

FACULTY RESEARCH FUND

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Proposal Title: Accounting perspectives on issues in health policy and management

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ABSTRACT

This project comprises three co-authored interdisciplinary research papers, which span the fields of accounting and health policy and management.

In the first paper titled 'Evaluating the information environment surrounding drug pricing and purchasing' with Dr. Bill Hu, we seek to understand the factors that drive consumers to compare prices from different sources before purchasing drugs (medicines). Our primary goal is to understand how informed consumers are of the different technological tools that enable efficient comparisons of drug prices from different vendors leading to low-cost purchases (Ohler, et al., 2013).

Through a survey on the Amazon Mechanical Turk crowdsourcing platform, we seek to capture relevant contextual demographic, behavioral, and technological awareness data on U.S. consumers that might affect their drug purchasing behavior.

In the second paper titled 'Making Sense of the Black Box of Drug Pricing: Application of Benford's Law' with Lindsey Storey (A-State student) and Dr. Bill Hu, we apply the law of anomalous numbers, known as Benford's Law, on a large drug prices dataset from the Veteran Affairs Office to shine light on the black box of drug pricing. Prior research suggests that violation of this mathematical pattern indicates some form of strategic manipulation (Geyer and Drechsler, 2014; Nigrini, 2017). Our project seeks to understand whether drugs with certain characteristics are strategically priced or whether organizations with certain characteristics strategically price drugs.

In the third paper titled 'Drug Innovation in U.S. pharmaceutical companies compared with international companies' with Dr. Bill Hu, we seek to extend the Ledley, et al. (2020) paper that compares the profitability of large pharmaceutical companies with other companies. Using archival accounting data, we seek to examine if and why the innovation and research and development spending is different between U.S. and non-U.S. pharmaceutical companies