End-of-life medical expenses represent a large part of Medicare expenses. Some of the expenses are useful either in the sense that they lessen any discomfort or pain associated with dying or that they have a reasonable chance of providing the individual with a fulfilling extension of life. However, much is spent on procedures that are very unlikely to help especially in the sense of improving the individual’s health.

1. Construct a dynamic model of a family decisionmaker making decisions about receipt of medical procedures for a dying family member.

2. Provide detail on how to estimate the parameters of the model and how the parameters are identified.

3. Discuss how to use the estimated model to evaluate the welfare effects of a policy you propose to improve societal welfare.