

Economics 4646-001: Health Economics
Fall 2011 Course Syllabus
Revised Oct. 13 2011

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Office Hours: Monday 11:50am-12:50pm, Wednesday 10-10:45am in Economics 114
Course Website: <http://www.colorado.edu/ibs/hb/barham/courses/econ4646/>

Course Description

Health economics is a growing field and is an important aspect of public policy in developed and developing countries. This course is designed to introduce upper level undergraduate students in economics to the field of Health Economics. The provision and production of health care have different characteristics and incentives from other consumer goods making health related markets a unique topic for study. We will cover a number of topics including basic economic concepts important for the study in health economics, why health is different from other good, aspects of the US health care market, health care in other countries, health care reform, as well as discussing the importance of health for development and some basic economic evaluation techniques.

Course Organization

This course will follow a lecture format. Students are encouraged to ask questions on the course material and to share any personal experiences that are relevant to the topic.

Prerequisites

Econ 3070 (Intermediate Micro-Economics) is a pre-requisite for this course. Econ 3818 is recommended since an exposure to regression analysis will also be useful for understanding the material. Students who are unsure about their preparation for the course should speak with me.

Textbook / Readings

The required text for this course is: Folland, Goodmand, and Stano (FSG). *The Economics of Health and Health Care 5th Edition*. Pearson Prentice Hall Press. ISBN: 0-13-227942-8. Please note a 6th edition does exist. The texts are almost exactly the same. You may purchase the 6th edition instead if you wish. I am using the 5th ed. because it is available second hand and significantly cheaper. It is available at amazon.com.

http://www.amazon.com/gp/search/ref=sr_adv_b/?search-alias=stripbooks&unfiltered=1&field-keywords=&field-author=&field-title=&field-isbn=0-13-227942-8&field-publisher=&node=&field-p_n_condition-type=&field-feature_browse-bin=&field-binding_browse-bin=&field-subject=&field-language=&field-dateop=&field-datemod=&field-dateyear=&sort=relevanceexprank&Adv-Srch-Books-Submit.x=33&Adv-Srch-Books-Submit.y=10

You can buy and on-line version of the 6th edition at: www.coursesmart.com

There are also assigned readings which are available on the class website.

Evaluation

Midterm 1:	25%
Midterm 2:	25%
Final Exam:	30%
Homework:	10%
Participation/attendance:	10%

You are expected to come to class with any readings completed. Your participation and attendance grades will be based on random attendance checks throughout the semester and your participation during the class. Class attendance will be taken the first three days of class.

Homework

There will be two homework each worth 5 percent of your grade. The homework will involve answering short and/or long questions. Homework is due in the beginning of class on the due date. You will lose a grade per day late. If you had it in late please hand it into the economics office and have the day and time you hand it in stamped on your homework.

Homework 1: Moral Hazard and Adverse Selection – Due Sept. 26th

Homework 2: International Comparisons/Health Care Reform – Due approximately Nov. 10th (date may change depending on progress)

Missed Assignments & Exams

You may not miss an exam. No makeup exams will be given. If there is a proven emergency or other unusual circumstances (to be discussed with the instructor prior to an exam if possible), no make-up exam will be given but your grades will be reweighed.

Tentative Class Schedule

WEEK	TOPIC
1 – Aug. 22	Introduction/ Micro Review
2 – Aug. 29	Impact Evaluation
3 – Sept. 5	Health Production Functions and Demand for Health Care
4 – Sept. 12	Health Care Insurance, Moral Hazard, and Adverse Selection
5 – Sept. 19	Health Care Insurance, Moral Hazard, and Adverse Selection / Managed Care
6 – Sept. 26	Wed. Sept. 28 - Midterm 1 (covers everything taught up to this week) Equity, Efficiency and Need
7 – Oct. 3	Government’s Role in Health Care
8 – Oct. 10	Government’s Role in Health Care
9 – Oct. 17	Providers: Hospitals and Pharmaceuticals
10 – Oct. 24	Wed. October 28 – Midterm 2 (comprehensive exam) /Health and Development
11 – Oct. 31	Health and Economic Development
12 – Nov. 7	History of Health Care in US and International Comparisons
13 – Nov. 14	TBD
14 – Nov. 21	THANKS GIVING BREAK
15 – Nov. 28	Health Care Reform
16 – Dec. 5	Cost-Benefit and Cost-Effectiveness Analysis
Dec 13th	FINAL EXAM 7:30pm – 10pm tentative check with Office of the Registrar

Students with Disabilities

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services by Sept 2nd so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact: 303-492-8671, Willard 322, and <http://www.Colorado.EDU/disabilityservices>

If you have a temporary medical condition or injury, see guidelines at <http://www.colorado.edu/disabilityservices/go.cgi?select=temporary.html>

Religious Observances

Campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments, or required attendance. If you have a conflict due to a religious obligation, please see me by Sept. 2nd so that alternate arrangements can be made. Policies regarding religious practice are available at www.colorado.edu/policies/fac_relig.html.

Academic Misconduct

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu; 303-735-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at <http://www.colorado.edu/policies/honor.html> and at <http://www.colorado.edu/academics/honorcode/>

Sexual Harassment

The University of Colorado at Boulder policy on Discrimination and Harassment, the University of Colorado policy on Sexual Harassment and the University of Colorado policy on Amorous Relationships apply to all students, staff and faculty. Any student, staff or faculty member who believes s/he has been the subject of sexual harassment or discrimination or harassment based upon race, color, national origin, sex, age, disability, creed, religion, sexual orientation, or veteran status should contact the Office of Discrimination and Harassment (ODH) at 303-492-2127 or the Office of Judicial Affairs at 303-492-5550. Information about the ODH, the above referenced policies and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at <http://www.colorado.edu/odh>

Learning Environment

Students and faculty each have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. See policies at <http://www.colorado.edu/policies/classbehavior.html> and at http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code

Reading List by Topic

1. Introduction and Overview (FSG 1)

Mehrotra, Ateev, Adams Dudley, and Harold Luft, 2003. "What's Behind the Health Expenditure Trend," *Annual Review of Public Health*.

Supplemental Reading

Davis, Karen et al. 2007. "Slowing the Growth of U.S. Health Care Expenditures: What Are The Options?" *The Common Wealth Fund*

2. Micro Review (FSG 2)

3. Impact Evaluation (FSG 4)

Chapters 3, 4, 6 of

Gertler, Paul, Sebastian Martinez, Patrick Premand, Laura Rawlings, Christel Vermeersch. 2011 *Impact Evaluation in Practice*. The World Bank Washington DC.

Supplementary Readings

Martin Ravallion, 2001 "The Mystery of the Vanishing Benefits: An Introduction to Impact Evaluation," *The World Bank Economic Review* 15(1), 115-140.

Laura Rawlings, 2005. "A New Approach to Social Assistance: Latin American's Experience with Conditional Cash Transfer Programmes," *International Social Security Review* 58(2), 133-161.

4. Measures of Health, Modeling Health Production, and Demand for Health Care (FSG 5, 7, 9)

Wagstaff, Adam 1986. "The Demand for Health: Theory and Applications," *Journal of Epidemiology and Community Health* 40(1), 1-11.

Supplementary Readings

Almond, Doug. 2006 "Is the 1918 Influenza Pandemic Over? Long-Term Effects of In Utero Influenza Exposure in the Post-1940 US Population," *Journal of Political Economy*, 114(4): 672-712.

Deaton, Angus. 2003. "Health, Inequality, and Economic Development," *Journal of Economic Literature* 41(1), 113-158.

Note: The journal *Health Affairs* has devoted the March/April 2002 issue to determinants of health.

5. Health Care Insurance, Moral Hazard, Adverse Selection, and Managed Care (FSG 8, 10, 11, 12)

Manning, Willard G., et al. 1987. "Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment," *American Economic Review*, 77(3), 251-277

Urbina Ian. In the Treatment of Diabetes, Success Often Does Not Pay. *New York Times*, January 11th 2006.

Supplementary Reading

Cutler, David M., Mark McClellan, and Joseph P Newhouse. 2000. "How Does Managed Care Do It?," *Rand Journal of Economics*, 31(3), 226-248.

Newhouse, Joseph, 2004. "Consumer-directed health plans and the RAND Health Insurance Experiment," *Health Affairs* 23(6),107-113.

Miller RH, Luft HS, 2002. "HMO plan performance update: an analysis of the literature, 1997-2001," *Health Affairs* 21(4), 63-86.

Pauly, Mark V. , 1968, "The Economics of Moral Hazard: Comment", *The American Economic Review* 58(3), Part 1, 531-537.

6. Equity, Efficiency, and Need (FSG 18)

Supplementary Reading

Reinhardt, Uwe. 2001. "Can Efficiency in Health Care Be Left to the Market?" *Journal of Health Politics, Policy and Law*, 26(5), 967-992

7. Government's Role in Health Care (FSG 19, 21)

Associated Press. April 18th, 2006 "Health Insurers are Near Monopolies"

8. International Comparisons (FSG 22)

9. Health Sector Reform (FSG 22)

Readings to be assigned closer to date of class so they are up-to-date

10. Providers: Hospitals and Pharmaceuticals (FSG 13, 14, 17)

11. Health and Development (FSG 24)

Miguel, Edward. 2005. "Health, Education and Economic Development," in Guillem Lopez-Casasnovas, Berta Rivera and Luis Currais eds. *Health and Economic Growth: Findings and Policy Implications*. MIT Press.

Sala-i-Martin, Xavier. 2005. "On The Health Poverty Trap," in Guillem Lopez-Casasnovas, Berta Rivera and Luis Currais eds. *Health and Economic Growth: Findings and Policy Implications*. MIT Press. READ section 2.

Strauss, John and Duncan Thomas. 1998. "Health, Nutrition, and Economic Development" *Journal of Economic Literature*. 36(2), 766-817. (READ TO PAGE 775 – read rest for general interest)

Supplementary Readings

Asian Development Bank. 2004. "Chapter 3: HIV/AIDS and Economic Development," in *Economics and Challenge of AIDS*.

Baird, Sarah, Joan Hick, Michael Kremer, and Edward Miguel. May 2011. "Worms at Work: Long-run Impact of Child Health Gains" http://www.cgdev.org/doc/events/KLPS-Labor_2011-05-16-Circulate.pdf

Bloom, David, David Canning and Jaypee Sevilla. November 2001. "The Effect of Health on Economic Growth: Theory and Evidence", NBER Working Paper 8587.

Canning, David. 2006. "The Economics of HIV/AIDS in Low-Income Countries: The Case for Prevention," *Journal of Economic Perspectives*, 20 (3), 121-142.

Edoardo Gaffeo. 2003. "The Economics of HIV/AIDS: A Survey," *Development Policy Review*, 21 (1), 27-49

Miguel, Ted and Micheal Kremer. 2004. "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities," *Econometrica*, 72 (1), 159-217.

12. Cost-Benefit and Cost-Effectiveness Analysis (FSG 4)

Marthe Gold, David Stevenson, and Dennis Fryback, 2002. "HALYs and QALYs and DALYs, Oh My: Similarities and Differences in Summary Measures of Population Health," *Annual Review of Public Health* 23, 115-34.