaries." *Review of Economic Studies* 92, no. 4 (2025): 2537–2577.
13. Cunningham, Colleen, Florian Ederer, and Song Ma. "Killer acquisitions." *Journal of Political Economy* 129, no. 3 (2021): 649-702.
14. Budish, Eric, Maya M. Durvasula, Benjamin N. Roin, and Heidi L. Williams. "Missing markets for innovation: Evidence from new uses of existing drugs." No. w34222. National Bureau of Economic Research, 2025.

Sample Field Exam Questions

- Congress recently authorized CMS to "negotiate" prices of select drugs with manufacturers. Describe the potential consequences of these price negotiations for static and dynamic efficiency.
- Many argue that drug prices are "too high" because total revenues for the top drugs vastly exceed the costs of developing those drugs. Discuss what is wrong with this argument, and then use an economic framework to provide clear conditions for a price being "too high."
- Discuss the pros and cons of three possible approaches to drug pricing: (i) negotiations with private companies (e.g., US commercial segment), (ii) cost-effectiveness benchmarks (e.g., UK), (iii) external reference pricing (e.g., most of Europe).
- Medicare Part D mandates that all drugs in a set of 6 protected classes (antidepressants, antipsychotics, anticonvulsants, immunosuppressants, antiretrovirals, antineoplastics) be covered by all plans. Discuss the pros and cons of this regulation.
- A common refrain in media articles is that drug prices are always going up. What are valid economic reasons why drug prices would regularly increase over time? Which drugs would you expect to be more incentivized to increase prices over time?
- Drug companies often provide consumers with "coupons" that cover out-of-pocket costs. Under what conditions would such coupons increase or decrease overall social welfare?