

# ECON 4902 Economics - Theory and Reality

## Understanding Amy Finkelstein



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### Introduction

#### Amy Finkelstein

- Economist in MIT

#### Area of focus :

- Public Finance
- Health Economics

#### Area of Research :

- government intervention in insurance market
- Medicaid
- Medicare



### Research Contribution

Medicare and Medicaid program in US 

#### Medicare

- Health insurance program
- Covers hospital insurance, medical insurance and prescription drug coverage

#### Medicaid

- Largest health coverage scheme with over 70 million people
- Offered by the states and federal to provide health coverage

### Effect of Health Insurance

Medicare would increase:

- Hospital utilization
- Hospital employment and facilities
- Hospital spending
- Hospital technology adoption



For society, Medicare would

- Reduce financial payment of elderly and disabilities
- Improve the quality of medical service

### Effect of Medicaid Coverage

Medicaid Coverage

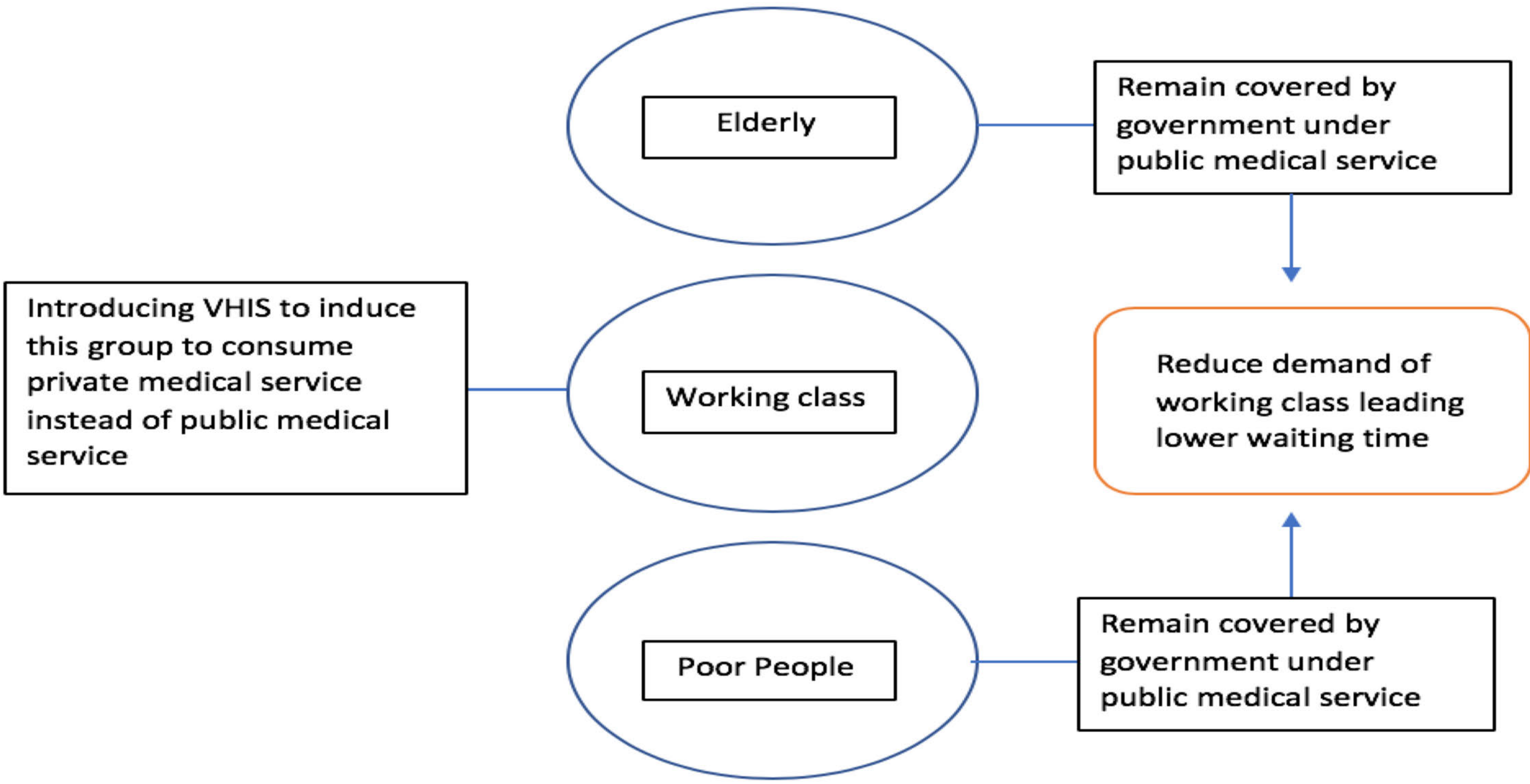
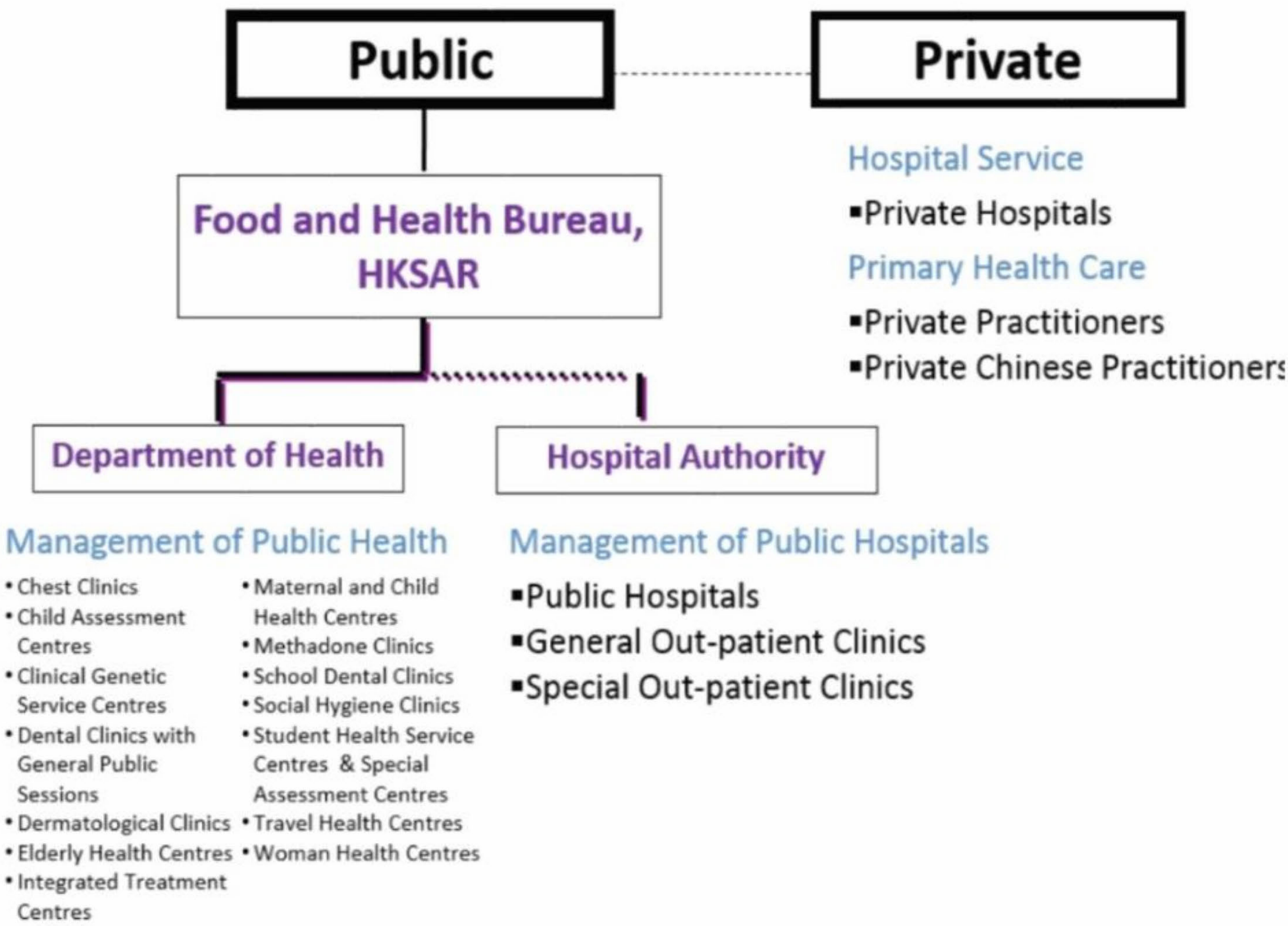
- Reduce the financial risk faced by individuals.
- Reduce 40% of borrowing money skipping in medical fee
- Improved health and well-being

### Effect of Voluntary Health insurance Program

U.S. vs HK Situation

Group	U.S.	HK
Elderly	Medicare	Government: Public Medical Service
Working Class	Employer	
Poor	Medicaid	

### Application to HK's medical system



### Conclusion

- Medicare and Medicaid would lead to advance technology and reduce financial burden
- VHIS program would yield similar effect as Medicare and Medicaid through target group classification

