E307 Economic Issues—Health Economics
Fall 2015  Section #: 32040

Professor:  Dr Wendy Morrison  Office: CA527  Office Hours: Mon 10:30am-11:30am or by appointment
Lecture Times:  Mon 9:00-10:15  Wed 9:00-10:15
Lecture room:  IT 163 (Informatics & Communication Tech Complex)

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Course Description:
Spiraling health care expenditures and the presence of unmet need are problems faced in both publicly and privately financed health care systems around the world. This course will show that, although there are characteristics that make health and health care different from other goods, economics can be used to analyze problems in the market for health care and to aid the allocation of resources within the health care sector. Issues such as the market failure, labor markets, cost containment, and difficulties in comparing the benefits of different treatments will be addressed.

Credit hours:  3
Prerequisite:  None.

Required Text:

Course Requirements:
Participation:  Class participation is worth 10% of your final grade. You cannot participate if you are absent!

Exercises (two):  All exercises are due at the beginning of class on the due date. If submitting your exercise electronically on Oncourse, submit it by 9am on the due date.
exercise #1 (5%--due Sept 14, in class);
exercise #2 (5%--due Nov 16, in class);

Quizzes (3):  There will be an individual component and a team-based-learning component to each quiz. Individual components to the quizzes will NOT be multiple choice.
quiz #1 (5%, Sept 21, in class)
quiz #2 (5%, Oct 26, in class)
quiz #3 (5%, Nov 23, in class)

Midterm (one)  Midterm (15%--Oct 5, in class);

Essay:  The essay outline is a good way to start planning your essay and to receive comments.
essay outline (5%--due Oct 14 in class);
essay (20%--due Nov 30, by 10:30am, hardcopies only in Economics Dept Office, CA516—electronic submissions will not be accepted)

Final examination:  The final exam is comprehensive (i.e., it may cover any of the material from the course reading or from class). Final exam (25%--date: To Be Announced).

Grading Scheme:  
A 90%-100%;  B 80%-89%;  C 70%-79%;  D 50%-69%;  F 0%-49%

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Essay Options:

Option 1: Choose a topic in the field of health economics. Possible topic areas include, but are not restricted to, those covered in the course.

Option 2: Choose a journal article in the field of health economics and write a critical appraisal of the article (n.b., A medical journal article with an economics component can be chosen provided that the critical appraisal concerns the economics). A copy of the journal article being appraised should be submitted with the essay.

Here are some journals that you might like to browse to find an article to critique (for option 2) and which are available from the IUPUI libraries (online or in the stacks): Social Science & Medicine; Health Economics; Health Affairs; Health Politics, Policy & Law; Applied Health Economics & Policy; Journal of Health Economics; Medical Care; New England Journal of Medicine; JAMA.

Essay Requirements:

➡ Outline — Submit a 2 page outline of your essay. This should include a clearly stated research question and at least three sources of information for those choosing option 1; those choosing option 2 should include a ½ page summary of the article that will be appraised as well as the outline of your essay for those choosing Option 2. It will be returned to you with comments. This will be worth 5% of your final grade. Late outlines will not be accepted.

➡ Due Date — Essays should be typed, double spaced, and 8-10 pages in length. There should be a title page with your name and the title of the essay, and there should be a list of references that you cite in your essay. The essay will be worth 20% of your final grade. Late essays will be penalized at a rate of 10 percentage points per day (i.e., 2% of your final grade per day). You must submit a hard copy of your essay in class or to the Economics Department office (CA 516) by 10:30am.

Learning Outcomes: After completing this course, you should have attained the following:

- a deep understanding of the a number of core concepts of microeconomics that are essential to understanding key issues in health care delivery and health insurance.
- an ability to use the essential tools of microeconomics to understand the sources of market failure that make health care and health insurance different from most market goods. You should have a basic understanding of how different types of government intervention can affect access to health care for different groups of people, and who will bear the costs of policies.
- an ability to critically analyze economic arguments presented in health policy debates. For example, you should be able to understand and evaluate health policy discussions in the media such as National Public Radio, the New York Times, or the Economist.

Principles of Undergraduate Learning (PUL): This course satisfies the following PUL:

- Core Communication and Quantitative Skills—By the end of this course, students will be able to express and interpret information, perform quantitative analysis, and use information resources
and technology to construct logical and well-informed arguments about health and health care problems, and possible approaches to their solution.

- **Critical Thinking**—By the end of this course, students should demonstrate the ability to apply basic tools of economics to analyze, evaluate, and discern bias in health policy discussions. Students should be able to identify and understand the incentives created by policies, both for patients and for health care providers, and arrive at reasoned conclusions about the probable consequences of alternative policies.

- **Integration and Application of Knowledge**—By the end of the semester, students should be able to use information and concepts from this course, the media, and their community lives to understand the probable impact of alternative health policies on their own life and the lives others in their community.

**Note:**
1. The reading list is subject to change at the discretion of the instructor. Students are responsible for all assigned reading and all material covered in class. Students that miss a class are still responsible for the material covered in the class. If you miss a class, borrow a classmates notes, and do the reading assigned for that class.
2. There are a number of campus-wide policies governing the conduct of courses at IUPUI. These can be found at [http://registrar.iupui.edu/course_policies.html](http://registrar.iupui.edu/course_policies.html)

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**E307: Course Topics and Required Reading**

I. Overview of the U.S. Health Care System
   - Health and Economics
     - Required Reading: Getzen ch. 1

II. Market Failure and Demand
   - Market Failure in Health Care
     - Required Reading: This topic will be covered in class and may be supplemented with handouts.
   - Demand for Health and Health Care
     - Required Reading: Getzen ch. 2

III. Health Insurance
   - The Basics of Health Insurance
     - Required Reading: Getzen ch. 4
   - Market Failure in Health Insurance
     - Required Reading: This topic will be covered in class and may be supplemented with handouts.
   - Health Insurance in the U.S.A.: The Public-Private Mix, The Problem of Uninsurance, and Health Care Reform
     - Required Reading: TBD

IV. Economic Evaluation in Health Care

- Cost-Benefit and Cost-Effectiveness Analysis
  - Required Reading: Getzen ch. 3
- Measuring Health
  - Required Reading: This topic will be covered in class and may be supplemented with handouts.

V. Physicians

- Physician Payment and Costs
  - Required Reading: Getzen ch. 6
- Physicians as Patients’ Agents & Supplier-Induced-Demand
  - Required Reading: Getzen ch.6.
- Variations in Care
  - Required Reading: This topic will be covered in class and may be supplemented with handouts.
- Physician Supply and Business Practice
  - Required Reading: Getzen ch.7.

VI. Topics in the Health Care Industry

Topics covered will be determined by student interest if there is enough time remaining in the course.

- Economics of the Hospital
  - Required Reading: Getzen ch. 8
- Managed Care
  - Required Reading: Getzen ch.10.
- Pharmaceuticals
  - Required Reading: Getzen ch.12.