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CSS Institute for Empirical Health Economics, Lucerne

June 10, 2022

Room 5.250

Room 5.258

10.15	Arrival	
10.25 – 10.30	Christian P.R. Schmid: Welcome	
10.30 – 11.05	1A – Health Equality (Chair: Ana Ona) Zora Föhn: Individual attitude for risk and income solidarity in healthcare costs, <i>discussed by Armando N. Meier</i>	1B – Health Care Expenditures (Chair: Simon Wieser) Emiliano Soldini: Cost-effectiveness of Crisis Resolution Home Treatment for the management of acute psychiatric crises in Ticino, <i>discussed by Peter Zweifel</i>
11.05 – 11.40	Ana Ona: To what extent do unmet health care needs explain health inequalities? A direct regression inequality decomposition, <i>discussed by Katharina Blankart</i>	Simon Wieser: Health care spending by disease in Switzerland in 2012 and 2017 – A decomposition analysis, <i>discussed by Dilek Sevim</i>
11.40 – 12.00	Coffee Break	
12.00 – 12.35	2A – Physician Dispensing (Chair: Tobias Müller) Hyacinthe Müller: Does introducing physician dispensing affect drug prescriptions? Evidence from Switzerland, <i>discussed by Igor Francetic</i>	2B – Pharmaceuticals (Chair: Armando N. Meier) Katharina Blankart: The effects of off-label drug use on disability and health care use, <i>discussed by Helge Liebert</i>
12.35 – 13.10	Tobias Müller: Rents for Pills: Financial Incentives & Physician Behavior, <i>discussed by Konstantin Beck</i>	Armando N. Meier: Monetary incentives increase COVID-19 vaccinations, <i>discussed by Linn Hjalmarsson</i>
13.10 – 14.30	Lunch	
14.30 – 15.05	3A – Providers and Health Insurance (Chair: Igor Francetic) Linn Hjalmarsson: The Impact of Interpersonal Discontinuities in Primary Care: A Study of Practice Handovers, <i>discussed by Tobias Müller</i>	3B – Health Economic Theory (Chair: Dilek Sevim) Konstantin Beck: How to evaluate the number of lost life years due to a pandemic disease?, <i>discussed by Simon Wieser</i>
15.05 – 15.40	Helge Liebert: Who Increases Emergency Department Use? New Insights from the Oregon Health Insurance Experiment, <i>discussed by Zora Föhn</i>	Peter Zweifel: Mitigating adverse selection through multi-peril insurance policies, <i>discussed by Emiliano Soldini</i>
15.40 – 16.15	Igor Francetic: Selection on moral hazard in the Swiss market for mandatory health insurance: Empirical evidence from Swiss Household Panel data, <i>discussed by Hyacinthe Müller</i>	Dilek Sevim: Decision Thresholds for Medical Tests Under Ambiguity Aversion, <i>discussed by Ana Ona</i>
16.15 – 16.35	Coffee Break	
16.35 – 17.15	Günther Fink: Estimating the Utility Cost of Covid-19 Restrictions - Evidence from Switzerland	
17.15 – 17.25	Christian P.R. Schmid: Concluding Remarks	
17.30 – 18.30	Annual Meeting of the SGGÖ	

1A – Health Equality

10.30 – 11.40, Room 5.250, chaired by Ana Ona, Swiss Paraplegic Center

Individual attitude for risk and income solidarity in healthcare costs

Presenter: Zora Föhn, University of Lucerne

Co-Author(s):

Discussant: Armando N. Meier, University of Lausanne

Abstract: Solidarity in health care financing is a central element of European health policy but differs between financing systems. In light of current debates, knowledge of citizens' preferences on solidarity is crucial for governance. There are studies on the determinants of redistributive preferences, but they do not specifically address solidarity in health care financing. This article examines the Swiss population's attitudes towards risk and income solidarity in health care costs and analyses which aspects determine attitudes towards it.

Data from a population survey in Switzerland (N=4'873) are used. Based on regression modeling, the statistical relationship between self-interest (income, health status, risk aversion), belief (trust in health care, attitude towards self-causation of health or poverty, political attitude) and attitudes towards income and risk solidarity is tested.

For both aspects of solidarity, political attitudes and trust in the current health system are the most important determinants of individual attitudes. Risk aversion is positively related to income solidarity, but not to risk solidarity. Health status is negatively associated with risk solidarity, while higher income has a negative association with both forms of solidarity.

The results suggest that factors of self-interest and belief are related to attitudes towards risk and income solidarity in health care financing, but that attitudinal factors have a stronger influence than aspects of self-interest.

To what extent do unmet health care needs explain health inequalities? A direct regression inequality decomposition

Presenter: Ana Ona, Swiss Paraplegic Center

Co-Author(s): Kyriakides Athanasios, U. of Patras
Christian Sturm, Med. HS Hannover
Piotr Tederko, Medical U. of Warsaw
Xu Guang, Hospital of Nanjing Med. U.
Reuben Escorpizo, U. of Vermont
Diana Pacheco, Swiss Paraplegic Res.
Mohit Arora, U. of Sydney

Discussant: Katharina Blankart, University of Duisburg-Essen

Abstract: Inequality in health is a prevalent and growing concern across countries where people facing disabilities are disproportionately affected. Unmet healthcare needs explain a large part of the observed differences; however, there are other causes, many unavoidable, that also play a role.

This article explores the health concentration across income levels in populations with spinal cord injury (SCI). SCI is of special interest in the study of health systems, as it is an irreversible, long-term health condition that combines a high level of impairment with a series of comorbidities. Through a direct regression approach to decomposing socioeconomic health inequality, we analyze the importance of avoidable and unavoidable factors in these inequalities. To do so, we use two health outcomes: years with the injury and a comorbidity index. Data come from the International Spinal Cord Injury Survey (InSCI), which collected information on the lived experience of people with SCI in 22 countries around the world.

The results show that for the years living with SCI, the differences are mainly explained by the age of the injury of the participants (unavoidable factor). However, in terms of comorbidities, avoidable factors explain most inequalities observed: unmet healthcare needs followed by the causes of the injury. Results vary by country exhibiting a prevalence of pro-rich inequalities: better health outcomes are concentrated among high-income groups.

2A – Physician Dispensing

12.00 – 13.10, Room 5.250, chaired by Tobias Müller, Bern University of Applied Sciences

Does introducing physician dispensing affect drug prescriptions? Evidence from Switzerland

Presenter: Hyacinthe Müller, University of St. Gallen

Co-Author(s):

Discussant: Igor Francetic, University of Manchester

Abstract: Prescribing and dispensing medical drugs is strictly separated in many developed countries in outpatient care. One major reason for this separation is the prevention of moral hazard. However, some countries explicitly allow physicians to directly dispense drugs to their patients (physician dispensing). Earning markups on dispensed drugs may incentivise physicians to not prescribe drugs that are optimal for their patients, but rather drugs that maximise markups. Using rich health insurance claims data, I empirically investigate this agency problem by measuring the effects of the introduction of physician dispensing on prescription drug expenditures in three Swiss cities, Zurich and Winterthur in 2012, and Schaffhausen in 2018. I apply a difference-in-difference approach and provide long-term dynamics of the potential effects in Zurich and Winterthur. My hypothesis is that prescription drug expenditures per patient increase following the policy changes. Two channels are likely to drive potential effects, quantities and prices of prescribed drugs. In the absence of a welfare evaluation of the policy changes, eliminating markups on prescription drugs dispensed by physicians could be a way to prevent moral hazard even under the presence of physician dispensing.

Rents for Pills: Financial Incentives & Physician Behavior

Presenter: Tobias Müller, Bern University of Applied Sciences

Co-Author(s): Christian P.R. Schmid, CSS Institute
Michael Gerfin, University of Bern

Discussant: Konstantin Beck, University of Lucerne

Abstract: *Objectives:* We study the impact of financial incentives on the prescription behavior of physicians.

Methods: We exploit a natural experiment that resulted from a recent reform in two large cities in Switzerland. The reform opened up an additional income channel for physician by allowing them to earn a markup on drugs they prescribe to their patients (so-called "physician dispensing"). Based on a two-step procedure that combines entropy balancing and DiD estimation, we estimate the effect of dispensing on drug costs, prescription volumes and physician earnings.

Results: We find that the reform leads to an increase in drug costs by about +\$20 per patient translating to significantly higher physician earnings (+\$30). We show that the revenue increase can be decomposed into a substitution and rent-seeking component. Our analysis indicates that physicians engage in rent-seeking by substituting larger with smaller packages and cherry-picking more profitable brands. Although patient health is not sacrificed, the rent-seeking behavior results in unnecessary costs for society.

Discussion: Recent estimates by the OECD proclaim that 20% of health care spending in industrialized countries are wasteful and inefficient. Large chunks of that waste result from inadequate incentives. In light of this, it's highly questionable whether it is a smart idea to expose physicians to additional monetary incentives. Our analysis provides a clear answer.

2B – Pharmaceuticals

12.00 – 13.10, Room 5.258, chaired by Armando Meier, University of Lausanne

The effects of off-label drug use on disability and health care use

Presenter: Katharina Blankart, University of Duisburg-Essen

Co-Author(s): Frank Lichtenberg, Columbia University

Discussant: Helge Liebert, University of Zurich

Abstract: *Objectives:* The inefficiency of using a drug off-label (whether the drug has been approved to treat the condition) is not well understood. We examine the potential gains from using the right technology (drug) in the right place (condition) and also account for the contribution of innovation (when the drug was approved).

Methods: To empirically investigate the role of off-label use, we combine data from a pharmaceutical reference database (Thériaque) with data from the U.S. Medical Expenditure Survey for 1996-2015. We link 13,561 unique combinations of active ingredients by condition to data on 201,489 individuals by 219 conditions and product-level prescription data provided by the US Medical Expenditure Panel Survey, 1996-2015. To investigate the effect of the fraction of drugs used off-label we estimate 2-way (by individual and condition) fixed-effect models.

Results: Our estimates suggest that work loss would be 15% lower, and that hospital utilization would be 22% lower, if no drugs were used off-label relative to 2015 levels of off-label use. The estimated per capita value of eliminating off-label use is \$515--12.9% of medical expenditure and work-loss cost. Off-label use is higher in smaller markets and for older vintage drugs. The fraction of treatments used off-label declined from 59% in 1996 to 44% in 2015.

Discussion: Off-label drugs are technologies that either have no effect or harm the person.

Monetary incentives increase COVID-19 vaccinations

Presenter: Armando N. Meier, University of Lausanne

Co-Author(s):

Discussant: Linn Hjalmarsson, University of Bern

Abstract: The stalling of COVID-19 vaccination rates threatens public health. To increase vaccination rates, governments across the world are considering the use of monetary incentives. Here we present evidence about the effect of guaranteed payments on COVID-19 vaccination uptake. We ran a large preregistered randomized controlled trial (with 8286 participants) in Sweden and linked the data to population-wide administrative vaccination records. We found that modest monetary payments of 24 US dollars (200 Swedish kronor) increased vaccination rates by 4.2 percentage points ($P = 0.005$), from a baseline rate of 71.6%. By contrast, behavioral nudges increased stated intentions to become vaccinated but had only small and not statistically significant impacts on vaccination rates. The results highlight the potential of modest monetary incentives to raise vaccination rates.

3A – Providers and Health Insurance

14.30 – 16.15, Room 5.250, chaired by Igor Francetic, University of Manchester

The Impact of Interpersonal Discontinuities in Primary Care: A Study of Practice Handovers

Presenter: Linn Hjalmarsson, University of Bern

Co-Author(s): Tamara Bischof, University of Bern
Boris Kaiser, B,S,S. Basel

Discussant: Tobias Müller, Bern University of Applied Sciences

Abstract: *Objectives:* We study handovers of primary care practices in Switzerland during the period of 2007-2015 to investigate how interpersonal discontinuities of care affect patients' health care utilization and health-related outcomes. Practice handovers provide an interesting setting because they trigger an interpersonal disruption in care, while access to care remains the same.

Methods: We employ a difference-in-differences strategy to identify causal effects by comparing changes in outcomes between patients affected by practice handovers and a similar, but non-affected group of patients. Combining rich claims-level data from a major Swiss health insurer with provider-level register data, we construct a matched patient-provider panel covering around 300,000 patients.

Results: Our preliminary findings suggest that practice handovers lead to somewhat fewer general practitioner visits, which is partially offset by a small increase in specialist visits. While we do not observe a difference in overall health care expenditures, we find that expenditures per visit are somewhat rising. Considering health-related outcomes, we observe a minor increase in hospitalizations.

Discussion: Overall, we find moderate effects induced by practice handovers, indicating that interpersonal discontinuity is less of a burden to the general patient population compared to limited access to care. These insights help to better understand previous findings in the related literature.

Who Increases Emergency Department Use? New Insights from the Oregon Health Insurance Experiment

Presenter: Helge Liebert, University of Zurich

Co-Author(s): Austin Denteh, Tulane University

Discussant: Zora Föhn, University of Lucerne

Abstract: We provide new insights into the finding that Medicaid increased emergency department (ED) use from the Oregon experiment. Using nonparametric causal machine learning methods, we find economically meaningful treatment effect heterogeneity in the impact of Medicaid coverage on ED use. The effect distribution is widely dispersed, with significant positive effects concentrated among high-use individuals. A small group - about 14% of participants - in the right tail with significant increases in ED use drives the overall effect. The remainder of the individualized treatment effects is either indistinguishable from zero or negative. The average treatment effect is not representative of the individualized treatment effect for most people. We identify four priority groups with large and statistically significant increases in ED use - men, prior SNAP participants, adults less than 50 years old, and those with pre-lottery ED use classified as primary care treatable. Our results point to an essential role of intensive margin effects - Medicaid increases utilization among those already accustomed to ED use and who use the emergency department for all types of care. We leverage the heterogeneous effects to estimate optimal assignment rules to prioritize insurance applications in similar expansions.

3A – Providers and Health Insurance

14.30 – 16.15, Room 5.250, chaired by Igor Francetic, University of Manchester

Selection on moral hazard in the Swiss market for mandatory health insurance: Empirical evidence from Swiss Household Panel data

Presenter: Igor Francetic, University of Manchester

Co-Author(s):

Discussant: Hyacinthe Müller, University of St. Gallen

Abstract: *Objectives:* The extent of selection on moral hazard – coverage driven by heterogeneity in behavioural responses to health insurance, i.e., utilization slopes rather than levels – is mostly an open empirical question. Our goal is to measure it in the context of the Swiss managed competition system.

Methods: We use a mix of data from the Swiss Household Panel and from publicly available regulatory data. We use the (log) number of doctor visits as a proxy for healthcare utilization and study the response to unexpected injury or illness, which we argue to be plausibly exogenous conditionally on covariates. To address the endogeneity between coverage choice and risk types, we employ an instrumental variable approach and compare responses of individuals switching deductible to those maintaining the same coverage.

Results: On average, individuals switching from higher to lower deductible levels consumed 12 to 25 percent more healthcare compared to individuals who had already selected the same deductible level. Analogously, individuals switching from lower to higher deductible showed milder responses to the health shock compared to high-risk individuals.

Discussion: Our results support the mechanisms of selection on moral hazard, confirm predictions of simple models of selection on moral hazard in health insurance, and match the magnitude of results found in previous contributions. We discuss potential implications for the regulation of the Swiss mandatory health insurance market.

3B – Health Economic Theory

14.30 – 16.15, Room 5.258, chaired by Dilek Sevim, University of Basel

How to evaluate the number of lost life years due to a pandemic disease?

Presenter: Konstantin Beck, University of Lucerne

Co-Author(s):

Discussant: Simon Wieser, ZHAW Winterthur Institute of Health Economics

Abstract: *Objective:* The standard approach to quantify the burden of a pandemic disease is to calculate the volume of individual life years lost, times an appropriate value per year. This paper focus on the first factor, frequently applied, however often in an inconsistent way. Given a population with constant life expectancy, each individual has a positive expected amount of remaining life years. So, each death seems to produce a loss in life expectancy. But, as long as the total number of deaths within a period is equal in number and structure to the expected share of deaths, the society cannot lose life expectancy. There seems to be a contradiction between individual and societal expectation.

Method: This paper introduces the concept of excess-mortality as the missing link necessary to balance out individual and societal expectations described above. It derives the concept through logical reasoning, and shows its impact in an empirical part, based on public demographic data, that would be updated for the presentation.

Results: This argumentation goes way beyond the often-criticized distinction between died because of or merely with Covid-19, since the proposed change in calculation shrinks the number of years lost by Covid-19 dramatically – e.g., by -95% for people below 65 years of age.

Discussion: It goes without saying, that redefining the number of lost life years will have a huge impact on the evaluation of public health measures taken to cope with a pandemic disease.

Mitigating adverse selection through multi-peril insurance policies

Presenter: Peter Zweifel, University of Zurich

Co-Author(s):

Discussant: Emiliano Soldini, University of Applied Sciences and Arts of Southern Switzerland (SUPSI)

Abstract: *Objectives:* The objective of this paper is to pursue an intuitive idea: If a consumer who is an unfavorable health risk but a “better” risk as a driver, would a multi-peril policy not be associated with a reduced selection effort on the part of the insurer? If this intuition should be confirmed, it could serve to mitigate the decade-long concern with risk selection both in the economic literature and by policy makers.

Methods: A two-perils model is developed in which consumers deploy effort in search of a policy offering them most coverage at the going premium while insurers deploy effort designed to stave off unfavorable risks. Two types of Nash equilibria are compared, one in which the insurer is confronted with a high-risk and a low-risk type for coverage of one peril and another one, where both types are “better” risks with regard to a second peril.

Results: The difference in selection effort confronting high-risk and low-risk types is indeed found to be reduced in the two-peril case.

Discussion: In countries with competitive health insurance (including Switzerland), risk selection is a major concern. Yet the separation of insurance lines makes it impossible for insurers to issue multi-peril policies including compulsory health insurance. The findings of this paper suggest that lifting this separation could be beneficial in terms of mitigating adverse selection especially in health insurance.

3B – Health Economic Theory

14.30 – 16.15, Room 5.258, chaired by Dilek Sevim, University of Basel

Decision Thresholds for Medical Tests Under Ambiguity Aversion

Presenter: Dilek Sevim, University of Basel

Co-Author(s): Stefan Felder, University of Basel

Discussant: Ana Ona, Swiss Paraplegie Center

Abstract: *Objectives:* Medical decisions are often made based on limited information, which makes the attitudes of decision makers (DMs) towards ambiguity significantly relevant. This paper aims to establish the effect of ambiguity aversion on the test and treatment decisions under diagnostic and therapeutic ambiguity.

Methods: Our analysis is based on the two classical decision-making models under uncertainty: Pauker and Kassirer's (1980) model on diagnostic risk and Eeckhoudt's (2002) model on therapeutic risk. We introduce ambiguity as multiple probabilities of disease in the diagnostic model and as multiple failure rates of treatment in the therapeutic model. We use the smooth ambiguity model by Klibanoff, Marinacci and Mukerji (2005) to study the effect of ambiguity aversion on the test and treatment decisions.

Results: We show that under diagnostic ambiguity, ambiguity aversion makes testing more attractive if the default option is no treatment and less attractive if the default option is treatment. Under therapeutic ambiguity, ambiguity aversion reduces the tolerance towards treatment failure so that test option is chosen at a lower failure rate of treatment.

Discussion: This paper extends the classical decision threshold analysis by establishing the effect of ambiguity aversion on the test and test-treatment thresholds. By doing so, our analysis contributes to the understanding of the observed heterogeneity of treatment decisions in medical practice.



5th Swiss Health Economics Workshop, June 10, 2022



List of participants

Last name, first name	Affiliation	Last name, first name	Affiliation
Aebersold, Helena	University of Zurich	Meier, Cornelia	Santésuisse
Ammann, Daniel	Bern University of Applied Sciences	Meier, Niklaus	Bern University of Applied Sciences
Baloghova, Karolina	Independent HEOR Consultant	Müller, Hyacinthe	University of St. Gallen
Bardy, Tess	University of Lucerne	Müller, Tobias	Bern University of Applied Sciences
Beck, Konstantin	University of Lucerne	Ona, Ana	Swiss Paraplegic Centre
Bilger, Jana	Bern University of Applied Sciences	Pletscher, Mark	Bern University of Applied Sciences
Bill, Marc	Polynomics	Rellstab, Sara	Università della Svizzera Italiana
Blankart, Katharina	University of Duisburg-Essen	Riabchenko, Kateryna	University of Lausanne
Blankart, Rudolf	University of Bern	Salari, Paola	University of Basel
Dawson-Townsend, Kathryn	University of Lucerne	Schärer, Xavier	ZHAW
Eugster, Beatrix	University of St. Gallen	Schmid, Christian	CSS Institute
Felder, Stefan	University of Basel	Schreiner, Nicolas	CSS Institute
Fink, Günther	Swiss TPH	Schütz, Esther Undine	Bundesamt für Gesundheit
Fischer, Barbara	Polynomics	Sevim, Dilek	University of Basel
Föhn, Zora	University of Lucerne	Sharakin, Maxim	ZHAW
Francetic, Igor	University of Manchester	Soldini, Emiliano	SUPSI
Gerfin, Michael	University of Bern	Sontheim, Valentina	University of Lucerne
Hjalmarsson, Linn	University of Bern	Stamm, Mélanie	ZHAW
Holly, Alberto	University of Lausanne	Stucki, Michael	ZHAW
Jimenez, Mario	Gavi, The Vaccine Alliance	Telser, Harry	Polynomics
Kauer, Lukas	CSS Institute	Töngi, Fabienne	University of Bern
Krämer, Florentin	BSS Volkswirtschaftliche Beratung	Tzogiou, Christina	ZHAW
Liebert, Helge	University of Zurich	Weitkunat, Rolf	Bundesamt für Statistik
Luyet, Stéphane		Wieser, Simon	ZHAW
Mäder, Beatrice	Polynomics	Zabrodina, Véra	University of Basel
Meier, Armando N.	University of Lausanne	Zweifel, Peter	University of Zurich