

Wood

14.472: Public Finance II: MIT Fall 2022

Instructor:

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Teaching assistant:

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Lectures: Monday/Wednesday, 2:30 pm-4:00pm, E51-372

Recitation: Friday, 12-1, E52-532

Course description: The course focuses on government expenditures, specifically social insurance, and redistributive programs. Key topics include theoretical and empirical analysis of insurance market failures, the optimal design of social insurance programs, and the optimal design of redistributive programs.

The department offers two graduate public finance courses: 14.471 (Public Finance I) and 14.472 (Public Finance II). Broadly speaking, 471 focuses on taxation while 472 focuses on expenditures. They may be taken in either order. Students who want to have public finance as a major field must take both 14.471 and 14.472.

The course pre-requisites include the MIT first year graduate micro sequence (previously or in parallel) or equivalent coursework.

Course requirements:

1. Written response papers: There will be 10-12 short written response papers due by midnight the day before each lecture. These written response papers should be 1-2 pages and briefly summarize the paper's contributions as well as identify any flaws in the paper or questions that you may have. You are encouraged to think constructively, such as proposing additional data or tests that could address your concerns or alternative settings in which the methodology could be applied. These written responses count for 15% of the grade.
2. Problem Sets: There will be one problem set that counts for 10% of the grade.
3. Research proposal: There will be one assignment to pose a question motivated by the class and to design a randomized evaluation that could answer it. This will count for 20% of the grade. It will be due on the last day of class, **Wednesday December 12**.
4. Class participation: Active class participation is key for a successful learning experience. It will also count for 15% of the grade.
5. Final Exam: There will be a closed book 3 hour exam during finals week which will cover the entire course material and be worth 40% of the grade.

Course scheduling:

- There are three scheduled lectures that will not occur:
 - Monday September 26 (Rosh HaShana)

- Wednesday October 5 (Yom Kippur)
- Wednesday November 23 (Thanksgiving)
- In their place, Nathan Hendren will give two lectures on place-based policies, tentatively scheduled for **November 8, 5-8 pm in E51-395**. (Pizza will be provided!).

14.472 Home Page: There is a 14.472 site (<https://canvas.mit.edu/courses/15534>) on Canvas. Links for all of the required readings are included on the course website. All assignments should be submitted under the “Assignments” tab. Zoom links for lectures and recitations will be posted here. The Canvas page also links to **Piazza** (<http://piazza.com/mit/fall2022/14472>), which will be used for class discussion. Feel free to post questions on class materials, readings, or general research topics. Adam will respond, though you are highly encouraged to interact with classmates on the forum.

Readings: Students are required to read the papers in bold before class. This is essential for the classroom lecture and discussion to be effective. Readings in *italics* are *highly* recommended for all students, especially those planning to have public finance as a major field.

Office Hours: By appointment.

Reporting bias-related or other incidents: The Economics Department fully endorses the Institute Discrimination and Harrassment Response Office (IDHR) reporting process for any bias-related incident. We encourage students to use this valuable resource if needed for any reason. This process is useful for addressing any issues that may arise with professors, teaching assistants, or other students in this course. If you’ve had a negative experience and aren’t sure if IDHR is the place to go, they can also help you find the right office at MIT to receive support. The department values such reports as important to our pursuit of equitable and inclusive treatment for all students, faculty, and staff. <https://idhr.mit.edu/submitincidentreport>

Accessibility and support: The Economics Department values an inclusive environment. If you need a disability accommodation to access this course, please communicate with us early in the semester. If you have your accommodation letter, please meet with the faculty so that we can understand your needs and implement your approved accommodations. If you have not yet been approved for accommodations, please contact Student Disability Services at uaap-sds@mit.edu to learn about their procedures. We encourage you to do so early in the term to allow sufficient time for implementation of services/accommodations that you may need.

Useful introductory / background texts:

J. Gruber, Public Finance and Public Policy, 5th edition (New York: Worth Publishers, 2016) *relevant chapters are 12-17 – We have posted these on the course web site.*

Moffitt, Robert (ed). 2016. “Economics of Means-Tested Transfer Programs in the United States, Volume II.” University of Chicago Press.

PART I: SOCIAL INSURANCE

I. Introduction: Why Have Social Insurance?

P. Diamond, “Social Security” Presidential Address to the AEA annual meetings, January 2004, *American Economic Review*, March 2004.

M. Feldstein, “Rethinking Social Insurance” Presidential Address to the AEA annual meetings, January 2005, *American Economic Review*, March 2005.

II. Empirical analysis of asymmetric information in insurance markets

Ia. Theory : Adverse Selection and Moral Hazard

Azevedo Eduardo and Daniel Gottlieb. 2017. “Perfect Competition in Markets with Adverse Selection”. *Econometrica* 85(1): 67-105.

Einav, Liran and Amy Finkelstein. 2011. “Selection in Insurance Markets: Theory and Empirics in Pictures.” *Journal of Economic Perspectives* (Vol 25 (1): 115-138).

M. Rothschild and J. Stiglitz, “Equilibrium in Competitive Insurance Markets: An Essay on the Economics of Imperfect Information.” *Quarterly Journal of Economics*, 90(4), November 1976: 629-650.

II.b Testing for selection

Carey, Colleen. 2017. “Technological Change and Risk Adjustment: Benefit Design Incentives in Medicare Part D,” *American Economic Journal: Economic Policy* 9, no. 1 (2017): 38–73

Chiappori, Pierre-Andre and Bernard Salanie. “Testing for Asymmetric Information in Insurance Markets.” *Journal of Political Economy*, 2000, 108 (1), pp. 56-78.

Cooper, Alicia L. and Amal N. Trivedi, 2012. “Fitness Memberships and Favorable Selection in Medicare Advantage Plans,” *New England Journal of Medicine* 366, no. 2 (January 12,): 150–57, <https://doi.org/10.1056/NEJMsa1104273>.

Finkelstein, Amy and Kathleen McGarry. 2006. “Multiple Dimensions of Private Information: Evidence from the Long-Term Care Insurance Market.” *American Economic Review* September, 938 – 958.

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

Fischer, Torben, Markus Frolich, and Andreas Landmann. 2018. "Adverse Selection in Low-Income Health Insurance Markets: Evidence from an RCT in Pakistan."
<http://ftp.iza.org/dp11751.pdf>

Karlan, Dean and Jonathan Zinman. 2009. "Observing Unobservables: Identifying Information Asymmetries with a Consumer Credit Field Experiment," *Econometrica*, Vol. 77, No. 6: 1993–2008

Panhans, Matthew. 2019. "Adverse Selection in ACA Exchange Markets: Evidence from Colorado." *American Economic Journal: Applied Economics*. April. Volume 11 (2): 1-36.

Shepard, Mark. 2022. "Hospital Network Competition and Adverse Selection: Evidence from the Massachusetts Health Insurance Exchange." *American Economic Review*

Wagner, Katherine R H. 2022. "Adaptation and Adverse Selection in Markets for Natural Disaster Insurance." *American Economic Journal: Economic Policy*, 14 (3): 380-421.

II.c Welfare consequences of asymmetric information

Bundorf, Kate M., Jonathan Levin, and Neale Mahoney, 2012, "Pricing, Matching and Efficiency in Health Plan Choice," *American Economic Review* 102(7): 3214-3248

Cabral, Marika, Can Cui, and Michael Dworsky. 2022. "The Demand for Insurance and Rationale for a Mandate: Evidence from Workers' Compensation Insurance." *American Economic Review*, 112 (5): 1621-68.

Chetty, Raj. 2009. "Sufficient Statistics for Welfare Analysis: A Bridge Between Structural and Reduced-Form Methods." *Annual Review of Economics* 1: 451-488.

Cohen, Alma and Liran Einav. 2007. "Estimating Risk Preferences from Deductible Choice" American Economic Review. June: 745-788

DeFusco, Anthony, Huan Tang and Constantine Yannelis. 2021. "Measuring the Welfare Costs of Asymmetric Information in Consumer Credit Markets." NBER WP 29270.

Einav, Liran, Amy Finkelstien and Jonathan Levin. 2010. "Beyond Testing: Empirical Models of Insurance Markets". *Annual Review of Economics* (2): 311-336.

Einav, Liran, Amy Finkelstein and Neale Mahoney. 2021. "The IO of Selection Markets". *Handbook of Industrial Organization* Volume 5(1): Chapter 14. Kate Ho, Ali Hortascu and Allesandro Lizzeri (eds).

Einav, Liran, Amy Finkelstein and Paul Schrimpf. 2010. "Optimal Mandates and the Welfare Cost of Asymmetric Information: Evidence from the U.K. Annuity Market." *Econometrica* 78(3): 1031-1092.

Einav, Liran, Amy Finkelstein and Mark Cullen. 2010. "Estimating Welfare in Insurance Markets Using Variation in Prices." *Quarterly Journal of Economics* 123 (3): 877-921.

Michael Geruso, Timothy J. Layton, Grace McCormack, Mark Shepard; The Two Margin Problem in Insurance Markets. *The Review of Economics and Statistics* 2021;

Landais, Camille, Nekoei, A. Peter Nilsson, David Seim and Johannes Spinnewijn. 2021. "Risk Based Selection in Unemployment Insurance: Theory and Evidence." *American Economic Review* April.

Mahoney, Neale and E. Glen Weyl. (2017). "Imperfect Competition in Selection Markets." *Review of Economics and Statistics* 99 (4): 637-651.

Veiga, Andre and E. Glen Weyl. 2016. "Product Design in Selection Markets" *Quarterly Journal of Economics* 131 (2): 1007-1056.

II.d Welfare Analysis without Revealed Preference

II.d.1 Theory: Why might demand not reveal value

Nathaniel Hendren, Measuring Ex Ante Welfare in Insurance Markets, *The Review of Economic Studies*, Volume 88, Issue 3, May 2021, Pages 1193–1223, <https://doi.org/10.1093/restud/rdaa015>

Spinnewijn, Johannes. 2017. "Heterogeneity, Demand for Insurance, and Adverse Selection.", *American Economic Journal: Economic Policy*,9(1):308-43.

II.d.2. Empirics: incorporating "behavioral economics" into welfare analysis of insurance markets

*Abaluck, Jason and Jonathan Gruber. 2011. "Choice Inconsistencies Among the Elderly: Evidence from Plan Choice in the Medicare Part D program" *American Economic Review* 101(4): 1180-1210.*

Bhargava, Saurabh, George Loewenstein and Justin Sydnor. 2017. "Choose to Lose: Health Plan Choices from a Many with Dominated Option" *Quarterly Journal of Economics*. 132(3): 1319-1372.

Barseghyan, Levon, Jeffrey Prince, and Joshua Teitelbaum. 2011. "Are Risk Preferences Stable across Contexts? Evidence from Insurance Data." *American Economic Review*, 101(2): 591-631.

Barseghyan, Levon, Francesca Molinari, Ted O'Donoghue, and Joshua Teitelbaum. "The Nature of Risk Preferences: Evidence from Insurance Choices." *American Economic Review* 103, no. 6 (2013): 2499-2529.

Cohen, Alma and Liran Einav. 2007. "Estimating Risk Preferences from Deductible Choice" American Economic Review. June: 745-788

Einav, Liran, Amy Finkelstein, Iuliana Pascu and Mark Cullen. 2012. "How General Are Risk Preferences? Choices under Uncertainty in Different Domains." *American Economic Review* 102(6): 2606-2638.

Ericson, Keith and Justin Sydnor. 2018. "Liquidity constraints and the value of insurance." NBER Working Paper 24993.

Handel, Benjamin and Jonathan Kolstad. 2014. "Health Insurance for Humans: Information Frictions, Plan Choice and Consumer Welfare." *American Economic Review*, 105:8, August 2015, 2449-2500. <https://www.aeaweb.org/articles?id=10.1257/aer.20131126> .

Handel, Benjamin. 2013. "Adverse selection and Inertia in Health Insurance Markets: When Nudging Hurts" *American Economic Review* vol. 103 (7), 2013, 2643-2682

Handel, B.R., Kolstad, J.T. and Spinnewijn, J., 2019. Information frictions and adverse selection: Policy interventions in health insurance markets. *Review of Economics and Statistics*, 101(2), pp.326-340.

Kling, Jeffrey, Sendhil Mullainathan, Eldar Shafir, Lee Vermeulen, and Marian Wrobel. 2012 "Comparison Friction: Experimental Evidence from Medicare Drug Plans." *Quarterly Journal of Economics*, 127:1

Polyakova, Maria. 2016. "Regulation of insurance with adverse selection and switching costs: Evidence from Medicare Part D." *American Economic Journal: Applied Economics*, Vol 8, No. 3, July 2016, 165-195.

Sydnor, Justin. 2010. "(Over)insuring modest risks" *American Economic Journal: Applied Economics*, October: 177-199

II.e Analysis of insurance markets in the absence of the market

Brown, Jeffrey and Amy Finkelstein. 2008. "The Interaction of Public and Private Insurance: Medicaid and the Long-Term Care Insurance Market." *American Economic Review* 98 (3): 1083 – 1102.

Fischer, Torben, Markus Frolich, and Andreas Landmann. 2018. "Adverse Selection in Low-Income Health Insurance Markets: Evidence from an RCT in Pakistan." <http://ftp.iza.org/dp11751.pdf>

Herbst, Daniel and Nathaniel Hendren. 2021. "Opportunity Unraveled: Private Information and the Missing Markets for Financing Human Capital" NBER WP 29214

Hendren, Nathaniel. 2013. Private Information and Insurance Rejections. *Econometrica* 81(5) : 1713-1762

*Hendren, Nathan. 2017. "Knowledge of Future Job Loss and Implications for Unemployment Insurance." *American Economic Review*, 107 (7): 1778-1823.*

Hosseini, R. (2015). Adverse Selection in the Annuity Market and the Role for Social Security. *Journal of Political Economy*, 123, 941-984.

Mahoney, Neale. "Bankruptcy as Implicit Health Insurance." (2015) *American Economic Review*, Vol. 105, No. 2, February 2015, 710-746.

III. Optimal Provision of Social Insurance Benefits

Chetty, Raj and Amy Finkelstein. 2013. "Social Insurance: Connecting Theory to Data". Handbook of Public Economics, Vol. 5: 111-193 (Sections 3 and 4)

III.a Theory: Optimal UI Benefits and Levels

M. Baily, "Some Aspects of Optimal Unemployment Insurance," *Journal of Public Economics* 10 (1978), 379-402.

*Chetty, Raj, 2006. "A General Formula for the Optimal Level of Social Insurance." *Journal of Public Economics* November, 1879-1901.*

Hendren, Nathaniel, Camille Landais and Johannes Spinnewijn. 2020. "Choice in Insurance Markets: A Pigouvian Approach to Social Insurance Design." NBER Working Paper 27842.

Schmieder, Johannes and Till von Wachter. 2017. "The Effects of Unemployment Insurance Benefits: New Evidence and Interpretation" *Annual Review of Economics*.

Kolsrud, J., Landais, C., Nilsson, P. and Spinnewijn, J., 2018. The optimal timing of unemployment benefits: Theory and evidence from Sweden. *American Economic Review*, 108(4-5), pp.985-1033.

III.b Empirics I: A bit on moral hazard and a lot on value of insurance

A little bit on the cost side:

Lachowska, Marta, Isaac Sorkin, and Stephen Woodbury. Firms and Unemployment Insurance Take-up, July 2022. NBER Working Paper 30266.

Schmeider, Johannes, Till von Wachter and Stefan Bender. 2012. "The Effects of Extended Unemployment Insurance Over the Business Cycle: Evidence from Regression Discontinuity Estimates Over Twenty Years." *Quarterly Journal of Economics*

R. Topel, "On Layoffs and Unemployment Insurance," *American Economic Review*, 73(4), September 1983, pp. 541-559.

And now for the benefit side

Bronchetti, E. "Worker's Compensation and Consumption Smoothing." *Journal of Public Economics*, 2012, 96: 495-508.

Chetty, Raj and Adam Looney. 2006. "Consumption Smoothing and the Welfare Consequences of Social Insurance in Developing Countries." *Journal of Public Economics* 90: 2351-2356,

Chetty, Raj. "Moral Hazard vs. Liquidity and the Optimal Unemployment Insurance." *Journal of Political Economy* 116(2): 173-234.

Cullen, Julie and Jonathan Gruber. "Does Unemployment Insurance Crowd Out Spousal Labor Supply?" *Journal of Labor Economics*, 18(3), July 2000. 546-572.

Dynarski, Susan and Jonathan Gruber. 1997. "Can Families Smooth Variable Earnings?" *Brookings Papers on Economic Activity* 1, 229-305.

Fadlon, I. and Nielsen, T.H., 2019. Household labor supply and the gains from social insurance. *Journal of public economics*, 171, pp.18-28.

Ganong, P. and Noel, P., 2019. Consumer spending during unemployment: Positive and normative implications. *American Economic Review*, 109(7), pp.2383-2424.

J. Gruber, "The Consumption Smoothing Benefits of Unemployment Insurance" *American Economic Review*, 87(1), March, 1997, pp. 192-205.

Hendren, Nathan. 2017. "Knowledge of Future Job Loss and Implications for Unemployment Insurance." *American Economic Review*, 107 (7): 1778-1823.

Jager, Simon, Benjamin Schoefer and Josef Zweimuller. 2020. "Marginal Jobs and Job Surplus: A test of the efficiency of separations." <http://economics.mit.edu/files/15261>

Kolsrud, Jonas, Camille Landais, Peter Nilsson and Johannes Spinnewijn. 2018. . "The Optimal Timing of Unemployment Benefits: Theory and Evidence from Sweden." *American Economic Review* 108(4-5), 985-1033

Le Barbanchon, Thomas, Roland Rathelot, and Alexandra Roulet. 2019. "Unemployment insurance and reservation wages: Evidence from administrative data. *Journal of Public Economics*

Landais, Camille, Nekoei, A. Peter Nilsson, David Seim and Johannes Spinnewijn. 2021. "Risk Based Selection in Unemployment Insurance: Theory and Evidence." *American Economic Review* April.

Landais, Camille and Johannes Spinnewijn. 2021. "The Value of Unemployment Insurance." *Review of Economic Studies*. 88(6): 3041-3085.

B. Meyer, ““Unemployment Insurance and Unemployment Spells,” *Econometrica*, 58(4), July 1990, pp. 757-782.

Shimer, Robert, and Ivan Werning, 2007, "Reservation Wages and Unemployment Insurance." *Quarterly Journal of Economics*, Vol. 122, No 3, 1134-1185.

III.c. Empirics II: More on Moral hazard

Aron-Dine, Aviva, Liran Einav and Amy Finkelstein. 2015. “Moral hazard in health insurance: do dynamic incentives matter?” *Review of Economics and Statistics*, October: 97 (4): 725-741.

*Aron-Dine, Aviva, Liran Einav and Amy Finkelstein. 2013. “The RAND Health Insurance Experiment, Three Decades Later” *Journal of Economic Perspectives* 27(1): 197-222*

Audrey Guo, Jonathan Zhang. 2019. What to expect when you are expecting: Are health care consumers forward-looking? *Journal of Health Economics*, Volume 67.

Card, David, Raj Chetty and Andrew Weber. 2007. “The Spike at Benefit Exhaustion: Leaving the Unemployment System or Starting a New Job?” *American Economic Review Papers and Proceedings* 97:113-118.

Card David, Raj Chetty, and Andrea Weber Cash-on-Hand and Competing Models of Intertemporal Behavior: New Evidence from the Labor Market. 2007. *Quarterly Journal of Economics* 122(4): 1511-1560,

Einav, L. and Finkelstein, A., 2018. Moral Hazard in Health Insurance: What We Know and How We Know It. *Journal of the European Economic Association*, 16(4), pp.957-982.

Einav, Liran, Amy Finkelstein, Yunan Ji and Neale Mahoney. 2022. “Voluntary Regulation: Evidence from Medicare Payment Reform.” *Quarterly Journal of Economics* 137(1): 565-618.

*Einav, Liran, Amy Finkelstein, Paul Schrimpf, Stephen Ryan and Mark Cullen. 2013. “Selection on moral hazard in health insurance.” *American Economic Review* 103(1): 178-219.*

Einav, Liran, Amy Finkelstein and Paul Schrimpf, 2015 “The Response of Drug Expenditure to Non-Linear Contract Design: Evidence from Medicare Part D.” *Quarterly Journal of Economics*, 2015, 130 (2), 841-899.

*Einav, Liran, Amy Finkelstein, and Paul Schrimpf. 2017. “Bunching at the kink: implications for spending responses to health insurance contracts.” *Journal of Public Economics*, February: 146: 27-40.*

Lee, David, Pauline Leung, Christopher O’Leary, Zhuan Pei, and Simon Quach. 2021. “Are Sufficient Statistics Necessary? Nonparametric Measurement of Deadweight Loss from Unemployment Insurance.” *Journal of Labor Economics* 52(39): April.

Mahoney, Neale. 2022. “Principles for Combining Descriptive and Model-Based Analysis in Applied Microeconomics Research”. *Journal of Economic Perspectives*. August.

Krueger, Alan B., and Bruce D. Meyer. "Labor supply effects of social insurance." *Handbook of public economics* 4 (2002): 2327-2392.

Powell, D. and Goldman, D., 2020. Disentangling moral hazard and adverse selection in private health insurance. *Journal of Econometrics*.

IV. Choice of Instrument (potpourri)

Choice in Insurance Markets

Landais, Camille, Nathan Hendren and Johannes Spinnewijn. 2022. “Choice in Insurance Markets: A Pigouvian Approach to Social Insurance Design.” *Annual Reviews of Economics*

Marone, Victoria and Adrienne Sabety. 2022. “When should there be Vertical Choice in Health Insurance Markets?” *American Economic Review*
<https://victoriamarone.github.io/files/aer.20201073.pdf>

Public provision vs. mandates

J. Gruber, “The Incidence of Mandated Maternity Benefits,” *American Economic Review*, 84(3), June 1994, pp. 622-641.

L. Summers, “Some Simple Economics of Mandated Benefits,” *American Economic Review*, 79(2), May 1989, pp. 177-183.

Public vs. Private Provision

Banerjee, A., Hanna, R., Kyle, J., Olken, B.A. and Sumarto, S., 2019. Private Outsourcing and Competition: Subsidized Food Distribution in Indonesia. *Journal of Political Economy*, 127(1), pp.101-137.

Clemens J, Gottlieb JD, Molnar TL. Do health insurers innovate? Evidence from the anatomy of physician payments. *J Health Econ*. 2017 Sep;55:153-167.

Einav, L., Finkelstein, A. and Polyakova, M., 2018. Private provision of social insurance: drug-specific price elasticities and cost sharing in Medicare Part D. *American Economic Journal: Economic Policy*, 10(3), pp.122-53.

Levin, Jonathan and Steven Tadelis. 2010. “Contracting for Government Services: Theory and Evidence from U.S. Cities.” *The Journal of Industrial Economics* LVIII (3): 507-541.

Epple, D. and Romano, R.E., 1996. Public provision of private goods. *Journal of political Economy*, 104(1), pp.57-84.

Hart, Oliver, Andrei Shleifer and Robert Vishny. 1997. “The Proper Scope of Government: Theory and An Application to Prisons.” *Quarterly Journal of Economics*.

Knutsson, Daniel and Bjorn Tyrefors 2022. “The Quality and Efficiency of Public and Private Firms: Evidence from Ambulance Services. *Quarterly Journal of Economics*

Cabral, Marika and Neale Mahoney. 2019. “Externalities and Taxation of Supplemental Insurance: A Study of Medicare and Medigap.” *AEJ: Applied Economics* 11(2): 33-73.

Cabral, Marika, Michael Geruso, and Neale Mahoney. 2018. “Do Larger Health Insurance Subsidies Benefit Patients or Producers? Evidence from Medicare Advantage.” *American Economic Review* 108(8), August, 2048-87.

Cutler, David M. and Jonathan Gruber, “Does Public Insurance Crowd Out Private Insurance?,” *Quarterly Journal of Economics*, 1996, 111 (2), 391–430.

Peltzman, Sam, “The Effect of Government Subsidies-in-Kind on Private Expenditures: The Case of Higher Education,” *Journal of Political Economy*, 1973, 81 (1), 1–27.

Regulation of Privately Provided Social Insurance

Einav, Liran, Amy Finkelstein, Ray Kluender and Paul Schrimpf. 2016. “Beyond statistics: the economic content of risk scores.” *American Economic Journal: Applied Economics*. 8(2), April 2016.

Einav, Liran, Amy Finkelstein and Pietro Tebaldi. 2018. “Risk Adjustment vs. Subsidies in the Design of Health Insurance Exchanges.” web.stanford.edu/~leinav/wp/riskadj.pdf

PART II: REDISTRIBUTION

VA. Social Welfare Frameworks

Finkelstein, Amy. 2018. “Welfare Analysis Meets Causal Inference: A Suggested Interpretation of Hendren. Lecture note.

Finkelstein, Amy and Nathaniel Hendren. 2020. “Welfare Analysis Meets Causal Inference.” *Journal of Economic Perspectives*

Hendren, Nathaniel. 2016. “The Policy Elasticity,” *Tax Policy and the Economy* 30

Hendren, N., 2020. Measuring economic efficiency using inverse-optimum weights. *Journal of Public Economics*, 187, p.104198.

Hendren, N. and Sprung-Keyser, B., 2020. A unified welfare analysis of government policies. *The Quarterly Journal of Economics*, 135(3), pp.1209-1318.

Kaplow, Louis. 2008. "The Theory of Taxation and Public Economics". Chapters 3; 13-15.

Klevin, Henrik. 2018. "Sufficient Statistics Revisited".
https://www.henrikkleven.com/uploads/3/7/3/1/37310663/kleven_sufficientstats_aug2018.pdf

Currie, Janet and Firouz Gahvari. 2008. "Transfers in Cash and in Kind: Theory Meets the Data." *Journal of Economic Literature* 46 (2): 333-383.

VB: Instruments (Theory)

Akerlof, George. 1978. "The Economics of "Tagging" as Applied to the Optimal Income Tax, Welfare Programs, and Manpower Planning" *American Economic Review* March: 8-19

A. Nichols and R. Zeckhauser, "Targeting Transfers Through Restrictions on Recipients," *American Economic Review* 72 (May 1982), 372-377.

Deshpande, Manasi and Lee Lockwood. 2022. "Beyond Health: Non-Health Risk and the Value of Disability Insurance." *Econometrica* 90(4) 1781-1810.

VC: Application: Cash vs. In-Kind

Banerjee, Abhijit, Rema Hanna, Benjamin Olken, Elan Satriawan, Sudarno Sumarto. 2022. "[Electronic Food Vouchers: Evidence from an At-Scale Experiment in Indonesia.](#)"

Coate, S., S. Johnson, and R. Zeckhauser. 1994. "Pecuniary Redistribution through In-Kind Programs". *Journal of Public Economics* 55, 19-40.

Cunha, J.M., De Giorgi, G. and Jayachandran, S., 2018. The price effects of cash versus in-kind transfers. *The Review of Economic Studies*, 86(1), pp.240-281.

Gadenne, Lucie, Samuel Norris, Monica Singhal, and Sandip Sukhtankar. 2021. "In-Kind Transfers as Insurance." https://msinghal.faculty.ucdavis.edu/wp-content/uploads/sites/340/2021/03/pds_price_risk.pdf

Lieber, E.M. and Lockwood, L.M., 2019. Targeting with In-Kind Transfers: Evidence from Medicaid Home Care. *American Economic Review*, 109(4), pp.1461-85.

Zachary Liscow and Abigail Pershing, Why Is So Much Redistribution In-Kind and Not in Cash? Evidence from a Survey Experiment, *National Tax Journal* 2022 75:2, 313-354

V.D. Application: Take-up and Self-Targeting

Alatas, Vivi, Abhijit Banerjee, Rema Hanna, Benjamin Olken, Ririn Purnamasari, and Matthew Wai Poi. 2016. "Self Targeting: Evidence from a Field Experiment in Indonesia". *Journal of Political Economy*, 124 (2): 371-427.

Anders, Jenna and Charlie Rafkin. 2022. "Welfare Effects of Eligibility Expansions: Theory and Evidence from SNAP." https://www.charlierafkin.com/papers/ar_eligibility.pdf

Bettinger, Eric, Bridget Long, Phil Oreopoulos and Lisa Sanbonmatsu. 2012. "The Role of Simplification and Information: Evidence from the FAFSA Experiment." *Quarterly Journal of Economics* 127 (3): 1205-1242.

*Bhargava, Saurabh and Dayand Manoli. 2015. "Psychological Frictions and the Incomplete Take-up of Social Benefits: Evidence from an IRS Field Experiment" *American Economic Review* 105(11): 3489-3529.*

Bertrand, Marianne, Sendil Mullainathan, and Eldar Shafir. 2004. "A Behavioral-Economics View of Poverty." *American Economic Review Papers and Proceedings*, May 2004, 419-423.

Currie, Janet. 2006. "The Take-up of Social Benefits" in "Poverty, The Distribution of Income, and Public Policy" edited by A. Auerbach, D. Card, and J. Quigley, pp.80-148, New York: Russell Sage

Deshpande, M. and Li, Y., 2019. Who is screened out? application costs and the targeting of disability programs. *American Economic Journal: Economic Policy*

Finkelstein, A. and Notowidigdo, M.J., 2019. Take-up and targeting: Experimental evidence from SNAP. *The Quarterly Journal of Economics*, 134(3), pp.1505-1556.

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Kleven, H.J. and Kopczuk, W., 2011. Transfer program complexity and the take-up of social benefits. *American Economic Journal: Economic Policy*, 3(1), pp.54-90.

Ko, Wonsik and Robert A. Moffitt. 2022. Take-up of Social Benefits. <https://www.nber.org/papers/w30148>

Mullainathan, Sendhil and Eldar Shafir. 2013. Scarcity: Why Having Too Little Means So Much. New York: Henry Holt and Company.

Shilbach, Frank, Heather Shofield and Sendhil Mullainathan. 2016. "The Psychological lives of the poor." *American Economic Review Papers and Proceedings*. May: 106(5): 435-440.

A. Nichols and R. Zeckhauser, "Targeting Transfers Through Restrictions on Recipients," *American Economic Review* 72 (May 1982), 372-377.

Part III: SYNTHESIS: Health Insurance Policy for Low Income Adults

VIA. What Does Subsidized Health Insurance Do?

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