

# Discussion: “Telemedicine Competition, Pricing, and Technology Adoption: Evidence from Talk Therapist” by Daniel Goetz

---

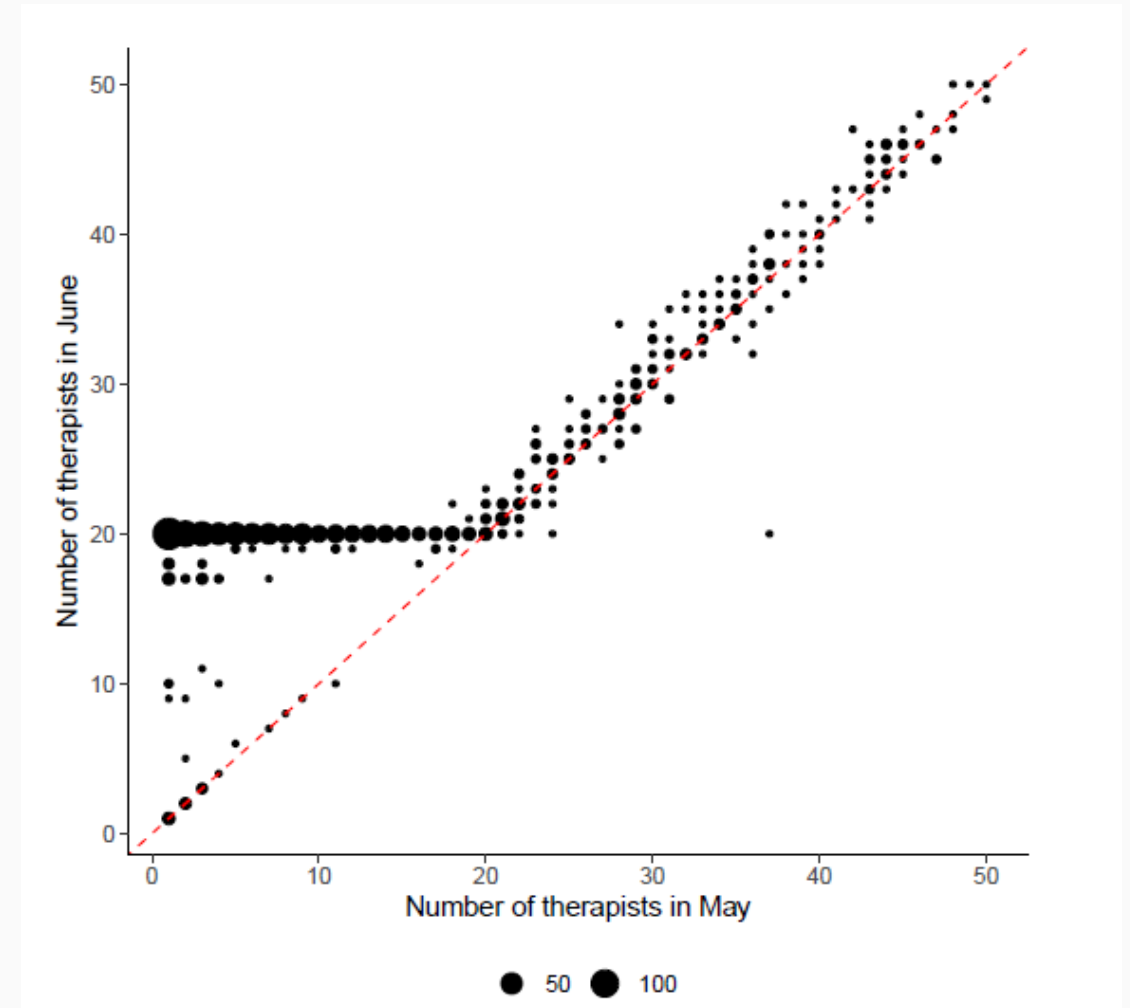
FTC Microeconomics Conference

Nov 4, 2022

Sophie Calder-Wang (Wharton)

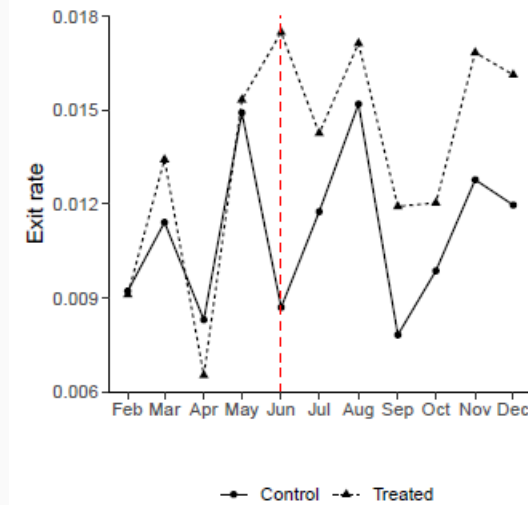
# What does this paper do?

1. Leverage a clever change induced by a website design to estimate the impact of an increased “supply” of telemedicine talk therapists

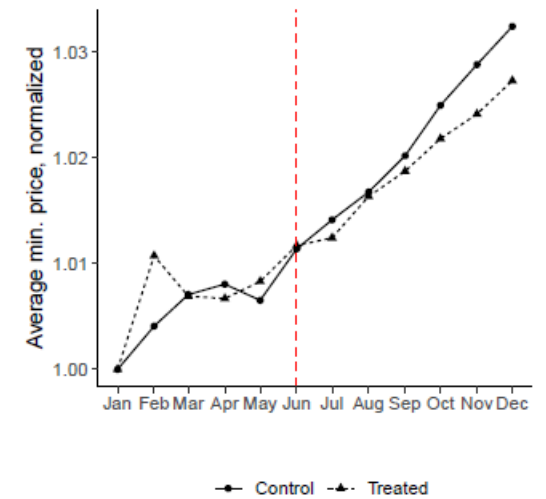


# What does this paper do?

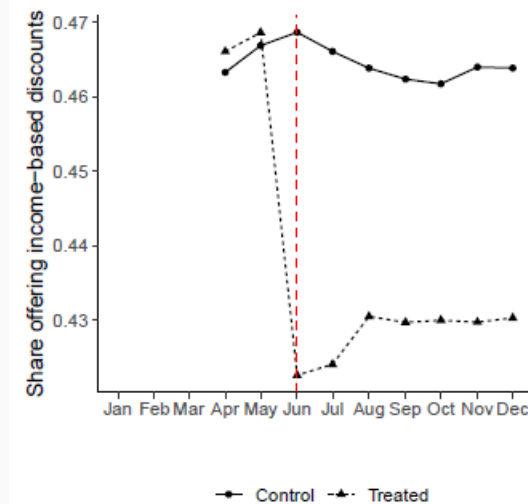
1. Leverage a clever change induced by a website design to estimate the impact of an increased “supply” of telemedicine talk therapists
2. Intriguing findings
  - An increase in exit, especially among low-quality providers
  - No change on posted prices
  - A decline in price discrimination, especially among high-quality providers
    - Distributional implications on how an expansion on access could reduce access for some



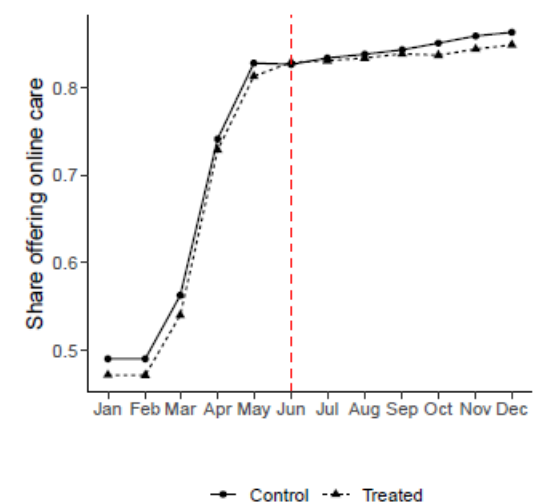
(a) Exit rate



(b) Normalized price



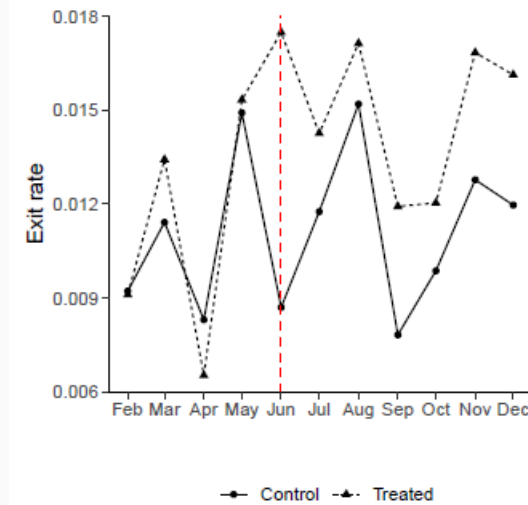
(c) Sliding scale



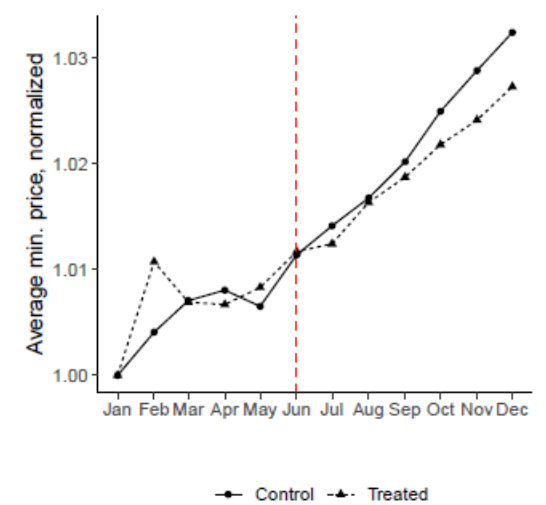
(d) Online offering

# What does this paper do?

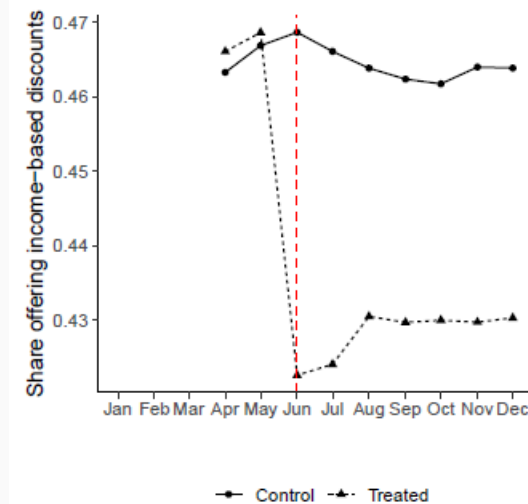
1. Leverage a clever change induced by a website design to estimate the impact of an increased “supply” of telemedicine talk therapists
2. Intriguing findings
  - An increase in exit, especially among low-quality providers
  - No change on posted prices
  - A decline in price discrimination, especially among high-quality providers
    - Distributional implications on how an expansion on access could reduce access for some
3. Provide a simple “model” to explain the mechanism for the decline in price discrimination
  - With capacity constraints, the value of waiting for a someone with high WTP has increased



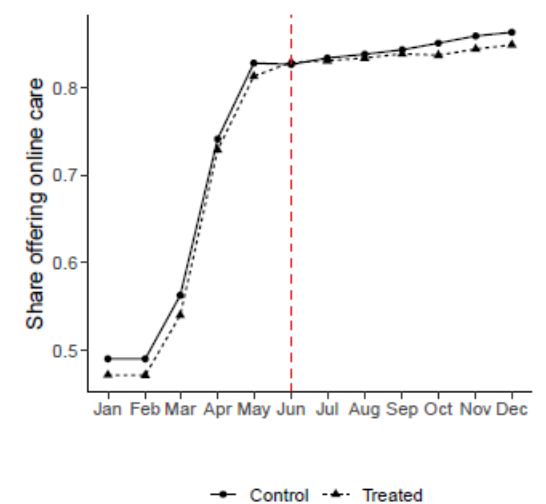
(a) Exit rate



(b) Normalized price



(c) Sliding scale



(d) Online offering

# What I like about this paper

1. Very clever and unique research design
  - Leverage a shock to the market that is exogenous
  - It provides a solid empirical setting to estimate the impact of increased access to online talk therapists in these treated FSAs
  - A whole host of very solid robustness tests to test that the results are not driven by other unobservable market characteristics at the time, especially those related to the size of the FSA
2. Very interesting findings
  - *No impact on posted prices!*
  - Decrease in price discrimination, especially among high quality providers
3. Very difficult but relevant model
  - A market with capacity constraints is very relevant for the healthcare setting

## **Comments:**

1. The nature of the shock
2. The model
3. Market clearing mechanism: price vs. waiting time

# Comment 1: What is the nature of the shock?

- The website PsychologyToday.com has decided to **pad** the search results in June 2020
  - In small FSAs with fewer than 20 therapists, the website will pad the results to include additional therapist who offer online services during the pandemic
  - The paper called this a “supply shock” to these treated markets.
- But is this really a “supply shock”?
  - Perhaps, in the partial equilibrium, yes
  - BUT, there is NO actual supply expansion overall
    - No actual material entry of therapist during this period, as it is a profession that takes a long time obtain the qualification
  - In the general equilibrium, this is a shock that improves market access
    - It reduces the cost of accessing more (online) therapist
    - **A reduction in the cost of access is a positive “demand shock”**
    - So it may not be so surprising to see that prices increase when demand increases( dropping income discounts is a form of increased price)

# Comment 1: What is the nature of the shock?

- Where do these additional online therapist come from, anyway?
  - In Figure B6, the number of search FSAs a therapist appears have all increased
  - But the increase is the most pronounced in these treated FSA
  - The fact that the finding on the change in income-based discount persists among therapists who don't appear in more than 8 search FSAs is not sufficient
    - It is a market – if my competitors are changing prices, I should too

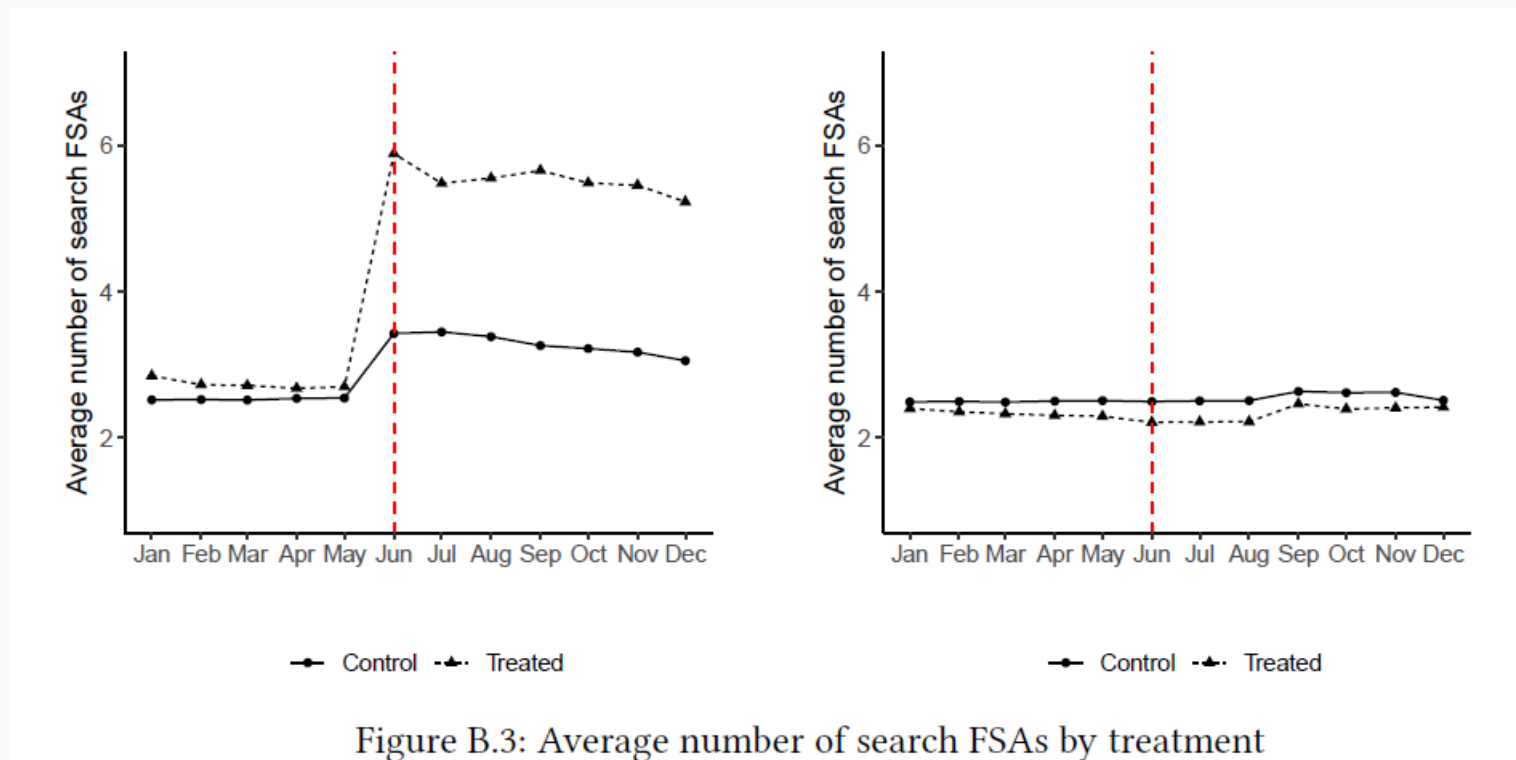


Figure B.3: Average number of search FSAs by treatment



# Comment 2: The Model

- The paper's model section contains entirely words
  - But I think the paper has captured it only in a partial equilibrium sense:
    - "With capacity constraints, the value of waiting for a someone with high WTP has increased"
- However, the website change is a market-level change where access has improved for all
  - What is "telemedicine" anyway?
    - A market integration
    - Previously, the market for talk therapists are geographically segmented
    - Next, with telemedicine, the market has become de-facto integrated
    - Now, with the website change, the integration has strengthened for some markets
      - The padded results reduces the search costs
  - Additional features of such health care markets:
    - Providers have capacity constraints that are difficult to expand in the short-run

# Comment 2: The Model

- The paper's model section contains entirely words
  - But I think the paper has captured it only in a partial equilibrium sense:
    - "With capacity constraints, the value of waiting for a someone with high WTP has increased"
- However, the website change is a market-level change where access has improved for all
  - What is "telemedicine" anyway?
    - A market integration
    - Previously, the market for talk therapists are geographically segmented
    - Next, with telemedicine, the market has become de-facto integrated
    - Now, with the website change, the integration has strengthened for some markets
      - The padded results reduces the search costs
  - Additional features of such health care markets:
    - Providers have capacity constraints that are difficult to expand in the short-run
  - What is the implication of such market integration on outcomes, including price discrimination?
    - Calls for a model of market integration with vertical quality differentiation
    - Reallocation of patients and providers as a result

# Comment 3: The Measurement Problem

- To quantify the impact, it will be important to measure both price and quantity
  - Markets are not cleared by price, but by waiting time
  - Quantities are also hard to measure
- Data is potentially available from the website:
  - Could the paper make use of this information as an additional test for the model



## Abner Lico

Registered Psychotherapist, MEd, DpPsych, RP Verified

It is often during difficult times that one looks for support and trying to find the right match in a therapist may increase fears and doubts. My role is to build a caring and trusting relationship allowing you a safe space to be open and genuine. In this new relationship you can redis-

(855) 974-1818

View

Email

Toronto, ON M5S

Offers online therapy

Waitlist for new clients



## Kind-Mind Counselling and Wellness Services

Registered Psychotherapist, LLB, LLM, MEd, RP, RSW Verified

As a lawyer-turned-therapist with a Master's degree in Counselling Psychology, I professionally and personally understand stress, anxiety, and feeling unhappy in one's life. Using scientifically proven counselling techniques and a client-centred therapeutic approach, I offer

(647) 360-7033

View

Email

Toronto, ON M5S

Offers online therapy

Thank you!