ECON-368 Health Economics

Instructor: Dr. Chad D. Cotti
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Phone: 424-3013
Office Hours: Wed 9:30-11:00, 1:30 – 3:00**

** The scheduled office hours are times during which I will be available to meet with students on a walk-in basis. Students who wish to meet with me at other times are invited to contact me to set up a special appointment. If you set up an appointment to meet with me you are required to show up, missing an appointment can impact your grade. No meetings will be scheduled to begin less than 30 minutes before one of my lectures.

Required Resources:
Desire2Learn (D2L): All class notes, assignments, supplemental readings, exam review materials, and grades will be posted on the course D2L webpage

*Class Prerequisite:
Economics 204 or 209 and 206 or 208

Class Description: This course provides a focused look at the economics of the health care sector and the major issues that motivate the current attempts at health care reform. The health care economy is of special interest because of its size in the US economy (nearly 15% of the Gross Domestic Product), and, perhaps even more importantly, because of the profound effect that health and the lack of health can have on every individual. In addition, the explicit allocation of resources in the health care industry is becoming a source of acute conflict. Because the U.S. does not have unlimited resources to apply to this sector, many traditional tools of economics can be fruitfully applied to how resources are applied to the health sector and within the health sector. The course is intended for anyone who wishes to become better informed about the economics of health care and the public policy issues concerning health, medical care, and health care reform. This includes, but is not limited to, students in public policy, business, economics, public health and other health-related majors.

Course Structure: Class time will consist of a combination of lecture, discussion, and related exercises. Class lectures will be supplemented by readings from the primary text and alternative handouts, which will be assigned in class.

Course Goals and Learning Objectives: The goals of this course are: first to increase the student’s familiarity with economic concepts and theories, especially as they can be applied in the health care sector; second to increase the student’s ability to use formal quantitative tools to analyze economic problems; and third to develop the student’s ability to apply economic reasoning to health care issues and decisions. The three objective areas include:
COURSE POLICIES

Grading: Your course grade will be based on total points earned. There will be 2 exams; each will count for 45% of your final grade. The remaining 10% will come from homework assignments and in class discussion.

Note: Only in extreme circumstances will make up exams be given. Exam scores maybe curved at my discretion. For this reason, once final course grades have been posted they will not be changed, except in the case of an error.

SCALE

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Attendance: Your presence in class is highly recommended, but is not required. Attending class regularly can only benefit your overall class performance. It is your responsibility to keep informed of class announcements or course changes that may be made during lectures. Attendance will be occasionally taken for my records.

Note: Entering class late or leaving early is extremely rude and disruptive to your classmates and the flow of the lecture. If you must leave class early please notify me prior to the beginning of the session.

Honor Code: All honor code rules of the university are in effect -- even if not explicitly mentioned on each assignment/exam.

Policy on Exams and Homework’s:

1. Homework sets are designed to help you learn how to apply the material presented in lectures. You are permitted and encouraged to discuss course material, including homework, with other students. However, you are expected to turn in your own individual solutions. Working with others is intended to clarify ideas, concepts, or technical questions, NOT to derive a group solution set. If proper work is not shown on any homework assignment no credit will be given.

2. Solutions on all homework and exams should be legible and easy to follow.

3. In fairness to students who turn in their assignments on time, late work will not be accepted.

4. Cellular technologies are expressly prohibited at all times during class -- even as a calculator.
COURSE OUTLINE

A. Introduction and Overview Health of Economics
   - FGS – Chapter 1
   - **Discussion topic:** Intro to Health Economics: Unintended Consequences

B. Principles of Health Economics
   a. Micro Review
      - FGS – Chapters 2

C. The Production of Health
   - FGS – Chapter 5
      a. Historical Perspective
         - McKeown, Thomas, *The Role of Medicine: Dream, Mirage, or Nemesis*, 1979, pgs 44-56, 91-99, 152-154
      b. Modern Determinants

D. Government Control of Unhealthy Behavior
   a. Government Intervention in Health Care Markets
      - FGS- Chapter 19 (I recommend you review externalities and taxation from Microeconomics)
      - **Discussion:** The Role of Government in Health Care Markets: Licensure and Vaccines
   b. The Economics of Unhealthy Habits
      - FGS – Chapter 24
      - **Discussion:** Unhealthy Habits: Obesity and Soda Taxes
   c. How Economists Think about Problems: Explaining the Rise in Obesity *(time permitting)*

E. Economics of Health Insurance
   a. Demand and Supply of Health Insurance
      - FGS – Chapter 8
   b. Asymmetric Information
• FGS – Chapter 10
• Discussion: Asymmetric Information

c. The Organization of Health Insurance Markets
• FGS – Chapter 11
• Discussion: Health Care Reform

F. Managed Care and Managed Competition
• FGS – Chapter 12

G. Public Insurance
a. Social Insurance
• FGS – Chapter 21
• Discussion: Disability Insurance

b. Comparative Health Care Systems and Health Care Reform
• FGS – Chapter 22
• FGS – Chapter 23
• Discussion: Canadian Health Care System

H. Economic Issues of the Health Care Industry
a. The Economics of Medical Malpractice & Malpractice Reform
• FGS – Chapter 15

b. The Medical Technology and Pharmaceutical Sector
• FGS – Chapter 17
• Discussion: Pharmaceuticals

Perspective Discussion: Freakonomics Revisited (*time permitting*)