October 10, 2019

Dear Profs. Handel, Ho and Kolstad,

I would like to apply to the Health Economics Research Boot Camp for Graduate Students. Please see below my CV and an essay explaining the rationale for attending the boot camp and describing my research.

Thank you for considering my application.

Sincerely,

Eran Politzer

PhD Candidate in Health Policy - Economics Track (G4),

Harvard University

Contact details:

Name : Eran Politzer

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Address : 24 Concord Ave, Apt. #207, Cambridge MA 02138

Phone : 617-800-6786

Recommendation letter by: Prof. Thomas G. McGuire

ERAN POLITZER
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Education

2016 - **Harvard University**
PhD candidate in Health Policy – Economics Track

2011 **The Hebrew University of Jerusalem**, Department of Economics
M.A. in Economics – Research Track

2003 **The Hebrew University of Jerusalem**, School of Computer Science and Engineering
B.Sc. in Computer Sciences, sections in Mathematics and Economics (*magna cum laude*)

Work Experience

2012-2016 **Bank of Israel**, Research Department
Economist at the Policy Unit, Macroeconomics and Policy Division

2012 **Ministry of Finance**, Department of the Chief Economist, Israel
Economist (temporary)

2011 **Citigroup Global Markets Limited**, United Kingdom
Intern analyst in investment banking

2007-2010 **Israel Broadcasting Authority**, Voice of Israel Radio
Macroeconomics correspondent

2006-2007 **NDS Group Ltd.**, Israel
Software developer, R&D team, part-time

2003-2005 **Check Point Software Technologies Ltd.**, Israel
Software developer, R&D team

Publications

Peer-reviewed journals:

- "The Economic Burden of Health Disparities Related to Socioeconomic Status in Israel" (with Amir Shmueli and Shlomit Avni), *Israel Journal of Health Policy Research* (2019)
- "The Effects of Legislated Tax Changes on Tax Revenues in Israel" (with Adi Brender), *The Economic Quarterly* (2018)

Bank of Israel's publications:

- "The Link Between Social Status and Health", box in *Fiscal Survey and Selected Research Analyses, Bank of Israel* (2016)
- "The Flow of Funds in Israel's National Health Expenditure," box in *Bank of Israel Annual Report 2014* (2015)

- "Fixed Capital Formation in the Israeli Healthcare System," box in *Recent Economic Developments No. 138* (2015*), Bank of Israel*
- "Errors and Deviations in Projecting Tax Revenues in the State Budget," box in *Bank of Israel Annual Report 2013* (2014)
- "Budgeting in the Public Health Care System and Updating of the Budget for the Basket of Health Services," box in *Recent Economic Developments No. 136* (2014), *Bank of Israel*
- "Health Expenditure in Israel—An International Comparison of Demographic Factors and Cost Structures," box in *Recent Economic Developments No. 135* (2013), *Bank of Israel*

Teaching

2015 **Hadassah College Jerusalem**
Lecturer (Health Economics for Non-Economists)

Committees

2013-2014 **Advisory Committee on Strengthening the Public Health Care System**, Israel
Observer

PhD Courses

- Microeconomic Theory I + II (ECON2020A, ECON2020B)
- Econometrics I (ECON2110)
- Intro to Applied Econometrics (ECON2120)
- Core Course in Health Policy (HLTHPOL2000A, HLTHPOL2000B)
- Political Economics (ECON2412A)
- U.S. Healthcare Industry and Regulatory Policy (SUP578)
- Labor Economics I + II (MIT14.661, ECON2810B)
- Public Economics I + II (ECON2450A, MIT14.472)
- Health Economics Workshop (ECON2460)
- Political Analysis and Strategy for U.S. Health Policy (HPM247)
- Health Care Issues – Public vs. Market Resolutions (HPM545)

As a fourth year PhD student in Harvard's Health Policy program I believe that participating in the health economics research bootcamp at the NBER would be a great opportunity for me. It will help me better understand the current research frontier in health economics and find new research ideas, especially in areas that are not within my current research focus. It will also allow me to interact with fellow students and with experienced researchers in the area.

My current research mainly focuses on health insurance issues. Together with Prof. Timothy Layton, I'm asking how a shift from public to private health insurance affects spending and insurees' health. Specifically, I study recent shifts of states' Medicaid programs for disabled individuals from a fee-for-service system, managed by the state, to a managed care system operated by risk-bearing private insurers. I use a difference in differences framework for the analysis, and exploit the fact that during my sample period some counties have shifted to managed care by enforcing an enrollment mandate, while other similar counties have remained with a fee for service system throughout the period or made the shift a few years later.

In a second project, together with Prof. Thomas McGuire, I explore a possible way to improve risk adjustment schemes by setting utilization thresholds, i.e. by ignoring morbidity indicators, such as diagnoses and drug prescriptions, unless they appear in claims that together reflect a high enough utilization. Risk adjustment schemes, built to reduce the incentives for selection of healthier or more profitable insurees, try to equalize the expenditure risk of insurers operating in the same market. The equalizing funds transferred between insurers are usually determined by predicting insurees' costs in each plan, often based on diagnoses and drugs prescribed. I show that non-zero utilization thresholds may improve the fit of the prediction model, and that the optimal threshold depends on the underlying cost distribution and thus is an empirical question. I use the setting of the ACA marketplaces to find optimal days' supply thresholds for risk adjustors that are based on

drug prescriptions – adjustors that were recently added to the marketplace risk adjustment scheme. In addition to the impact that utilization thresholds may have on the fit of the prediction model, I also explore how such thresholds may affect insurers' incentives for gaming and upcoding.

Lastly, I would like to investigate whether the time insurees are expected to remain in their current health plan affects the incentives of risk-bearing insurers to provide more or better preventive care. Such incentives may arise if the current care affects spending in the future. I intend to examine this issue empirically by using data on disabled beneficiaries eligible for Supplemental Security Income (SSI) in Medicaid managed care. Some of these beneficiaries are eligible also for Social Security Disability Insurance (SSDI) payments, and thus will transfer to Medicare after a waiting period of at most two years and five months. The rest of the beneficiaries are expected to remain in Medicaid for a much longer period. I plan to test whether the difference in the "horizon" of each population in Medicaid impacts insurers' behavior and the provision of preventive care. I will try to exploit managed care enrollment mandates in Medicaid to compare the care provided by risk-bearing insurers to the care provided within a fee-for-service system.

I would be thrilled to participate in the health economics research bootcamp. I am certain that it would help me further develop my current research, and also find new directions for future research. Thank you for considering my application.

HARVARD MEDICAL SCHOOL
DEPARTMENT OF HEALTH CARE POLICY

THOMAS G. MCGUIRE
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October 10, 2019

Dear Ben, Kate and Jon:

I am writing in support of **Eran Politzer**'s application to attend this year's Health Economics Research Boot Camp for Graduate Students

Eran is a fourth-year student in the Ph.D. program in health policy, studying in the econ track. As Jon knows first-hand, there is a range of students within the track in terms of whether they look more like health economists coming from econ phds or those more like health services researchers. Eran is of the former stripe. He would fit right in at the bootcamp in terms of his interests/training/capabilities in economics and statistics.

Eran is committed to health economics. I remember from the skype interview Joe and I did with Eran (based in Israel) before we admitted him that Eran told us that his long-term career goal was to be the best health economist in Israel. He noted that many of the leaders there in the field (he didn't name names) are getting old and there is a need for some new blood. This did not come across to me as arrogant at all; more that he sees an opportunity for himself and a need for his country. You will see when you meet him that he is very modest and thoughtful. He had stellar letters from his work with the national bank in Israel. He is committed to public service. Adding Eran to the bootcamp will both enhance the interaction at the camp itself, and help train a young health economist who may have a significant impact on policy.

Eran is doing nice work for his dissertation. Tim is his chair. I know best the essay he is working with me on. Suppose you are including a risk adjustor variable (use of a certain drug) in a risk adjustment model. What is the right threshold for deciding what is "enough" use of the drug to turn on the risk-adjustor flag? Switzerland sets a 180-day supply threshold; the ACA Marketplaces set a 0 threshold. What is the framework you need to use to address this question, and how does the application of the framework play out in data? Eran has a nice conceptual framework showing how the explanatory power of an indicator can go up or down as the threshold changes. He is applying this to data used to calibrate risk adjustment models in the ACA Marketplaces.

Eran is a fine person, a very good economist, and someone who would benefit from the Bootcamp. I hope you can take him. Let me know if I can provide more information.

Best wishes,

