

## **BW37: Information Asymmetries in Healthcare Markets**

### **Motivation**

Information asymmetries are prevalent in healthcare markets: Physicians often have a better understanding of a patient's condition but they may also have financial incentives to recommend one treatment over the other. Thus, patients cannot be certain to receive the right treatment. Moreover, a moral hazard problem may arise when patients are insured.

In this seminar, we analyze the equilibrium outcomes in such markets, and which factors may influence them. The majority of available papers in this course are theoretical but there are also a few experimental ones.

### **Prerequisites**

For some topics, a basic understanding of game theory will be helpful.

### **Examination**

Seminar paper (10-12 pages) and presentation (20-25 minutes plus discussion)

### **Language**

Whereas English is encouraged, students may prepare their paper and/or presentation in German as well.

### **Topics**

- Bester, H. and M. Dahm (2017). Credence goods, costly diagnosis and subjective evaluation. *Economic Journal* 128, 1367–1394.
- Botvinnik-Nezer, R., F. Holzmeister, C. F. Camerer, A. Dreber, J. Huber, M. Johannesson, M. Kirchner, R. Iwanir, J. A. Mumford, R. A. Adcock, et al. (2020). Variability in the analysis of a single neuroimaging dataset by many teams. *Nature* 582, 84–88.
- Crettez, B., R. Deloche, and M.-H. Jeanneret-Crettez (2020). A demand-induced overtreatment model with heterogeneous experts. *Journal of Public Economic Theory* 22, 1713–1733.
- Dai, T. and S. Singh (2020). Conspicuous by its absence: Diagnostic expert testing under uncertainty. *Marketing Science* 39(3), 540–563.
- Gottschalk, F., W. Mimra, and C. Waibel (2020). Health services as credence goods: A field experiment. *The Economic Journal* 130(629), 1346–1383.
- Green, E. P. and A. Kloosterman (2022). Agent sorting by incentive systems in mission firms: Implications for healthcare and other credence goods markets. *Journal of Economic Behavior & Organization* 200, 408–429.
- Liu, T. (2011). Credence goods markets with conscientious and selfish experts. *International Economic Review* 52, 227–244.
- Mimra, W., A. Rasch, and C. Waibel (2016). Second opinions in markets for expert services: Experimental evidence. *Journal of Economic Behavior & Organization* 131, 106–125.
- Sülzle, K. and A. Wambach (2005). Insurance in a market for credence goods. *Journal of Risk and Insurance* 72(1), 159–176.

Szech, N. (2011). Becoming a bad doctor. *Journal of Economic Behavior & Organization* 80, 244–257.

### **Registration**

As there have been issues with the online registration in the past, please send me an email including your matriculation number to sign up for the course.

### **Contact**

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Please let me know if you have any questions, comments, or suggestions.