

## Reading notes on "*Paying on the Margin for Medical Care: Evidence from Breast Cancer Treatments*"

Tianpei Zhu

Liran, Finkelstein, and Williams quantify the impact of the "missing input or innovation" that would be greatly beneficial to human healthcare and medical care as a whole. The authors specifically make an effort to deliver a presentation of a simple graphical foundational structure that depicts the human health consequences of not adopting an alternative insurance plan for the compensation of various treatment choices. However, the most elaborate aspect of contribution to this course is estimating the demand curve and quantifying the human healthcare outcomes of adopting an alternative policy structure in the treatment choices of patients diagnosed with breast cancer. The knowledge about a relative demand curve for breast cancer treatment is essential in the foundational basis of assessing the overall healthcare outcomes of an alternative "top-up" policy design.

### **Theoretical Foundation**

There is a need to adopt a provider cost-sensitive policy to make the provider the residuary claimant on cost cut or a consumer cost-sensitive policy on-demand to adopt a cost-sharing policy among the consumers. Most importantly, a "top-up" design would have the health insurance covering baseline treatment cost and offer the patients an option to pay for any incremental cost of more costly treatment using their own money. Most patients diagnosed with breast cancer are scheduled for surgery as their prior line of treatment either between lumpectomy or mastectomy, followed by a series of radiation therapies. Random clinical trials have shown no notable distinction between the patient survival rates between the two types of surgeries, but mastectomy is less costly. Currently, both the US public and private medical insurance cover the full cost of the two surgeries. However, with the basis that the medical insurance covers treatment with the lowest cost option for better health outcomes, a mastectomy would be the treatment medically covered by insurance since it is less expensive.

### **Findings**

An aggregation of the detailed information on treatment in the CCR data into variables indicating patients receiving either lumpectomy or mastectomy indicated as their prior line of treatment. At least 58% of patients are receiving lumpectomy surgery, and the remainder, 42%, opt for a mastectomy with a standard radiation course in 25 trips which would go for at least 8 miles to the closest facility.

## **Conclusion**

Working towards the causes and the results of the actions of the technological shifts in the healthcare markets, the authors of this article present the economic policy factors that impact the healthcare system. There is a large focus on the policy and research presentation of strategies aiding the reduction of healthcare spending. The information presented is from the treatment choices made by patients diagnosed with breast cancer attempting surgery to remove the cancerous cells from the breast. However, the empirical analysis of this article majors on two specific breast cancer treatments with one more expensive without presenting any evidence of superior bare minimum mortality outcomes. Besides, the context of breast cancer presented in the article focuses on a baseline comparative efficient policy targeting only the survival benefits. Still, it is vital that it includes the monetary variables of other benefits in the analysis.