

Seminar

“Managing Imperfect Competition by Pay for Performance and Reference Pricing”

(in English)



Prof. Henry Mak

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Abstract:

I study a managed healthcare market where differentiated providers compete for consumers by choosing multiple service qualities, and where prices that consumers pay and payments that firms receive for services are set by a regulator. The optimal regulation scheme is two-sided. On the demand side, it justifies and clarifies value-based reference pricing. On the supply side, it prescribes pay for performance when consumers misperceive service benefits or providers are not-for-profit. The optimal bonuses are expressed in terms of demand elasticities, service technology, and provider characteristics. However, pay for performance may not outperform prospective payment system when consumers are rational and providers are profit maximizing, or when one of the service qualities is not contractible.

Date: 13 February 2017 (Monday)

Time: 10:30am – 12:00nn

Venue: WYL314, Dorothy Y. L. Wong Building

Biography:

Henry Mak is Assistant Professor at Indiana University-Purdue University Indianapolis (IUPUI). His research interests are in industrial organization, information and incentives, and health economics. He was a Max Weber Fellow at the European University Institute in 2011-2012, and obtained his Ph.D. in Economics from Boston University in 2012. He has published in Journal of Economics & Management Strategy, Journal of Economic Behavior and Organization, and RAND Journal of Economics.