ECON 440-001 and ECON 440G-001
Spring 2016
Health Economics

Classroom: Micron Business and Economics Building Room 1100
Class time: 6 – 8:45 p.m. Mondays
College of Business and Economics
Boise State University

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Office Hours: Monday and Wednesday 11 a.m. – noon; or by appointment
Prerequisites: Principles of Microeconomics (ECON 202) or instructor’s permission.

Required Textbooks:

NOTE: In addition to readings from these books, there will be other weekly assigned readings.

Other Recommended Textbooks:
Henderson, James W. Health Economics and Policy (South-Western Cengage Learning, Mason, OH 2011).

Useful Sources on the Internet:
Journals
1. *Health Affairs* (great journal for current topics)
2. *New England Journal of Medicine*
3. Medline-plus (consumer health information from National Library of Medicine)
4. PubMed Publications Guide includes MEDLINE citations

Government Health Agencies
1. Agency for HealthCare Research and Quality (AHRQ formerly AHCPR)
2. Centers for Medicare and Medicaid Service (CMS formerly HCFA)
3. National Institutes for Health (Research grants)

Other Agencies and Organizations
1. Kaiser Family Foundation (Some Health Policy reports)
2. Robert Woods Johnson Foundation (Some Health Policy reports and Research grants)
3. IHEA: International Health Economics Association (Academic group)
Course Description:
This is an undergraduate upper-level / graduate level economics elective course. Students are expected to apply the basic principles and tools of microeconomics to the health care and health insurance industries. This course focuses on the U.S. health care system, but class discussions will include international comparisons of health care systems around the world. Although the discussion on health care reform (Patient Protection and Affordable Care Act) and its impact will be a part of the course, this is an economics course first, and policy course second. Topics covered include supply and demand for health care services; the markets for health insurance; key players in the health care sector including physicians, hospitals, and pharmaceuticals; and government intervention (as a payer and a regulator) in health care markets.

Service Learning: This class offers a Service-Learning experience. Service-Learning is a teaching strategy that helps students apply what they learn in the classroom to a need in the community, while gaining valuable workplace skills and expanding their perspectives.

Course Learning Outcomes:
After successful completion of the course, students should be able to:
1) Understand how the provision and production of health care differ from the provision and production of other consumer products.
2) Use microeconomic tools to understand and analyze the basic elements and dynamics of the health care and health insurance markets.
3) Use cost-benefit analysis to evaluate different medical technologies and interventions.
4) Evaluate the U.S. health insurance industry and its impact on the labor markets.
5) Understand the economic rationale for government intervention in health care markets and evaluate government’s role as a payer and a regulator.
6) Compare health care systems of other developed nations to the U.S. health care system.
7) Predict and appraise the expected changes in the U.S. health care system after the full implementation of 2010 law, Patient Protection and Affordable Care Act (PPACA).

Evaluation and Grading:
Your grade in this course will be based on the following:
- Problem sets (group or individual) 15%
- Weekly in-class quizzes (group) 10%
- Weekly presentations of assigned readings (group) 10%
- Service Learning: Paper and Presentations (group) 20%
- Midterm 20%
- Final 25%

Group Work:
Short presentations and the class paper / presentations will be done in small groups of 3 - 4 people. You can form your own groups with two conditions:
1. Groups once formed should not change during the term.
2. As much as possible, groups must include both business and non-business majors (and /or both undergraduate and graduate students) to provide diversity in ideas, approach and background.
Groups, once formed, will choose from two different contract types to govern their meetings and work-load participation. Groups can be autonomous or democratic. Autonomous group members all receive the same grade for their group work. Democratic group members will provide evaluations for each group member and final grade of each member will be adjusted based on these evaluations.

(Group Work) Weekly presentations of assigned readings:
During the course of the term, each group will be expected to prepare 2 short presentations based on class reading assignments. Most weeks, only one group will be expected to summarize and critically examine a scholarly article in a short 5 - 10 minute presentation (approximately 5 - 8 power point presentation slides). These short presentations will be due at the start of the class in which we discuss those reading assignments. The presenting groups will help facilitate discussion on the topics of the week.

(Group Work) Service Learning: Paper and Presentations:
Each group will write a paper and make a class presentation. Potential topic ideas will originate from our service learning collaboration with the Research Department of the St. Luke’s on community health projects. The details of these projects and service learning activities will be provided.

The paper must be written using Times New Roman 12 - point font, 1-inch margins across each page and comprising about 12 pages (including footnotes and bibliography). The class presentations will be on April 25th.

The paper is due on Monday, April 18th, however, components and the first draft will be due according to a strict timetable.

Timetable for the paper and presentations:
February 22nd: One paragraph proposal describing the topic (thesis) and a list of five references.
March 7th: Two page outline that provide evidence supporting thesis / topic.
April 4th: Optional (mostly complete) first draft.
April 20th: Final paper is due.
April 25th: Class Presentations

Problem Sets:
There will be several sets of problems / questions assigned during the semester. These assignments are designed to help you understand the class material and be prepared for the exams and quizzes.

Please note: you are encouraged to work in your groups and turn in one assignment per group although this is not required.

Quizzes:
There will be weekly, short quizzes based on the readings and / or assigned problem sets. Students will work in groups to develop their answers. The lowest score will be dropped from quiz average grade calculation.
Exams:
The will be two 75 minute in-class exams. The first exam (midterm) will be on March 14th and the second exam (final) will be given during the finals week (May 2nd). Exams will consist of short answer questions, problems and essays.

Important Class policy: No makeup exams will be given. There will be no extra credit. If you miss an exam please contact me as soon as possible, preferably within 24 hours of the exam.

Class participation: Your participation in class discussion is an important part of this course. You are expected to read the assigned material ahead of time and participate in class discussions. Each week a group of you will be asked to lead the class discussion.

Final Grades: Final grades will be assigned based on the following score breakdown:

- A 90 - 100%
- B 80 - 89%
- C 70 - 79%
- D 60 - 69%
- F 59% and below

Please note: If it benefits students, I reserve the right to assign grades with plusses and minuses.

Responsibilities and Conduct:
To do well in the course I suggest the following:
1. Attend class. Participate in class discussions.
2. Read the assigned readings before coming to class.
3. Do the assignments. These will help with understanding the important points of readings.
4. Come and see me if you have questions about the material covered in class or any other questions.

In addition, treat your classmates with respect in and out of class. Please make sure to turn off your cell phone during class.

Academic Dishonesty:
Cheating, plagiarism and other forms of misconduct will not be tolerated. I encourage you work together on the assignments and discuss reading material outside of class; however each of you must submit your own work. Submitting someone else's work as your own or letting someone else to submit your work constitutes as cheating.

For details on academic dishonesty, please take a look at: http://osrr.boisestate.edu/scp-codeofconduct/

Disabilities:
If any student has a disability that requires special accommodation, please come and see me by the end of the second week. For information regarding disabilities and possible accommodations please see: http://drc.boisestate.edu/
INTRODUCTION (Jan. 11th):
Topics:
- Why study health economics?
- Why health is different?
- Stylized facts
- Defining and analyzing medical care markets-- using competitive market model

Readings:

FGS, Chapter 1.

Santerre, Rexford, and Stephen Neun (2007), Chapter 1, pages: 3 – 19. (Blackboard)


Optional Readings:

Video:
Video: Money and Medicine (preview) https://www.youtube.com/watch?v=4ZRgVQALFUA

Video: Sick Around America (watch only a small part in class) http://www.pbs.org/wgbh/pages/frontline/sickaroundamerica/view/

NO CLASS (Jan. 18th) Review following topics on your own:
Topics:
- Microeconomics review
- Overview of American health care system

Readings:
FGS, Chapter 2

Online Resources:
Kahn Academy has concise videos on microeconomics topics for review: https://www.khanacademy.org/science/microeconomics

Video:
Please watch the following frontline documentaries:
http://video.pbs.org/video/2283573727/ (Money and Medicine)

http://www.pbs.org/wgbh/pages/frontline/sickaroundamerica/view/
ECONOMICS, VALUES AND HEALTH DILEMMAS (Jan. 25th):
Topics:
Defining and analyzing medical care markets-- using competitive market model
Welfare Economics of Medical Care
Healthcare systems around the world: Britain (video)
Readings:


Optional Readings:

Homework: Problem Set #1 is due on Friday, Jan. 29th

ECONOMIC EVALUATION OF HEALTH CARE (Feb. 1st):
Topics:
Cost-Benefit Analysis
Cost-Effectiveness Analysis
Case Studies and Discussion.
Readings:
FGS, Chapter 4.


Cutler, David. Your Money or Your Life. Chapters 1 and 2.
Group Presentations:
(Choose 2 – 3):
Neonatal Care:
Cutler, David. Your Money or Your Life. Chapter 3.
Mental Health Care:
Cutler, David. Your Money or Your Life. Chapter 4.
Heart Attack:
Cutler, David. Your Money or Your Life. Chapter 5.
Optional Readings:
Skinner et al. (2006). “Is Technological Change in Medicine Always Worth It? The Case of Acute Myocardial Infarction” Health Affairs.

**ECONOMIC EVALUATION OF HEALTH CARE—cont’d (Feb. 8th):**

**Topics:**
Economic evaluation of healthcare—cont’d
—Technological changes and costs

**Readings:**
FGS, Chapter 6, pp: 121-125 (Technological changes and costs)

FGS, Chapter 4.


**Group Presentations:**
(Choose 2 – 3):
Lung cancer screening:

HPV vaccinations:

Mammography:

**Homework:** Problem Set #2 is due on Friday, Feb. 19th

**NO CLASS (Feb. 15th) Review following topics on your own:**

**Topics:**
Production of Health
Demand for health and health care
—The nature of demand for healthcare
—Historical role of medicine

**Readings:**

FGS, Chapter 5
DEMAND FOR HEALTH AND HEALTH CARE (Feb. 22nd):
Topics:
  Production of Health
  Demand for health and health care
  --The nature of demand for healthcare
  --Shifts in demand over the 20th century
  --Grossman’s human capital model
  Healthcare systems around the world: Japan (video)
Readings:
  FGS, Chapter 5
  FGS, Chapter 7 (pages: 129 – 139, skim rest)

THE MARKET FOR HEALTH INSURANCE (February 29th):
Topics:
  The Market for Health Insurance
  Supply and Demand of Health Insurance
  --Variables affecting demand for health insurance, and moral hazard
  --Impact of insurance of aggregate expenditures
  Healthcare systems around the world: Germany (video)
Readings:
Group Presentation:
Homework: Problem Set #3 is due on Friday, March 4th.

THE MARKET FOR HEALTH INSURANCE—cont’d (March 7th):
Topics:
  The Market for Health Insurance (continued)
  -- Theories of health insurance, adverse selection and moral hazard
  -- Health insurance and labor supply
  -- The uninsured: the impact of policies designed to reduce the number of uninsured?
  -- The impact of health insurance on technological innovation
Readings:
  FGS, Chapters 10 and 11
Group Presentation:
MANAGED CARE AND SOCIAL INSURANCE (March 14th):

1st EXAM (in class, first 75 minutes)

Topics:
Managed Care: what does it do and how well does it perform?
Social Insurance: Medicare and Medicaid

Readings:
FGS, Chapters 12 and 21.

Videos:


NO CLASS (March 21st):
Spring Break.

THE HOSPITAL SERVICES MARKET (March 28th):

Topics:
Hospital ownership structure, the role of not-for-profit and public hospitals
Cost Shifting

Readings:
FGS, Chapters 13 and 14.

Optional Reading:


Group Presentations:

THE PHYSICIAN SERVICES MARKET (April 4th):

Topics:
The physician supply
Medical education
Physician incentives
Readings:
FGS, Chapters 15 and 16.


Group Presentation:

Homework: Problem Set #4 is due on Friday, April 8th

THE MARKET FOR PHARMACEUTICALS (April 11th):
Topics:
The Market for Pharmaceuticals
Cost and benefits of new drugs: How does the patent process affect the pricing of pharmaceuticals?
Pharmaceuticals (video)

Readings:
FGS, Chapter 17.


Group Presentation:

GOVERNMENT, HEALTH AND MEDICAL CARE DELIVERY (April 18th):
Topics:
Government Intervention: Economic Rationale
Government Regulation
Health Care Reform: PPACA (video and discussion)
Medicaid Expansion in Idaho

Readings:
FGS, Chapters 19, 20 and 23.


Optional Readings:
**Homework:** Problem Set #5 is due on **Friday, April 22\(^{nd}\)**

**COMMUNITY HEALTH PROJECTS (April 25\(^{th}\));**

Group Presentations—Service Learning Projects

Final exam review

**FINAL EXAM (May 2\(^{nd}\))**

In class.