ECON 470-01 Health Economics

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Course Description

The purpose of this course is to use economic tools to analyze the health care landscape. To that end, the course is split up into three general parts. The first part of the course covers the demand for health care and health insurance. Health care is a unique good in the sense that obtaining health care is not always enjoyable. We will explore what the optimal amount of health care is for an individual and how decisions about health insurance are made by consumers given their preferences for health care.

The second part of the course will focus on the suppliers and producers in the health care industry. Consumers can demand all the health care and health insurance they want, but if there are no suppliers, then the market will fail. Given the high degree of uncertainty associated with acquiring, diagnosing and treating illnesses, understanding the behavior of suppliers in the health industry is unlike that of more common goods such as food. Specifically, we look at the optimal behavior of physicians and hospitals.

The last part of the course will discuss the role of the government in the health care industry. The government plays a unique role in the health care industry. They provide both health care and health insurance. We will look at how the government currently impacts the health care industry and the impact of possible reforms to the health care system.

Prerequisites

In order to enroll in this class, you must have completed ECON 305: Microeconomic Analysis. It will also be helpful to have a strong background in statistics (STAT 211 and/or ECON 410).

Course Materials

Textbook: There are four different textbooks that I will be using throughout the course but no specific textbook is required. If you would like to purchase any of the books, I am using the following texts:


I will provide you with Supplemental Materials on the website or in class. Check the website often.
Course Components

Exams (45%): There will be three exams throughout the term-two midterms and one final. The final will be worth 20% of your grade. It will be comprehensive, but a majority of the questions in the final will come from the final part of the course. The two midterms will take on the following weights:

Lowest Midterm Score: 10%
Highest Midterm Score: 15%

Research Project (30%): You are required to prepare a research paper. There will be a number of small assignments that you will be required to complete as part of the paper. The assignments are meant to keep you on track with the project and limit procrastination, not increase your workload.

Research Presentation (10%): If you are not doing a capstone presentation with the paper in this course, you will give a 10 minute presentation on the last week of class. If you choose to use the paper in the class as your capstone presentation paper, you will be graded based on your presentation to the entire department in late April. I will provide more details on the presentation in the future.

Reading Write-Ups (10%): A number of readings will be assigned throughout the term and I expect you to prepare a one-page, double-spaced summary about the readings. The readings will be difficult and take time to get through. However, they will give you an idea of what health economics research is and provide you with possible research project ideas of your own.

Participation (5%): On the day after reading write-ups are due, we will spend a significant portion of the class discussing the readings. Your comments and understanding of the articles are vital to these class days being worthwhile. If you are a senior WCB student, you must take the ETS Exam. Your score on this exam will be reflected in this participation grade.

Problem Sets (0%+): For every topic we cover in class, I will post problem sets on the website. These problem sets will be your ultimate study guide for the exams. I will go over some problems in class, but the problem sets will not be handed in. If you understand the problems completely, you can expect to do well on the exams. If you do not do the problems, or wait until the night before an exam to go over the problems, your grade on the exam will likely reflect that.

How to Be Successful

This course is an advanced course in a difficult major, so expect it to be difficult. Dedicate time outside of class and do the problem sets on your own. Struggle with the problems-solving a difficult problem will be satisfying and make you remember the concept for the exam. Take good notes on paper (don’t use a laptop or your “phone”) and use the supplemental materials to help figure out any difficult topics. I will always be available for students in the course beyond office hours so do not hesitate to meet with me.

Grading Scale

To guarantee a particular grade you will need the following percentage score:

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<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A</td>
<td>94+</td>
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<td>A-</td>
<td>91-93.9</td>
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<tr>
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<tr>
<td>C-</td>
<td>74-76.9</td>
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Tentative Course Schedule

Part I (Weeks 1-6): The Demand for Health Care and Health Insurance

-Using Data in Health Economics (FGS Chapters 24, 25, CP Chapter 14, Reading List)
-Utility and Health (CP Chapter 2)
-Demand for Health and Medical Care (Handout and CP Chapter 4)
-Demand for Health Insurance (CP Chapters 10, 11 and SN Chapter 6)

Exam I: Tentatively Friday February 17th

Part I Reading List:


Reading Write Ups: For each reading, you will be required to submit a one-page, double spaced analysis of the article. Each write up will contain 3 paragraphs. The first paragraph will be a synopsis of the article. What question did the authors ask? How did they answer it? What did they find and contribute to the literature? The second paragraph will discuss any shortcomings with their work. This is not a criticism of the authors personally, but rather a discussion about what limitations remain in their paper. If you feel a paper is convincing, explain why. The final paragraph of the write up will be an overall personal feeling about the paper. Did you enjoy it? What future research could see being done on this topic?

The write ups are due the day before we discuss the readings (by 11:59pm). You will be graded on how clear, concise and grammatically correct your write ups are.
Part II (Weeks 7-10): The Supply of Health Insurance, Hospitals and Physicians

-Supply of Health Insurance (FGS Chapter 12)
-Managed Care (FGS Chapter 12)
-Physician and hospital behavior (SN Chapter 12, FGS Chapter 15)
-Pharmaceuticals Market (FGS Chapter 14, JH Chapter 9)

Exam II: Tentatively Friday March 23rd

Part II Reading List:


Part III (Weeks 11-14): Government Health Care

-Equity in Healthcare (FGS Chapter 18)
-Government Intervention and Regulation (FGS Chapters 19 and 20)
-Social Insurance (FGS Chapter 21)
-Healthcare Reform (Henderson Chapter 15)


Final Exam: Wednesday May 2nd, 1:00-2:50pm

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