Health Economics: Economics 334 and Public Policy 331

Course Description

This course provides a comprehensive overview of topics related to workings of health care markets and determinants of health in high-income countries, particularly the U.S. Health economics is a field in applied microeconomics. It draws on basic microeconomic concepts, which I assume that students have had. It also assumes some knowledge of statistics, even though I will provide some help with this in class. There are much larger fields of health services research, public health, and clinical medicine. We will draw on these latter fields, but the thrust of this course is economic.

The course has several objectives. The first is to sharpen your skills in microeconomics and in empirical analysis. Second, the course will improve your understanding about how economic analysis is used to help in analysis of important public policy issues. The analysis contained in the course has many public policy implications. You will see the range of important public policy issues that health economics encompasses. Many of these issues are well publicized by the media, especially in this election season, but often without the analytic tools that economics provides (not that economics can explain everything). Hopefully, the material will encourage at least some of you to pursue related work in economics and an honors thesis. Third, for students planning on entering careers in medicine, public health, and law or business related to health care, this course offers practical analysis that you will be able to use in your careers. Fourth, the course aims to improve students’ skills in speaking and writing. You will be giving presentations on some assigned journal articles. Students will write a term paper. The papers are about 17-18 manuscript pages excluding tables, figures, and references. I do not expect students to conduct original empirical research for these papers, but I do expect the paper to be analytic.

There are two types of required readings. The first is Health Economics by Sloan and Hsieh (abbreviated SH on the reading list). We will cover much of the book. SH was 1,400 pages in manuscript form and covers much of the health economics literature through 2008-9. A few readings come from an edited book entitled Incentives and Choice in Health Care. The latter readings will be posted on Sakai. The second type of reading consists of articles from economics and health journals. You will notice that the economics journal articles were mostly published very recently.

Many classes will start with a short test (10 minutes in length). The main purpose of testing is to be sure that you have done the reading before class and have an understanding of the fundamentals. We are here to discuss material, not to recite fundamentals that you can gain on your own. Some of the articles will be presented by students in the class. An important function of the student presentations is to allow students to describe the issues rather than hear everything according to the professor’s interpretation. Furthermore, learning is a two-way street, and I want to hear your perspectives as well.
Tests and Grading

There will be one mid-term on October 6 and a final examination on December 18, 2016, 7-10 pm. Both are in class. The final will focus on material covered since the mid term and on issues not covered by the mid-term exam. You will be responsible for more material for the tests than I can possibly ask you about in the time allotted for the test. The questions will be essay questions. I do not give multiple-choice tests. I have a policy of grading all tests and try to get the results to you by the next class. Grading the tests myself has the advantage of becoming aware in a timely fashion of what you are learning or not learning.

The weights given to the above in determining the final grade are:

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<th>Item</th>
<th>Weight</th>
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<tr>
<td>Mid-term</td>
<td>18%</td>
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<td>Final exam</td>
<td>35</td>
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<td>Paper</td>
<td>18</td>
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<td>Short tests</td>
<td>19</td>
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<td>Class participation</td>
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The grade on class participation is based on student presentations and participation in class more generally. Although I do not take attendance, I do remember who the regular attendees and class participants are. I will drop your lowest grade on the short tests in computing your final grade. This may be a missed test. I do not give excuses for missing class but make this allowance. The grading on short tests is 3=more than mastered the fundamentals; 2=mastered the fundamentals; 1=has vague idea of the article; 0=missed the test or has no idea what the article is about. There are pluses and minuses around these grades. The mid-term and final exams are graded 0-100. Having taught many students over the years, I do not grade on a curve.

Class Schedule

I. Valuing the benefit and cost of health care services (2; August 30th, September 1st)
   A. Cost effectiveness analysis: SH,* pp. 627-56.
   B. Cost benefit analysis: SH, pp. 657-91; Almond et al., 2010.
   C. Comparative effectiveness analysis: Sheets et al., 2012.

II. Health and its determinants (3; September 6th, 8th, 13th)
   B. Environmental effects on health: Currie et al., 2010.
   D. Role of risk perceptions: Sloan et al., 1998; Lin and Sloan, 2015.

III. Demand for Health Services (3; September 15th, 20th, 22nd)
    SH, pp. 83-126; Anderson et al., 2012; Chandra et al., 2010; Finkelstein et al., 2012.
IV. Demand and Supply of Health Insurance (3; September 27th 29th, October 4th)
   B. Supply of private health insurance: SH, pp. 417-65; Dafny, 2010; Dafny et al., 2012.
   C. Public health insurance
      1. Medicare
      2. Medicaid
         SH, pp. 528-34: Buchmueller et al., 2015; Garthwaite et al., 2014; Watson, 2014.

MID-TERM EXAM (October 6th)
Post Mid-term Exam (3; October 13th, 18th, 20th)
   3. “RomneyCare”
      ii. Impact of expanded coverage on premiums: Graves and Gruber, 2012; Hackmann et al., 2012.
      iii. Impacts on care provision and health: Kolstad and Kowalski, 2012; Joynt et al., 2015; Sommers et al., 2014
   4. “ObamaCare”
      ii. Affordable Care Act retrospectives: Blumenthal et al., 2015; Butler, 2016; Skinner and Chandra, 2016.
      iii. Accountable Care Organizations: Frech et al., 2015; Powers and Chaguturu, 2016.
      iv. Insurer consolidation, exchanges, and premiums: Dafny et al., 2015.
      v. Mandated insurance and benefits: Bitler and Schmidt, 2012; Buchmueller et al., 2011.
      vi. Effects on population health: Barbaresco et al., 2015.

V. Hospitals (2; October 25th, 27th)
   SH, pp. 219-28, 238-73.
   B. Paying the hospital
   C. Public regulation and competition among hospitals: Bloom et al., 2015.

VI. Physicians (3; November 1st, 3rd, 10th)
   SH, pp. 171-218
   A. Is the market for physicians’ services unique and if so, why?
   B. Paying physicians: McGuire (SK); Golden and Sloan (SK); Eijkengaar, 2012.
VII. Health Care Quality and Medical Malpractice (2; November 11th, 17th)
   SH, pp. 275-317.
   A. How to measure quality of care?
   C. Medical malpractice and medical malpractice insurance: what impacts do they have on cost and quality of care? Currie and MacLeod, 2008; Paik et al., 2012; Studdert et al., 2016.

VIII. Pharmaceuticals, Vaccines, and Medical Devices (4; November 22nd, 29th, December 1st, 6th)
   SH, pp. 367-415.
   A. Technological change and determinants of investment in R&D: Finkelstein, 2004; Jayachandran et al., 2010; Asch et al., 2016; Conti and Rosenthal, 2016.
   B. Cost of Pharmaceutical R&D: DiMasi et al., 2016.

IX. The Future (1; December 8th)
   SH, pp. 693-735.
   A. Are we spending too much on personal health care services?
   B. The public economics of entitlements
   C. Alternative financing and delivery models for the U.S.

FINAL EXAM (Sunday, December 18th, 2016 7-10PM)

Reading List


Barbaresco, Slivia; Charles J. Courtemanche and Yanling Qi. 2015. “Impacts of the Affordable Care Act Dependent Coverage Provision on Health-Related Outcomes of Young Adults.” Journal of Health Economics, 40, 54-68.


