Syllabus for ECON 3740 – Health Economics
Winter-2020 | T, Th 4:00-5:50 PM | STURM Hall 187
Instructor: Yavuz Yaşar
Office: STURM Hall 240 | Phone: 303 871 22 44 | e-mail: yyasar@du.edu
Office Hours: T, Th 12-3:00 PM or by appointment.

Course Description & Goal: This course is about health, health care services, and related policy issues from the perspective of economics. The course begins with a historical description of the U.S. health care system, its financing, organization and delivery by means of introducing the basic terms and concepts used in the rest of the course. Next, we introduce theory by defining health and health care services, their production, and demand for health and supply of health care services with their implications for policy according to neoclassical microeconomic principles. This is followed by the development of a critical and political economy perspective by taking into account the history (of the U.S. health care system) and the perspectives of relevant disciplines (e.g., medicine, public health, sociology, political science, etc.,) in order to demonstrate the flaws in the neoclassical approach. Based on such a critical perspective, the course develops a comparative and analytical framework to study the U.S. health care system. More emphasis will be put on demand for health care services, health (care) insurance and the key role played by financing methods in the U.S. health care system due to time limit. The course concludes with the role of government and alternative health care reform proposals in the U.S.

Please note that it is expected that students in the course are familiar with microeconomic principles at the intermediate level. By taking this course, students should be able to get familiar with the U.S. health care system, its organization with respect to production, delivery, access, and utilization through the lenses of a critical economic theory perspective. Having taken the course, undergraduate students should be able to write, for example, their senior thesis on one of the issues in the U.S. health care system.

Text & Readings: There is no specific textbook that is assigned for this course. Instead, we will mainly use some of the chapters from the following three textbooks: Rexford E. Santerre and Stephen P. Neun (SN) Health Economics: Theories, Insights, and Industry Studies, Thomson/ Southwestern, Mason, Ohio, 6th edition (2013); Bodenheimer, Thomas S. & Grumbach, Kevin (BG) Understanding Health Policy: A Clinical Approach, Lange Medical
Books/McGraw-Hill, 6th edition (2012); and Donaldson, Cam & Gerard, Karen (with Stephen Jan, Craig Mitton and Virginia Wiseman) (DG), Economics of Health Care Financing: The Visible Hand, Palgrave Macmillan, New York, 2nd Edition (2005). The order of the covered chapters for the book is listed in the course outline and they are marked as SN, BG, and DG. They will be available through (Canvas). To develop a critical perspective, there will be additional readings that are coming from different sources such as the internet, academic journals that can be accessed through the Penrose Library, and chapters of relevant (text)books that are indicated clearly in the course outline below. For example, students can access some of the additional readings through the Penrose Library (i.e., journals, J-STOR, etc.). Such readings are marked as (library). Those marked as (Canvas) can be found in a folder, entitled ‘Health Economics Reader’ in Canvas. Some of the readings can be found directly from the internet for which the internet addresses are provided. “G” indicates that the reading is graduate level, “O” indicates that the reading is “optional.” (Graduate students are responsible for both graduate and undergraduate level readings).

Class Format: As indicated in the course catalogue, I will be mostly lecturing during class time. However, active participation is expected. For active participation, first, students must read the scheduled material in advance. Second, they should discuss the material and readings by means of asking questions, answering questions raised by the instructor, and making comments. I may also provide some handouts consisting of some study questions. Students are expected to work on those questions in addition to the ones in the textbook in order to be ready for exams.

Grading: Grades will be based on two in-class, two take-home exams, and one term paper and its in-class presentation. The weight of each assignment and grading scale are shown below.

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Date</th>
<th>Content</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Take-Home Exam-I</td>
<td>TBA</td>
<td>Part-II</td>
<td>10%</td>
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<tr>
<td>Take-Home Exam-II</td>
<td>TBA</td>
<td>Part-III</td>
<td>15%</td>
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<tr>
<td>In-class Exam-I</td>
<td>02/06</td>
<td>Part I &amp; II</td>
<td>25%</td>
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<tr>
<td>In-class Exam-II</td>
<td>03/17</td>
<td>Part III &amp; IV</td>
<td>25%</td>
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<tr>
<td>Paper &amp; Presentation</td>
<td>Week 10</td>
<td>TBD</td>
<td>25%</td>
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<td>Total</td>
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<tr>
<td>Quality</td>
<td>Grade Symbols</td>
<td>Grade Points</td>
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<tr>
<td>Excellent</td>
<td>A</td>
<td>4</td>
<td>100-98</td>
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<tr>
<td></td>
<td>A/A-</td>
<td>3.85</td>
<td>97-96</td>
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<tr>
<td></td>
<td>A-</td>
<td>3.7</td>
<td>95-92</td>
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<tr>
<td></td>
<td>A-/B+</td>
<td>3.5</td>
<td>91-90</td>
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<td></td>
<td>B+</td>
<td>3.3</td>
<td>89-86</td>
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<tr>
<td></td>
<td>B+/B</td>
<td>3.15</td>
<td>85-84</td>
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<tr>
<td>Good</td>
<td>B</td>
<td>3</td>
<td>83-80</td>
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<td></td>
<td>B/B-</td>
<td>2.85</td>
<td>79-78</td>
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<tr>
<td></td>
<td>B-</td>
<td>2.7</td>
<td>77-74</td>
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<td></td>
<td>B-/C+</td>
<td>2.5</td>
<td>73-72</td>
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<td></td>
<td>C+</td>
<td>2.3</td>
<td>71-70</td>
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<tr>
<td></td>
<td>C+/C</td>
<td>2.15</td>
<td>69-68</td>
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<tr>
<td>Satisfactory</td>
<td>C</td>
<td>2</td>
<td>67-66</td>
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<tr>
<td></td>
<td>C/C-</td>
<td>1.85</td>
<td>65-64</td>
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<tr>
<td></td>
<td>C-</td>
<td>1.7</td>
<td>63-60</td>
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<tr>
<td></td>
<td>C-/D+</td>
<td>1.5</td>
<td>59-58</td>
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<td></td>
<td>D+</td>
<td>1.3</td>
<td>57-55</td>
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<td></td>
<td>D</td>
<td>1</td>
<td>54-53</td>
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<tr>
<td>Minimum Passing</td>
<td>D-</td>
<td>0.7</td>
<td>52-50</td>
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<tr>
<td>Failure</td>
<td>F</td>
<td>0</td>
<td>49&gt;</td>
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**Take-home exams** are dedicated for the analytical aspect of the course and will be a group work. Thus, they require problem solving that will be done by group of two students. **In-class exams** are about conceptual and theoretical aspect of the course. They consist of essay-type questions that need to be answered individually. **If a student fails to turn in and/or take any of the exams without a legitimate excuse that must be documented, s/he would automatically receive an “F” for the course.**

**For Paper & Presentation**, students will write a paper and present it in class during the last week of classes. The paper topics will be related to reform aspects of health care policy that will be related to section 3 of PART-IV (see the course outline below) after I finish lecturing about the first two sections of the same part. For example, students may want to talk about previous topics (e.g., social determinants of health, health care expenditures, access to health care, Medicaid, Medicare, etc.,) with reference to Affordable Care Act or the single-payer system (i.e., Medicare for All) or both. Students should communicate with me about a specific topic on which they will write their papers to make it manageable and focused enough. (Graduate students who are planning to write their thesis about a topic in health economics must come and talk to me.) To make a timely progress, students should come and talk to me about potential topics they are interested in the **third week** of the quarter.
Suggested books and journals: The following is a list of suggested books and academic journals in the field of health care and health economics in case one needs to study and research beyond the content of the course.

A list of suggested books


A list of academic journals

- International Journal of Health Services (IJHS)
- Health Affairs
- Journal of Health Politics, Policy and Law
- Health Economics
- Journal of Health Economics
- Health Policy
- Health Policy Research
- Health Policy and Planning
- Health Services Research (HSR)
- The Milbank Memorial Fund Quarterly
- Journal of American Medical Association (JAMA)
- New England Journal of Medicine (NEJM)

Policies:

Timing & Attendance: Come to class on time. Attendance is very important! The course covers a lot of material quickly and some material will only be covered during the lectures. If a satisfactory attendance (i.e., at least 60% of the term) is not accomplished, students will be asked to withdraw or receive a failing grade.

Preparation: Read the assigned material in advance and familiarize yourself with the subject before the lecture. Think about and work on the questions in your textbook.

Canvas: Canvas will be used to make major announcements about due dates, assignments, etc. Supplemental materials not included in the course packet will also be posted on Canvas.
Critical Learning: Do not believe any of the economics you read in the textbook or elsewhere. Learn it well and critically. Do not believe any of the economics I present in class. Learn it well and critically.

Computer/Equipment Use Policy: Although having a laptop in class opens up new learning possibilities for students, previous experience has shown that often times students utilize it in ways that are inappropriate. Thus, please do not use laptops and equipment (such as cell phones, tablets, etc.,) during the class time. The use of such equipment is not absolutely necessary for this particular class.

The DU Honor Code: Students at the University of Denver are expected to uphold the DU Honor Code and act honestly, act with integrity, and strive for academic excellence. Plagiarism and other forms of academic misconduct have severe consequences and will not be tolerated. That is, anyone who plagiarize will automatically receive an ‘F’ for this course. Students should familiarize themselves with the honor code (http://www.du.edu/ccs/honorcode.html) and the student code of conduct (http://www.du.edu/ccs/code.html), and act accordingly.

Disability Service Program (DSP): If you qualify for academic accommodations because of a disability, please submit a letter to me from Disability Services Program (DSP) in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities and is located under the Bookstore in the Driscoll Student Center South. DSP -- 303.871.2455 / 2278 / 7432. The Handbook for Students with Disabilities is available online at http://www.du.edu/disability (click on Disability Services Program and then publications) and is also available in hard copy and alternate format.

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COURSE OUTLINE

PART I. HEALTHCARE SYSTEMS: INSTITUTIONS AND HISTORY (Weeks 1 & 2)

1. Financing, organization, and delivery of health care services
   - (Canvas) SN-Chp. 4 Health Care System and Institutions

   i. Financing
   - (Canvas) BG-Chp. 2 Paying for Health Care
   - (Canvas) BG-Chp. 4 Reimbursing Health Care Providers.
ii. Organization and delivery

- (Canvas) BG-Chp. 5 How health care is organized-I: Primary, Secondary, and Tertiary.
- (Canvas) BG-Chp. 6 How health care is organized-II: Health Delivery Systems

2. A Brief History of the U.S. Health Care System

- (Canvas) BG-Chp. 16 Conflict and Change in America’s Health Care System.

PART II. NEOCLASSICAL ECONOMIC THEORY & ITS IMPLICATIONS (Weeks 2, 3, 4)


1. Neoclassical Conceptualization of Health and Healthcare

- (Canvas) SN-Chp. 2 Health and Medical Care: An Economic Perspective

2. Neoclassical Theories of Demand for Healthcare & Insurance

- (Canvas) SN-Chp. 5 Demand for Medical Care
- (Canvas) SN-Chp. 6 Demand for Medical Insurance
3. The Private Health Insurance & Hospital Markets in the U.S.

- (Canvas) SN-Chp. 8 Structure, Conduct, Performance, and Market Analysis
- (Canvas) SN-Chp. 11 The Private Health Insurance Industry
- (Canvas) SN-Chp. 13 The Hospital Services Industry

PART III. CRITIQUE OF NEOCLASSICAL THEORY IN HEALTH & HEALTHCARE (Weeks 5, 6, 7)

1. A (Public Health) Critique of Neoclassical Conceptualization of Health: The Social Determinants of Health


2. A Critique of Markets for and Efficiency in Healthcare

- (Canvas) DG-Chp. 2 Markets and Health Care: Introducing the Invisible Hand

i. Efficiency

ii. Market Failure
• (Canvas) DG·Chp. 3 Market Failure in Health Care: Justifying the Visible Hand.
• (Canvas) DG· Excerpts from Chp. 6, 7, and 8 Countering Consumer, Doctor, and Hospital Moral Hazard.

PART IV. HEALTH & HEALTHCARE POLICY (Weeks 8, 9, 10)

1. Access to Care: Uninsured, Medicaid, and Medicare
• (Canvas) BG·Chp. 3 Access to Care
• (Canvas) SN·Chp. 10 Government as Health Insurer.

2. Cost (Income) Control
• (Canvas) BG· Chp. 8 Painful versus Painless Cost Control.

* Here is a recent summary of exchanges on this topic:
• (Canvas) BG-Chp. 9 Mechanisms for Controlling Costs

3. Reforming the Health Care System in the U.S.A.

i. The Affordable Care Act

• (Canvas) BG-Chp. 15 Healthcare Reform & National Health Insurance.
• The Henry J. Kaiser Family Foundation Health Reform Gateway (http://healthreform.kff.org/)

ii. The Single-Payer System

• (Canvas & Library) Woolhandler, Steffie and David U. Himmelstein “Paying for National Health Insurance—And Not Getting It,” Health Affairs, July/August 2002.