

Health Economics: Eco F325K- Summer 2020
Unique Number: 79470

Instructor: Dr. Helen Schneider

Class Time: MTWTHF

Class Location: Lectures Online

Office Hours: Mondays: 1:30-2:30

Wednesdays: 1:30-2:30
or by appointment

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TA Zoom Office Hours: Tuesdays, 9-11

INTRODUCTION

Health care is an exciting and evolving field in which government policies play a vital role. The course is designed for undergraduate students who seek an understanding of how to apply basic microeconomic tools to the study of health and medical care issues. This course will examine the special features of medical care as a commodity, the demand for health and medical care services, the economic explanations for the behavior of medical care providers, the functioning of insurance markets, federal health insurance programs, and regulation. Finally, this course will examine ideas for health care reform. Empirical results, current issues, and policy applications will be discussed throughout the course. JkoS A

Prerequisites: Intermediate Microeconomics (420K) is an essential prerequisite for this course. If it's been a while since you took intermediate microeconomics, the textbook provides a review in Chapter 2. Chapter 3 reviews statistical tools for health economics.

COURSE MATERIALS

Required Reading: *The Economics of Health and Health Care*, Folland, Goodman and Stano, 8th Edition (Taylor & Francis, 2017)

Additional Reading: Additional required and optional readings from sources other than the textbook will be posted on the course website (see below).

The course outline gives the chapters and articles that correspond to the lectures. For better understanding of the course material the assigned reading must be finished before the class recording.

Website: Course material will be on the university's Canvas system. Lectures will be recorded daily and posted on Lectures Online tab. All assignments will be posted on Canvas and discussed in lecture recordings. This class will also use the Grades feature on Canvas so that students can keep track of their scores on assignments and exams.

POLICY ON STUDENTS WITH DISABILITIES

The University of Texas at Austin provides upon receipt appropriate academic adjustments for qualified students with disabilities. For more information, contact the Office of the Dean of Students—Services for Students with Disabilities, 471-6259.

SCHOLASTIC DISHONESTY POLICY

Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since such dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced.

Writing Flag: This course carries the Writing Flag. Writing Flag courses are designed to give students experience with writing in an academic discipline. In this class, you can expect to write regularly during the semester, complete substantial writing projects, and receive feedback from your instructor to help you improve your writing. You will also have the opportunity to revise one or more assignments, and you may be asked to read and discuss your peers' work. You should therefore expect a substantial portion of your grade to come from your written work. Writing Flag classes meet the Core Communications objectives of Critical Thinking, Communication, and Personal Responsibility, established by the Texas Higher Education Coordinating Board.

Writing Center: I strongly encourage you to use the Undergraduate Writing Center, FAC 211, 471-6222: <http://www.uwc.utexas.edu/>). The Undergraduate Writing Center offers free, individualized, expert help with writing for any UT undergraduate, by appointment or on a drop-in basis. Any undergraduate enrolled in a course at UT can visit the UWC for assistance with any writing project. The consultants there work with students from every department on campus, for both academic and non-academic writing. Their services are not just for writing that has "problems." Getting feedback from an informed audience is a normal part of a successful writing project. This summer zoom consultations are available to all students.

EVALUATION AND GRADING

I. Writing Assignments. Note that the total for all writing assignments is 50% of your grade. The course outline provides the relevant dates for all writing assignments. Each is due on the due date. Lateness at any stage results in a loss of at least one letter grade on that assignment.

Research Paper. This course is a substantial writing component for undergraduates. Thus, a significant paper is due at the end of the semester. For us to discuss how to do that research, you will have to submit a first draft and final paper. You must choose a proposed or legislated health care policy to write about. The paper must describe the policy and provide an economic analysis that draws upon economic models discussed in class.

I would like you to start thinking early of a research topic. Feel free to talk to me about your topic, your sources and approaches you can take in doing your research. Due dates along the way will help guarantee progress.

There are several sources you could use to find a topic. One is simply to follow the policy debates in the newspapers and magazines. Second is to look at the policies discussed in the class. A third way is to browse through recent issues of economic policy journals, or the web pages of research and policy institutions. I will be posting current articles on health economics topics on Canvas that will guide you through the current health care issues.

The **first draft should** state the question you want to address, discuss the importance of your study (i.e. why it is an important public policy issue) and it should include some literature review. It should also develop a theoretical model. Illustrate your analysis with a graphical presentation if

appropriate. If your graphs are not incorporated into the text of your paper, please provide a clear connection between graphs and text. You will upload your first draft on Canvas and comments will be provided electronically. Each of you will then revise your first draft and submit **final paper**.

Short Paper. One assignment will count for 10% of your final grade. Short paper will be strictly limited to 3 typed double-spaced pages in order to encourage succinct and incisive reasoning. Topic will be announced in class.

II. Tests. There will be one midterm and a comprehensive final exam. If you have an emergency that prevents you from taking an exam, I need to be notified by e-mail no later than the day of the exam. *There will be no make-up exams for the midterm.* Should dire circumstances (e.g. illness) prevent you from taking this test, its weight will be added to your final exam.

III. Problem Sets. Three problem sets will count towards your final grade. All assignments may be obtained at the class web page. Collaboration among students in working out problem sets is encouraged, but you must write up your own homework. Questions very similar to the problem sets will appear on the exams. It behooves you to make sure that you understand and can present the solutions to problems on your own in spite of working on the material with one another. Turning in identical problem sets will result in a zero for both parties. *Problem Sets will be electronically uploaded on Canvas. Problem sets WILL NOT be accepted late. This is an absolute policy. Please do not ask for extensions.* Answer keys will be posted after the due date.

Grading Policy:

<u>Requirement</u>	<u>Approximate Paper Length</u>	<u>Percentage of Final Grade</u>
Problem Sets		5
Midterm		20
Short Paper	2-3 pages	10
First Draft	4-5 pages	20
Final Paper	5-7 pages	15
Final Exam		30
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COURSE OUTLINE AND READING LIST

This is only a suggested outline and is subject to change, unlike the exam dates, which are fixed.

Any readings that are not from the textbook are posted on Canvas.

FGS=Folland, Goodman and Stano, 8th edition

Date		Topic	Reading Assignment
6/4	TH	Introduction	<ul style="list-style-type: none"> FGS, Chapter 1
6/5	F	The Production of Health Demand for Health Capital	<ul style="list-style-type: none"> Newhouse, Joseph P. "Medical Care Costs: How Much Welfare Loss?" <i>Journal of Economic Perspectives</i>, 6(3), 1992, 3-21. FSG, Chapter 5
6/8	M	Demand for Health Capital	<ul style="list-style-type: none"> FGS, Chapter 7 Corman, et al. "Birth Outcome Production Function in the United States." <i>Journal of Human Resources</i> 22, 1987 339-60 Sommers et al. "Changes in Mortality after Massachusetts Health Care Reform." <i>Annals of Internal Medicine</i> 160(9), 585-593.
6/9	T	Government Policy Towards Health Behavior Special Topic: Economics of Obesity	<ul style="list-style-type: none"> FSG, Chapter 23 Cutler, et al. "Why Have Americans Become More Obese?" <i>Journal of Economic Perspectives</i> 17(3), 2004, 93-118.
6/10	W	Special Topic: Demand for Medical Care	<ul style="list-style-type: none"> Phelps, Chapter 4
6/11	TH	Risk and Insurance	<ul style="list-style-type: none"> FGS, Chapter 8 Pauly, Mark. "The Economics of Moral Hazard," <i>American Economics Review</i> 58:3, March 1968, 531-537.
6/12	F	The Economics of Moral Hazard Measuring Health Care Demand Elasticity Problem Set I Posted	<ul style="list-style-type: none"> FGS, Chapter 9 Manning et al. "Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment." <i>American Economic Review</i> 77:3, June 1987, 251-277. Finkelstein et al. "The Oregon Health Insurance Experiment: Evidence from the First Year." <i>Quarterly Journal of Economics</i>, 127(3), 2012, 1057-1106.
6/15	M	Asymmetric Information and Health Insurance Short Paper Assignment Posted	<ul style="list-style-type: none"> FGS, Chapter 10 Graves and Gruber. "How Did Health Care Reform in Massachusetts Impact Insurance Premiums?" <i>American Economics Review</i> 102(3), 2012.
6/16	T	Employer Provision of Health Insurance and Its Implications The Uninsured	<ul style="list-style-type: none"> FGS, Chapter 11 Abraham and Royalty. "How Has the Affordable Care Act Affected Work and Wages?" <i>LDI Issue Briefs</i> 21(3), 2017. Kuttner, R. "The American Health Care System-Health Insurance Coverage." <i>NEJM</i>, 344(14), April 5 2001.

6/17	W	Short Paper Discussion Managed Care Problem Set 1 due	<ul style="list-style-type: none"> • FGS, Chapter 12
6/18	TH	Health Care Reform in the US	<ul style="list-style-type: none"> • FSG, Chapter 22 • Chandra, et al. "The Importance of the Individual Mandate-Evidence from Massachusetts." <i>NEJM</i> January 12, 2011.
6/19	F	Supply of Medical Care: Hospitals Short Paper due Paper Discussion!	<ul style="list-style-type: none"> • FSG, Chapter 13 • Reinhardt, Uwe. "The Economics of For-Profit and Not-For-Profit Hospitals." <i>Health Affairs</i>, 19:6, 178-185.
6/22	M	Review	
6/23	T	Midterm	
6/24	W	Supply of Medical Care: Physicians	<ul style="list-style-type: none"> • FGS, Chapter 15
6/25	TH	Health Care Labor Markets and Professional Training	<ul style="list-style-type: none"> • FSG, Chapter 16
6/26	F	Special Topic: Technology in Medicine First Draft Due Problem Set 2 posted	<ul style="list-style-type: none"> • Cutler, David M and Mark McClellan. "Is Technological Change in Medicine Worth It?" <i>Health Affairs</i>, 20(5), 2001, 11-29. • Hamilton and McManus. "The effect of Insurance Mandates on Choices and Outcomes in Infertility Treatments Markets." <i>Health Economics</i>, Sep 9, 2011.
6/29	M	The Pharmaceutical Industry: Drug Pricing and Profits	<ul style="list-style-type: none"> • FSG, Chapter 17
6/30	T	Special Topic: Direct to Consumer Advertising	<ul style="list-style-type: none"> • Atherly and Rubin. The Cost-Effectiveness of DTCA for Prescription Drugs. <i>Medical Care Research and Review</i>, 66(6), 2009, 639-657.
7/1	W	Equity, Efficiency, and Need Government Regulation & Government Failure Problem Set 2 due	<ul style="list-style-type: none"> • FSG, Chapter 18 • FSG, Chapter 19
7/2	TH	Social Insurance: Medicaid and Medicare	<ul style="list-style-type: none"> • FSG, Chapter 20
7/3	F	Comparative Health Care Systems Problem Set 3 posted	<ul style="list-style-type: none"> • FSG, Chapter 21
7/6	M	Comparative Health Care Systems	<ul style="list-style-type: none"> • Lu, Jui-Fen Rachel and William C. Hsiao. "Does Universal Health Insurance Make Health Care Unaffordable? Lessons From Taiwan." <i>Health Affairs</i>, 22(3), 2003, pp. 77-88.
7/7	T	Special topics	
7/8	W	Catch-up and Review Problem Set 3 due	
7/9	TH	Review Final Paper Due	
7/10	F	Final Exam, take home (9-5)	