



# ACERH

AUSTRALIAN CENTRE FOR ECONOMIC RESEARCH ON HEALTH

## SEMINAR

**Wednesday, 2 September 2009, 1100-1200**

Bob Douglas Lecture Theatre  
Building 62a, Eggleston Road  
The Australian National University, Canberra

### **Why are health care report cards so bad (good)?**

**Dr Yijuan Chen**

**School of Economics, College of Business and Economics  
Australian National University**

#### **The Speaker**

Yijuan recently received his PhD degree in economics from the University of Pennsylvania in the US, and joined the ANU's School of Economics as a lecturer in July 2009. He also holds a Master degree from the University of Southampton in the UK, and a Bachelor degree from the Xiamen University in China, both in economics. His research in health economics is focused on information disclosure in the health care industry. He has studied the impact of "quality report cards" on the strategic interactions between health care providers and patients. In another paper he exams a particular feature of the evidence law and its effect on medical malpractice and litigation.

#### **Abstract**

Issuing quality report cards for health care providers has drawn heated debates in profession and academia. While supporters say the report cards let outsiders distinguish the high quality provider from the low quality one, critics argue that possession of private patient information allows providers to manipulate their performance by selecting patients. This presentation introduces a signaling-game theoretical foundation, upon which an empirical framework is proposed, to study the effects of issuing quality report cards for health care providers. We will see that, when providers face an identical distribution of patient illness severity types, a trade-off between multidimensional measures in the existing report cards renders them a mechanism that reveals the providers' qualities without causing providers to select patients. However, non-identical patient type distributions between providers, attributed to the referring physician, may force the high-quality provider to shun patients in order to signal himself. Despite this imperfection, the existing report cards cause the minimum selection compared with alternative report mechanisms. In contrast to prior research, the theoretical results imply that a single difference-in-differences estimate is not sufficient to indicate providers' selection behavior, and cannot capture the report cards' long run welfare effect with short run data. In the new empirical framework, a treatment effect will be estimated once every period.

#### **Parking**

A campus map for ANU can viewed on the University's web site (<http://campusmap.anu.edu.au/>). Visitors to the campus are advised to take a taxi to the venue if possible. The closest Pay Parking is at University House (pay at the meter in the quadrangle). Access to the Bob Douglas Lecture Theatre is by direct entry into Building 62a off Eggleston Road.

For enquiries about this seminar contact Ms Rowena Harvey ([ACERH@anu.edu.au](mailto:ACERH@anu.edu.au) or +61 2 6125 3688) or Professor Jim Butler ([jim.butler@anu.edu.au](mailto:jim.butler@anu.edu.au)).