

UNIVERSITY OF COLORADO
Department of Economics
Economics 4646-001
Health Economics
Fall 2008

Professor Tania Barham

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Office Hours: Tuesday/Thursday 3:30-4:30pm and
Wednesday 2:30pm – 4:00pm in Economics 14C

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, 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 which 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 after class.

Textbook

Folland, Goodmand, and Stano (FSG). *The Economics of Health and Health Care 5th Edition*. Pearson Prentice Hall Press. ISBN: 0-13-237978-3

Evaluation

There will be two midterms and a final. The two midterms will be worth 30 percent of your grade each and the final 40 percent of your grade (Mid-term 1 - 30%; Mid-term 2 - 30%; Final - 40%)

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 that has been discussed with the instructor prior to an exam, no make-up exam will be given but your grades will be reweighed.

Tentative Class Schedule

WEEK	DATE	TOPIC	
		Tuesday	Thursday
1	Aug 25, 28	Introduction and Overview	Introduction and Overview
2	Sept 2, 4	Health Production Functions and Demand for Health Care	Health Production Functions and Demand for Health Care
3	Sept 9, 11	Health Care Insurance, Moral Hazard, and Adverse Selection	Health Care Insurance, Moral Hazard, and Adverse Selection
4	Sept 16, 18	Health Care Insurance, Moral Hazard, and Adverse Selection	Managed Care
5	Sept 23, 25	Midterm 1 (covers everything taught)	Equity, Efficiency and Need
6	Sept 30, Oct 2	Government's Role in Health care	Government's Role in Health care
7	Oct 7, 9	Government's Role in Health care	Government's Role in Health care
8	Oct 14, 16	Health Sector Reform	International Comparisons
9	Oct 21, 23	Providers: Physician, Hospitals and Pharmaceuticals	Providers: Physician, Hospitals and Pharmaceuticals
10	Oct 28, 30	Providers: Physician, Hospitals and Pharmaceuticals	Providers: Physician, Hospitals and Pharmaceuticals
11	Nov 4, 6	Midterm 2 (covers since last exam)	No Class
12	Nov 11, 13	The Economics of Health Behavior	The Economics of Health Behavior
13	Nov 18, 20	Health and Economic Development	Health and Economic Development
14	Nov 25, 27	FALL BREAK	
15	Dec 2, 4	Economic Evaluation of Health	Economic Evaluation of Health
16	Dec 9, 11	Review	

Tentative Reading List

Supplementary readings are voluntary.

1. Introduction and Overview (FSG ch 1 and 2)

Supplementary Readings

Feldstein, Martin, 1995. "The Economics of Health and Health Care: What Have We Learned? What Have I Learned?" *The American Economic Review*, Vol. 85, No. 2, Papers and Proceedings of the Hundredth and Seventh Annual Meeting of the American Economic Association Washington, DC, January 6-8, 1995., pp. 28-31.

Reinhardt, Uwe E. 1989. "Economists in Health Care: Saviors, or Elephants in a Porcelain Shop?" *The American Economic Review* 79(2). Papers and Proceedings of the Hundred and First Annual Meeting of the American Economic Association. pp. 337-342.

Arrow, Kenneth J. 1963. "Uncertainty and the Welfare Economics of Medical Care" *The American Economic Review*, 53(5), 941-973.

2. 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.

Leibowitz, Arleen, 2004. "The Demand for Health and Health Concerns after 30 years" *The Journal of Health Economics* 23(4), 663-671.

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

Deaton, Angus. 2002. "Policy Implications of the Gradient of Health and Wealth" *Health Affairs* 21(2), 13-30.

Supplementary Readings

Grossman, Michael. 1972. "On the Concept of Health Capital and the Demand for Health" *The Journal of Political Economy* 80(2), 223-255.

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

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

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

Cutler, David. 1994. "A Guide to Health Care Reform," *The Journal of Economic Perspectives* 8(3), 13-29. (Read section Health Care That's Always There (p.18-20) and section Universal Health Care (p. 20-21)).

Supplementary Readings

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

4. Managed Care (FSG 12)

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

Supplementary Reading

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

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

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

6. Government’s Role in Health Care (FSG 19, 20, 21)

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

7. International Comparisons (FSG 22)

8. Health Sector Reform (FSG 22)

9. Providers: Physicians, Hospitals and Pharmaceuticals (FSG 14, 15, 16, 17; Henderson 12))

10. The Economics of Health Behavior (FSG 22, 24)

11. Health and Development

Strauss, John and Duncan Thomas. 1998. “Health, Nutrition, and Economic Development” *Journal of Economic Literature*. 36(2), 766-817.

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.

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.

Supplemental Reading

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

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

Gertler, Paul and J. Van der Geest. 1990. *The Willingness to Pay for Medical Care: Evidence from Two Developing Countries*. Baltimore, MD: John Hopkins University Press. Chapter 2 pages 5-30.

12. Economic Evaluation of Health (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.

Martin Ravallion "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.

Students with Disabilities

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner 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>

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; 303-725-2273). 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 discrimination or harassment based upon race, color, national origin, sex, age, disability, 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