

ECO 320 SYLLABUS
2011 SPRING

COURSE TITLE & NUMBER: Health Economics: ECO 320
TIME: Tuesday & Friday 10-11:50am
CLASSROOM LOCATION: Business Building, Room 106
PROFESSOR: Donka Mirtcheva, PhD
EMAIL ADDRESS: mirtchev@tcnj.edu
OFFICE ADDRESS: Business Building, Room 110
OFFICE PHONE: (609) 771-2260
OFFICE HOURS: Tuesday & Friday 2:00-3:50pm or by appointment

COURSE DESCRIPTION

ECO 320: Health Economics provides an examination of the health care system in the U.S. with particular emphasis on understanding the economic forces acting upon health care markets. Economic reasoning and tools of microeconomics are applied to the study of health and medical care and implications for individual health behavior and public health policies are examined. Topics include overview of the U.S. health care system, demand for health and medical services, health insurance, organization of health care providers, government's role, international health care system comparison, and pharmaceutical industry. A research paper is required. 1 course unit.
Prerequisite: ECO 101.

COURSE MATERIALS

Textbook: Santerre, Rexford E., and Stephen P. Neun. (2010). *Health Economics: Theories, Insights, and Industry Studies*. 5th ed. Chicago: Thomson South-Western.

Assigned readings from current academic journals and the popular press are listed in the course outline section at the end of this syllabus. Additional supplemental readings may be assigned in the course of the semester.

COURSE PURPOSE & LEARNING GOALS

Course Purpose. The main purpose of the course is to provide students with an understanding of the economic forces, acting upon health care markets. In particular, the course covers a variety of topics starting with an overview and review of the health economy in the US and the tools and concepts that economists employ in analyzing the health care sector. This discussion is followed by an in-depth examination of the demand for health and medical services, the production of medical care, and insurance and the organization of health providers. We will then study the behavior of health care providers, incorporating an extensive analysis of physician and hospital markets. An examination will follow of the role of the government in health care markets and in promoting healthy behavior, addressing the concerns of equity and access to health care, as well as comparing the US health care system to health care systems in other nations. Finally, we will close with an analysis of the pharmaceutical industry.

Learning goals. You are to (1) understand the forces of investing in one's own health and the market processes in the organization of the health care industry, (2) develop the economic way of thinking to analyze the impact of health market imperfections, individuals, health care providers, health insurance companies, and government policies on incentives to invest in one's health and operate smoothly the health care market (3) apply core economic theory and reasoning to topics of practical interest regarding the behavior of individuals, households, firms, the government, and if applicable, other social groups.

By the end of the semester, you are expected to improve the following skills:

- Critical thinking skills – develop the economic way of thinking as it applies to problems in the area of health behavior and health care markets and to relevant public policies
- Problem-solving and quantitative reasoning skills – use available statistics to evaluate an economic argument
- Communication skills – communicate effectively in written, spoken, and graphical form about specific economic issues, make oral presentations
- Lifelong skills – better understand and evaluate economic events, demonstrate effective teamwork and leadership, be sensitive to ethical challenges and issues of social responsibility.

COURSE REQUIREMENTS AND GRADING

Your course grade will be based on your performance in the following course requirements:

Final Exam (cumulative)	30%
Midterm Exam	20%
Research Paper	15%
Homework Assignments (2)	10%
Group Project/Presentation	10%
Class participation	10%
Opinion pieces (2)	5%
TOTAL	100%

Final grades will be assigned according to the following scale:

92-100 %	A
90-91 %	A-
87-89 %	B+
82-86 %	B
80-81 %	B-
77-79 %	C+
72-76 %	C
70-71 %	C-
67-69 %	D+
62-66 %	D
0-61 %	F

Grades might be modified to fit a curve, if appropriate.

The Midterm, Final (cumulative), paper, and two problem sets are scheduled as indicated in the tentative timetable at the end of this syllabus. In general, **late assignments will not be accepted**, unless you speak to me beforehand, ask very nicely, and have an acceptable excuse. The Professor may require documentation to substantiate the reason for the absence.

GROUP PROJECTS & PRESENTATIONS

You will participate in a more formal presentation, approximately 20 minutes long, in the second half of the semester, where you will be assigned in a group of about 3 students to prepare and give an in-class presentation on a certain topic. Preparation will involve meeting at least twice in a small group setting. In order to receive Professor's feedback, the group should email the Professor their presentation slideshow two days before their class presentation date. Else, the group ought to email the Professor their powerpoint slideshow the day before the in-class presentation. The whole group receives the same grade on the presentation. In addition, each member of the group should turn in a 1-page double-spaced reflection report explaining his/her contribution to the project, what went well, and what could be improved in the group interaction if the project were done over again.

OPINION PIECES

There will be two 2-page (double-spaced, Times New Roman, font size 12) opinion pieces. The opinion pieces are where you can present your opinion on topics or questions raised in the readings, lectures, or other relevant material. The idea is that you learn new concepts by using them. Even though the opinion papers are informal, they must be done in a professional manner. Opinion pieces that are late or do not bring in course concepts will get less than full credit.

Good opinion pieces can discuss: a personal experience that relates to an idea, your thoughts about an idea in the readings or lectures that seems particularly interesting and insightful, or a comparison of the ideas from two readings.

RESEARCH PAPER

You may choose to write about an issue in health economics that interests you. This is your opportunity to investigate an issue in health economics not covered in class or to extend a topic that was. The issue should be narrow enough, so that you can cover it extensively in a paper of approximately 8 pages (not including cover page, abstract, tables, and references; double spaced, Times New Roman, font size 12, 1" margins). Please double check your paper topic with the Professor before doing in-depth research to make sure the issue is appropriate for the course and focused enough. The intent of the paper is to encourage you to apply economic analysis to a real health care market problem or question. The paper should contain an abstract (at most 200 words), a description of the issue, background/literature review, an economic analysis of the problem such as applicable economic theory we learned in class, some basic facts and statistics that add to the discussion, conclusion, and references. The conclusion should sum up the paper's findings and draw conclusions about policy recommendations or insights into potential solutions to the economic problem or issue at hand. You should reference at least 5 sources total from: academic journals (3 or more sources), newspapers, magazines, or reliable web sources.

Your final paper should be formatted like an article in an economics journal. To see examples, look at a copy of the *American Economic Review* or *Journal of Economic Literature*. This will be easy for you to do mechanically. It will involve writing a brief abstract and compartmentalizing your paper by putting in section headings, subheadings, etc., a la your outline. This requirement is designed to give you an opportunity to revisit how your paper is structured and to make sure that it is organized in the clearest and most logical way.

The research paper is a semester-long assignment that will proceed in three stages: 1. Paper proposal: describe the topic and potential research question of interest in a couple of paragraphs (1/2-1 page); 2. Paper outline and bibliography: detailed outline (2-3 pages) followed by a bibliography consisting of at least 5 references; and 3. Final paper (7-8 pages). The following deadlines apply for the paper:

Paper proposal (1%)	Friday, Feb 25
Detailed paper outline (2%)	Friday, March 25
Final paper (12%)	Tuesday, April 26

The paper also presents an opportunity to work on your writing skills. Writing clearly about complex issues is an important skill. In grading your paper, I will pay close attention to the clarity of your writing. The quality of your writing will determine a significant portion of your grade. Be sure that your sentences are coherent and that each paragraph follows from the previous paragraph. A good way to avoid a poorly written paper is to take a look at a manual of style. I recommend *The Elements of Style* by William Strunk and E. B. White or *The Elements of Business Writing* by Gary Blake and Robert W. Bly, or *Economical Writing* by Deirdre N. McCloskey. Do not claim anyone else's writing or ideas as your own. Document your sources. Plagiarism will not be tolerated.

Paper Format

The paper **could** include the following sections:

Introduction: State the problem and why it is socially important. Here you may want to cite some statistics or refer to public opinion to establish the significance of the issue. For example, you may want to note the social cost of the problem, or the number of people affected by the problem, or the symbolic (political or social) importance of the problem. (1/2 – 1 page)

Background: Describe past, current and proposed public policies to address issue (there may only be proposed if it is a new area of government intervention, or you may propose a policy). Discuss the stated or intended goals of these policies and describe the program details. (3 pages)

Economic Theory/Analysis: Review the relevant economic theory that relates to the behaviors or outcomes being studied. For example, if you were analyzing the effect of tax credits on health insurance, you would review the theory of the demand for health insurance. Use the theory to analyze the likelihood that the policy will achieve its intended goals and to discuss whether there will be any unintended effects. Also use the theory to propose alternative policies. This section is the main part of the paper. (3 pages)

Conclusions: Summarize your analytical findings as to the likely success of the policy and whether alternative policies would be preferred. Draw conclusions about policy prescriptions or insights into potential sources of an economic problem or issue. Discuss the political support for the policy with reference to the “winners” and “losers” that the policy creates. (1 page)

A Sample of Research Paper Topics (NOT Paper Titles):

- Factors Contributing to Rising Health Care Expenditures
- Do Laws of Supply and Demand Guide the Health Care Industry
- Racial Disparities and Efficiency (Outcomes) of Health Services
- Economics of Complementary and Alternative Medicine
- Economic Effects of Changes in Technology
- Insurance and the Organization of Health Care Providers
- Moral Hazard and Adverse Selection
- Medical Malpractice Insurance
- Alternative/Complementary Medicine Insurance Coverage
- Medical Savings Accounts
- Economic Analysis of Access to Health Care
- Economic Analysis and Public Policy for the Uninsured
- Economic Analysis of the Demand for Medical Services and Socioeconomic Status
- Economic Barriers to Health Services for Socioeconomically Disadvantaged Populations
- Medical Staffing Shortages – Physicians, Nurses, Other Medical Personnel
- Medical Malpractice Premiums and Reforms
- Nursing Shortage: A Growing Health Care Crisis
- Economics of For-Profit vs. Not-For-Profit Health Care Organizations
- Economic Effects of Hospital Privatization
- Economics of Home Health Care Services, Long-term Care
- End of Life Care, Euthanasia
- Economic Effects of Changes in Mental Health Delivery
- Role of Government in Health Markets
- Economic Aspects of Status and Development of National Health Care Standards
- Comparison of the Health Care Systems in the U.S. and Other Countries
- Economic Effects of Medicare and Medicaid Managed Care
- Pharmaceutical Industry and online drug purchase
- Reform in Health Care Markets
- Economic Analysis of Prescription Drug Programs in Medicare
- Economic Analysis of Homeopathy/"Alternative" Treatments
- Economics of the Pharmaceutical Distribution Industry
- Economic Effects of Substance Abuse
- Medical Marijuana
- Economic Effects of Obesity
- The Economics of Fast Food and Health in the U.S.
- The Effectiveness of HIV/AIDS Relief in Southern Africa
- Economic Impact of Information Technology on Health Care Delivery
- Stem Cell Research, Cloning, Organ Transplants
- The Economics of Religion and Health
- Economic Impact of Treatment for Infertility
- Should the Government Provide Health Insurance?

SELECTED TCNJ POLICIES

TCNJ's final examination policy is available on the web: <http://www.tcnj.edu/~academic/policy/finaevaluations.htm>

Attendance

Every student is expected to participate in each of his/her courses through regular attendance at lecture and laboratory sessions. It is further expected that every student will be present, on time, and prepared to participate when scheduled class sessions begin. At the first class meeting of a semester, instructors are expected to distribute in writing the attendance policies which apply to their courses. While attendance itself is not used as a criterion for academic evaluations, grading is frequently based on participation in class discussion, laboratory work, performance, studio practice, field experience, or other activities which may take place during class sessions. If these areas for evaluation make class attendance essential, the student may be penalized for failure to perform satisfactorily in the required activities. Students who must miss classes due to participation in a field trip, athletic event, or other official college function should arrange with their instructors for such class absences well in advance. The Office of Academic Affairs will verify, upon request, the dates of and participation in such college functions. In every instance, however, the student has the responsibility to initiate arrangements for make-up work.

Students are expected to attend class and complete assignments as scheduled, to avoid outside conflicts (if possible), and to enroll only in those classes that they can expect to attend on a regular basis. Absences from class are handled between students and instructors. The instructor may require documentation to substantiate the reason for the absence. The instructor should provide make-up opportunities for student absences caused by illness, injury, death in the family, observance of religious holidays, and similarly compelling personal reasons including physical disabilities. For lengthy absences, make-up opportunities might not be feasible and are at the discretion of the instructor. The Office of Academic Affairs will notify the faculty of the dates of religious holidays on which large numbers of students are likely to be absent and are, therefore, unsuitable for the scheduling of examinations. Students have the responsibility of notifying the instructors in advance of expected absences. In cases of absence for a week or more, students are to notify their instructors immediately. If they are unable to do so they may contact the Office of Records and Registration. The Office of Records and Registration will notify the instructor of the student's absence. The notification is not an excuse but simply a service provided by the Office of Records and Registration. Notifications cannot be acted upon if received after an absence. In every instance the student has the responsibility to initiate arrangements for make-up work.

TCNJ's attendance policy is available on the web: <http://www.tcnj.edu/~recreg/policies/attendance.html>

Academic Integrity Policy

Academic dishonesty is any attempt by the student to gain academic advantage through dishonest means, to submit, as his or her own, work which has not been done by him/her or to give improper aid to another student in the completion of an assignment. Such dishonesty would include, but is not limited to: submitting as his/her own a project, paper, report, test, or speech copied from, partially copied, or paraphrased from the work of another (whether the source is printed, under copyright, or in manuscript form). Credit must be given for words quoted or paraphrased. The rules apply to any academic dishonesty, whether the work is graded or ungraded, group or individual, written or oral.

TCNJ's academic integrity policy is available on the web: <http://www.tcnj.edu/~academic/policy/integrity.html>.

Americans with Disabilities Act (ADA) Policy

Any student who has a documented disability and is in need of academic accommodations should notify the professor of this course and contact the Office of Differing Abilities Services (609-771-2571). Accommodations are individualized and in accordance with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1992.

TCNJ's Americans with Disabilities Act (ADA) policy is available on the web: <http://www.tcnj.edu/~affirm/ada.html>

Tentative Course Outline

The schedule of course assignments below is provided as a general guide. Assignments and deadlines might be modified as the course work proceeds, depending on the students' progress. Additional readings will be posted on SOCS or distributed by email. Announcements will be sent by email through the SOCS systems. Please check your email regularly.

WEEK OF	TOPIC/READINGS
1: Jan 18	<p>INTRODUCTION TO HEALTH ECONOMICS Introduction, Chapter 1 Centers for Medicare and Medicaid Services. "National Health Expenditure Projections 2009–2019." https://www.cms.gov/NationalHealthExpendData/downloads/proj2009.pdf Kaiser Foundation. "Kaiser Health Tracking Polls." http://www.kff.org/kaiserpolls/trackingpoll.cfm Noah, Timothy. (2010). "Bernie Madoff, M.D. Is the recession good for your health?" <i>Slate</i>. posted on January 7, 2010. http://www.slate.com/id/2240841/</p>
2: Jan 25	<p>HEALTH CARE SYSTEMS – OVERVIEW Health Care Systems and Institutions, Chapter 4 Anderson, Gerard, Bianca Frogner. (2008). "Health Spending in OECD Countries: Obtaining Value per Dollar." <i>Health Affairs</i>. 27(6):1718-1727. OECD Health Data 2010: Statistics and Indicators. http://www.oecd.org/document/30/0,3746,en_2649_34631_12968734_1_1_1_1,00.html "US Health Care Costs: Background Brief." The Kaiser Family Foundation. http://www.kaiseredu.org/topics_im.asp?imID=1&parentID=61&id=358</p>
3: Feb 1	<p>REVIEW OF MICROECONOMIC TOOLS; DEMAND FOR HEALTH Health and Medical Care: An Economic Perspective, Chapter 2 Grossman, Michael. (1972). "On the Concept of Health Capital and the Demand for Health." <i>Journal of Political Economy</i>. 80(2):223-255. Wagstaff, Adam. (1986). "The Demand for Health: Theory and Applications." <i>Journal of Epidemiology and Community Health</i>. 40:1-11.</p>
4: Feb 8	<p>DEMAND FOR HEALTH INSURANCE AND MEDICAL CARE The Demand for Medical Care, Chapter 5 Buchmueller, Thomas C. (2006). "Consumer Demand for Health Insurance." National Bureau of Economic Research. NBER Reporter Research Summary. http://www.nber.org/reporter/summer06/buchmueller.html Kaiser Family Foundation. (2008). "How Private Health Insurance Works: A Primer – 2008 Update." http://www.kff.org/insurance/upload/7766.pdf OPINION PIECE #1 (WEEKS 1-3) – due Tuesday, February 8</p>

WEEK OF	TOPIC/READINGS
5: Feb 15	<p>PROBLEMS IN INSURANCE: MORAL HAZARD AND ADVERSE SELECTION The Demand for Medical Care, Chapter 5 The Demand for Medical Insurance: Traditional and Managed Care Coverage, Chapter 6 Arrow, Kenneth. (1963). "Uncertainty and the Welfare Economics of Medical Care." <i>American Economic Review</i>. 53(5):941-973. Pauly, M. (1968). "The Economics of Moral Hazard: Comment." <i>American Economic Review</i>. 58(3):531-37.</p>
6: Feb 22	<p>SUPPLY OF HEALTH INSURANCE, TRADITIONAL AND MANAGED CARE The Demand for Medical Insurance: Traditional and Managed Care Coverage, Chapter 6 The Private Health Insurance Industry, Chapter 11 Kaiser Family Foundation. (2008). "Health Insurance Coverage in America, 2007." http://facts.kff.org/chartbooks/Health%20Insurance%20Coverage%20in%20America,%2002007.pdf Robinson JC (2004). Reinvention of health insurance in the consumer era. <i>Journal of the American Medical Association</i>. 291(15):1880-1886. PAPER PROPOSAL – due Friday, February 25</p>
7: Mar 1	<p>PRODUCTION OF MEDICAL CARE Medical Care Production and Costs, Chapter 7 Robinson, JC. (2004). "Consolidation and the transformation of competition in health insurance." <i>Health Affairs</i>. 23(6):11-24. OPINION PIECE #2 (WEEKS 4-6) – due Tuesday, March 1 PROBLEM SET #1 – due Friday, March 4</p>
8: Mar 8	<p>SPRING BREAK</p>
9: Mar 15	<p>REVIEW PROBLEM SET #1, REVIEW FOR MIDTERM EXAM Midterm – Friday, March 18</p>
10: Mar 22	<p>HEALTH INSURANCE AND THE LABOR MARKET REVIEW MIDTERM The Kaiser Family Foundation and Health Research and Educational Trust. <i>Employer Health Benefits: 2010 Summary of Findings</i>. http://ehbs.kff.org/pdf/2010/8086.pdf PRESENTATION TEAM 1 – Friday, March 25 DETAILED PAPER OUTLINE – due Friday, March 25</p>

WEEK OF	TOPIC/READINGS
11: Mar 29	<p>PUBLIC HEALTH INSURANCE PROGRAMS</p> <p>Government, Health, and Medical Care, Chapter 9 Government as Health Insurer, Chapter 10 Cutler D, Gruber J (1996). Does public insurance crowd out private insurance? <i>Quarterly Journal of Economics</i>. 111:391-430.</p> <p>PRESENTATION TEAM 2 – Tuesday, March 29 PRESENTATION TEAM 3 – Friday, April 1</p>
12: Apr 5	<p>THE MARKET FOR PHYSICIAN SERVICES</p> <p>The Physician Services Industry, Chapter 12 Liberto, Jennifer. (2009). “Curbing Medical Lawsuits: What Obama Really Means.” CNN Money.com. September 11, 2009. http://money.cnn.com/2009/09/11/news/economy/obama_medical_malpractice/index.htm</p> <p>PRESENTATION TEAM 4 – Tuesday, April 5 PRESENTATION TEAM 5 – Friday, April 8</p>
13: Apr 12	<p>THE MARKET FOR HOSPITAL SERVICES</p> <p>The Hospital Services Industry, Chapter 13 Spang, Heather R, Gloria J Bazzoli, Richard J Arnould. (2001). “Hospital Mergers and Savings for Consumers: Exploring New Evidence.” <i>Health Affairs</i>. 20(4):150-158.</p> <p>PRESENTATION TEAM 6 – Tuesday, April 12 PRESENTATION TEAM 7 – Friday, April 15</p>
14: Apr 19	<p>THE PHARMACEUTICAL INDUSTRY</p> <p>The Pharmaceutical Industry, Chapter 14 <i>Business Wire</i>. (2006). “IMS Health Reports 5.4 Percent Dollar Growth in 2005 U.S. Prescription Sales.” http://www.redorbit.com/news/health/402019/ims_health_reports_54_percent_dollar_growth_in_2005_us/ Campbell, Sheila. (2009). “Promotional Spending for Prescription Drugs.” <i>Economic and Budget Issue Brief</i>. Congressional Budget Office. December 2, 2009. http://www.cbo.gov/ftpdocs/105xx/doc10522/12-02-DrugPromo_Brief.pdf</p> <p>PRESENTATION TEAM 8 – Tuesday, April 19 PROBLEM SET #2 – due Friday, April 22</p>
15: Apr 26	<p>REVIEW PROBLEM SET #2, REVIEW FOR FINAL EXAM (Note: Friday, April 29, is a Reading Day) PRESENTATION TEAM 9 – Tuesday, April 26 RESEARCH PAPER – due Tuesday, April 26</p>
16: May 2	<p>Final Exam Week</p>