

## **Economics 4646-001: Health Economics Fall 2009 Course Syllabus**

### **Professor Tania Barham**

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**Office Hours:** Monday/Wednesday 11:00-noon 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.

### **Textbook / Readings**

Folland, Goodmand, and Stano (FSG). *The Economics of Health and Health Care 5<sup>th</sup> Edition*. Pearson Prentice Hall Press. ISBN: 0-13-237978-3. Please note a 6<sup>th</sup> edition does exist but is not required for this course. You may purchase it instead if you wish. I am using the 5<sup>th</sup> ed. because it is available on-line and is cheaper.

This text is also available in an on-line format at: [www.coursesmart.com](http://www.coursesmart.com)

There are also assign reading which are available on the class website and listed at the end of the syllabus

### **Evaluation**

Midterm 1 (Sept. 28 <sup>th</sup> ):	25%
Midterm 2 (Oct. 23 <sup>rd</sup> ):	25%
Final Exam:	35%
Homework:	15%
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 three home works each worth 5 percent of your grade. These homeworks will involve answering short and/or long questions. These will entail you doing some of your own research and analysis. You will be given the homework 1 to 2 weeks in advance and they are due in the beginning of class on the due date. You will lose a grade per day late. If you hand the homework in after the beginning of class you will lose a grade.

Homework 1: Moral Hazard and Adverse Selection – Due Sept. 23<sup>rd</sup>

Homework 2: International Comparisons – Due Oct. 16<sup>th</sup>

Homework 3: Health Care Reform – Due approximately Nov. 11<sup>th</sup> (date may change but you will be given plenty of warning)

## **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**

<b>WEEK</b>	<b>TOPIC</b>
1 – Aug. 25	Introduction / Micro Review
2 – Aug 31 <sup>st</sup>	Impact Evaluation
3 – Sept 7 <sup>th</sup>	Health Production Functions and Demand for Health Care
4 – Sept 14	Health Care Insurance, Moral Hazard, and Adverse Selection
5 – Sept 21 <sup>st</sup>	Health Care Insurance, Moral Hazard, and Adverse Selection / Managed Care
6 – Sept. 28 <sup>th</sup>	<b>Sept 28<sup>th</sup> - Midterm 1</b> (covers everything taught) Equity, Efficiency and Need
7 – Oct 5 <sup>th</sup>	Government's Role in Health Care
8 – Oct. 12 <sup>th</sup>	Government's Role in Health Care
9 – Oct. 19 <sup>th</sup>	International Comparisons <b>October 23<sup>rd</sup> – Midterm 2</b>
10 – Oct 26 <sup>th</sup>	To Be Determined
11 – Nov. 11 <sup>th</sup>	Health Sector Reform
12 – Nov. 9 <sup>th</sup>	Providers: Physician, Hospitals and Pharmaceuticals
13 – Nov. 16 <sup>th</sup>	Cost-Benefit and Cost-Effectiveness Analysis
14 – Nov. 23 <sup>rd</sup>	<b>THANKS GIVING BREAK</b>
15 – Nov. 30 <sup>th</sup>	Health and Economic Development
16 – Dec. 7 <sup>th</sup>	Review

## **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](http://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](mailto: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](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 Harod Luft, 2003. "What's Behind the Health Expenditure Trend," *Annual Review of Public Health*

#### *Supplementary Readings*

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

Mehrotra, Ateev, Adams Dudley, and Harod Luft, 2003. "What's Behind the Health Expenditure Trend," *Annual Review of Public Health*, 24, 385-412.

### 2. Micro Review (FSG 2)

### 3. Impact Evaluation (FSG 4)

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.

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

Almond, Doug and Mazumder, Bhash. 2005 "The Long-term Effects of Fetal Exposure to the 1918 Influenza Pandemic: An Analysis of SIPP Data," *American Economic Review Papers and Proceedings*, pages 258-262.

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.

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)).

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.

### *Supplementary Reading*

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)**

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, 20, 21)**

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

## **8. International Comparisons (FSG 22)**

Anderson, G, U. Reinhardt, P Hussey, and V Petrosyan. 2003. "It's The Prices , Stupid: Why The United States Is So Different From Other Countries," *Health Affairs* 22(3), 89-105.

Cutler, David M. 2002. "Equality, Efficiency, and Market Fundamentals: The Dynamics of International Medical-Care Reform," *Journal of Economic Literature*, 40(3), 881-906.

## **9. Health Sector Reform (FSG 22)**

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

## **10. Providers: Physicians, Hospitals and Pharmaceuticals (FSG 14, 15, 16, 17)**

## **11. Cost-Benefit and Cost-Effectiveness Analysis**

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.

## **12. Health and Development (FSG 24)**

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.

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

#### *Supplementary Readings*

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

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