

HADM7610: Health Economics

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University of Georgia-Athens
HABE, College of Public Health
Fall 2006

Class Website: <http://afertig.myweb.uga.edu/healthecon.html>

Classes: Mondays & Wednesdays, 2:30-3:45pm, Coverdell S17

Exceptions: 8/21, 9/25 & 10/23: 2:30-4:15pm

8/23, 9/27 & 10/25: 2:30-3:15pm

Office Hours: Mondays after class-5pm & Tuesdays 3:15-4:00pm, or by appointment

Description

Why are health care costs rising so rapidly? Why do richer people live longer than poorer people? Why does the government have such a big role in the health care market? Does the US health care system need reform? Health economics presents the tools needed to address these questions. This course provides an overview of the role of economics in health, health care, and health policy. We will survey major topics in health economics and discuss the ongoing debate over health care policy. Topics include the economic determinants of health, the market for medical care, the market for health insurance, the role of the government in health care, and health care reform.

Readings

The Economics of Health and Health Care by Sherman Folland, Allen Goodman, and Miron Stano, 4th edition. Additional readings are listed below or will be distributed in class.

Grading

Exams

There will be two in-class midterms, each counting for 20% of the course grade. The midterms are tentatively scheduled for September 20 and November 1. The final exam, which will be given on Monday, December 11, from 3:30pm to 6:30pm, will count for 20% of the course grade.

Any known scheduling problems should be brought to my attention as soon as possible. If it is necessary to miss a midterm exam, the student must contact me (before the exam if possible). If a student misses one midterm exam with an official excuse, the midterm grade will be based on the one midterm exam taken. If a midterm exam is missed without an official excuse, the midterm grade will be based on the one midterm exam taken minus 10%. Any student missing both midterm exams must have a well-documented health-related excuse. The final exam is required of all students. If a student does not take the final exam, a grade of zero will be given for that exam.

Short Paper

There will be two short paper assignments, each counting 10% of the course grade.

Homework

There will be 9 homework assignments, which will count for 10% of the course grade. Late homework will not be accepted, but the lowest grade will not be included in the final average.

Class Participation

Class participation will determine 10% of the course grade and will be defined by two things: 1) class attendance and 2) daily email: By 9am before each class, email 3 questions about the reading to fertighealth@gmail.com.

Grading Scale

At the end of the semester each student will have a weighted score adding up to 100 points or less. The final letter grade for the course will be based on the following scale.

| | | | | | | | | | |
|----|--------|----|-------|----|-------|---|-------|---|----------|
| | | B+ | 87-89 | C+ | 76-78 | D | 57-67 | F | Below 57 |
| A | 93-100 | B | 82-86 | C | 71-75 | | | | |
| A- | 90-92 | B- | 79-81 | C- | 68-70 | | | | |

Additional Notes

The last day to withdrawal is Monday, October 9, 2006.

All students are responsible for maintaining the highest standards of honesty and integrity in every phase of their academic careers. The penalties for academic dishonesty are severe and ignorance is not an acceptable defense. All academic work must meet the standards contained in Culture of Honesty, which can be found at <http://www.uga.edu/ovpi/honesty/acadhon.htm>. Students are responsible for informing themselves about those standards before performing any academic work. Plagiarism, collaborating with fellow students on the writing of the papers assigned for the course, and completion of papers by others outside of the course are all examples of academic dishonesty.

Schedule

The following is a tentative schedule of the topics to be covered in each class.

| Date | Topic | Ch. | Other Reading | Due |
|-------------|--|------|---------------|----------------|
| Wed Aug 16 | Introduction | 1 | 1 | |
| Mon Aug 21L | Demand for health & health care | 2,4 | 2-5 | |
| Wed Aug 23S | Demand for health & health care | 2,6 | | |
| Mon Aug 28 | Demand for health & health care | 2,6 | | |
| Wed Aug 30 | Supply of health care - Hospitals | 5,14 | 6 | Hwk1 |
| Mon Sep 4 | <i>no class</i> | | | |
| Wed Sep 6 | Supply of health care - Hospitals | 14 | | Hwk2 |
| Mon Sep 11 | Supply of health care - Labor | 15 | 7 | |
| Wed Sep 13 | Supply of health care - Labor | 10 | 8 | Hwk3 |
| Mon Sep 18 | <i>Review</i> | | | |
| Wed Sep 20 | <i>Midterm Exam 1</i> | | | |
| Mon Sep 25L | Supply of health care - Pharmaceuticals | 16 | 9 | |
| Wed Sep 27S | Insurance - Supply & demand | 7 | | |
| Mon Oct 2 | <i>Short Paper Workshop</i> | | | Paper1 |
| Wed Oct 4 | Insurance - Moral hazard | 7 | 10 | Hwk4 |
| Mon Oct 9 | Insurance - Adverse selection | 9 | 11 | |
| Wed Oct 11 | Insurance, employment, and the uninsured | 11 | 12 | Hwk5 |
| Mon Oct 16 | Managed care | 12 | | |
| Wed Oct 18 | Market failure and government intervention | 18 | | Hwk6 |
| Mon Oct 23L | Medicare and Medicaid | 20 | 13 | Revised Paper1 |

| Date | Topic | Ch. | Other Reading | Due |
|-------------|---|------------|----------------------|-------------------|
| Wed Oct 25S | Regulation in health | 19 | | Hwk7 |
| Mon Oct 30 | <i>Review</i> | | | |
| Wed Nov 1 | <i>Midterm Exam 2</i> | | | |
| Mon Nov 6 | Public health initiatives - Advertising and taxes | 22 | | |
| Wed Nov 8 | Public health initiatives - Regulation and more | | 14 | |
| Mon Nov 13 | <i>Short Paper Workshop</i> | | | Paper2 |
| Wed Nov 15 | Mental health | | 15-17 | Hwk8 |
| Mon Nov 20 | Racial disparities in health | | 18-19 | |
| Wed Nov 22 | <i>no class</i> | | | |
| Mon Nov 27 | Health system reform | 21 | | |
| Wed Nov 29 | Economic evaluation - Cost-benefit | 24 | 20 | Hwk9 |
| Mon Dec 4 | Conclusion | | | Revised Paper2 |
| Wed Dec 6 | <i>Review</i> | | | |
| Mon Dec 11 | <i>Final Exam</i> | | | |

*L indicates a long class (ending at 4:15pm) and S indicates a short class (ending at 3:15pm).

Other Reading List

1. 'The US Health System: A Primer' (1996) Publication of the Legislative Action Committee American Medical Student Association.
2. Cutler, D.M. (2006) 'Making Sense of Medical Technology.' *Health Affairs*, 25(2): w48.
3. McGinnis, J.M., P. Williams-Russo and J.R. Knickman (2002) 'The case for more active policy attention to health promotion.' *Health Affairs*, 21(2): 78.
4. Currie, J. and M. Neidell (2005) 'Air pollution and infant health: what can we learn from California's recent experience?' *The Quarterly Journal of Economics*, 120(3): 1003-1030.
5. Smith, J. (1999) 'Healthy Bodies and Thick Wallets: The Dual Relation between Health and Economic Status.' *The Journal of Economic Perspectives* 13(2): 145-66.
6. Kessler D. and M. McClellan (2000) 'Is Hospital Competition Socially Wasteful?' *Quarterly Journal of Economics*.
7. Hirsch, B.T. and E. Schumacher (1995) 'Monopsony Power and Relative Wages in the Labor Market For Nurses,' *Journal of Health Economics* 14:443-476.
8. Kessler, D. and M. McClellan (1996) 'Do Doctors Practice Defensive Medicine?' *Quarterly Journal of Economics*, 111(2): 353-390.
9. Berndt, E.R. (2002) 'Pharmaceuticals in U.S. Health Care: Determinants of Quantity and Price,' *Journal of Economic Perspectives* 16(4):45-66.
10. Akerlof, G. (1970) 'The Market for Lemons,' *Quarterly Journal of Economics*, 84: 488-500.

11. Cutler, D. and S. Reber (1998) 'Paying for Health Insurance: The Trade-Off Between Competition and Adverse Selection,' *Quarterly Journal of Economics* 434-466.
12. Krueger, A. and U. Reinhardt (1994) 'The Economics of Employer Versus Individual Mandates,' *Health Affairs* 13 Spring (II): 34-53.
13. Aizer, A., (forthcoming) 'Public Health Insurance, Program Take-up and Child Health,' *Review of Economics and Statistics*.
14. DiNardo, J. and T. Lemieux (2001) 'Alcohol, Marijuana, and American Youth: the unintended consequences of government regulation,' *Journal of Health Economics* 20:991-1010.
15. McLeod, J.D. and M.J. Shanahan (1993) 'Poverty, Parenting and Children's Mental Health' *American Sociological Review*, 58(3).
16. Ettner, S., Frank, R. and R. Kessler (1997) 'The Impact of Psychiatric Disorders on Labour Market Outcomes' *Industrial and Labor Relations Review* 51(1): 64-81.
17. Cueller, A. and S. Markowitz (2006) 'Medicaid policy changes in mental health and their effect on mental health outcomes' NBER working paper no. 12232.
18. Almond, D., K. Chay and M. Greenstone (2003) 'Civil Rights, the War on Poverty, and Black-White Convergence in Infant Mortality in the Mississippi,' Mimeo, University of California Berkeley.
19. Chandra, A. and J. Skinner (2003) 'Geography and Racial Health Disparities' NBER Working Paper No. 9513.
20. Ashenfelter, O. and M. Greenstone (2004) 'Using Mandated Speed Limits to Measure the Value of a Statistical Life' *Journal of Political Economy*, Vol 11, no 1, pt 2.