

Syllabus –Fall 2019
Health Economics, ECN 431

Tues.-Thurs., 9:45 am - 11:10 am
Franz Hall 015

Instructor	Todd Easton		Office Hours	
Office Phone	503-943-7209		Monday	10:30 am – 12:30 pm
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Course Prerequisite: ECN 121

Course Description

Applies economics to the study of how to best promote health for all. Focuses on the decisions and institutions that influence the demand for and the production of health. Includes an evaluation of the roles of consumers, the environment, physicians, hospitals, insurers, and pharmaceutical companies. Evaluates government policy aimed at improving health, including the Affordable Care Act.

Learning Goals Addressed:

✓	Communication Competencies -each student writes a seminar paper
	Problem Recognition, Prioritization, and Decision Making Competencies
	Analytic and Decision Making Competencies
✓	Ethics and Social Responsibility Competencies -examines health disparities, their causes, and policies to reduce them
	Leadership, Team, and Interpersonal Competencies
✓	Business Knowledge Competencies -investigates the functioning of the health insurance and hospital sectors of the US economy

Readings

Our text is:

Bhattacharya, Jay, Timothy Hyde, & Peter Tu, *Health Economics*, Palgrave MacMillan, 2014

Readings from the text are listed in the Course Calendar, preceded by BHT (for Bhattacharya, Hyde, and Tu). Additional readings are listed too. To find them, click on the links in [the electronic version](#) of the Course Calendar on our Moodle site. I will update the electronic version if timing, topics, or readings change.

Etiquette

Phone use in class often distracts. Unless you clear it with me, please do not use a phone during class.

Course Requirements

Your course grade will be based on participation, quizzes, homework assignments, written assignments, and exams. Each of these class elements is described below. Following those descriptions, I explain how your final grade will be calculated.

Participation

I expect and encourage all students to participate. *Fabulous* class participation involves **coming prepared**; saying interesting things in response to reading, lecture, or other students' comments; asking questions to clarify points I make or points made in the reading; correctly answering questions I pose; attending class regularly and punctually; sharing relevant news, responding promptly to my emails, and contributing carefully to the [collaborative class notes](#) when it is your turn. A student who attends regularly, seems prepared, and contributes thoughtfully on a regular basis, will receive an A for participation. On the other hand, a student who misses lots of classes and never participates will earn an F.

Reading forums

To foster some reading discussion before one class each week, I will create a weekly reading forum for most weeks of class. You can see the first if you visit our Moodle page, it is called "[Sunday, September 1](#)." For each forum, you are assigned two posts. The first should be a response to a reading or a question about it. The reading addressed should be one (or more) assigned for the next class. This post should demonstrate you have done the reading with care. The first post is due at 8 pm on the "name day" of the forum (for example, at 8 pm on Sunday, September 1 for the forum mentioned above).

The second post should be a response to a first post. Your response could answer a question, it could suggest a problem, or it could offer an alternative perspective. Whatever you say, your response should demonstrate kindness and an honest effort to understand the post you respond to. The second post is due at 8 pm the day after the "name day" of the forum (for example, at 8 pm on Monday, September 2 for the forum mentioned above). Both your post and your response should be clear, well written, and concise.

You can earn 2 points for each forum, one for your post and one for your response. Grades will be assigned based on the proportion of total points you earn across all reading forums: 90%=A, 80%=B, 70%=C, etc.

Homework assignments

To help you learn course material and practice course skills, there will be two homework assignments during the semester. Scores on each will be recorded as points earned. To calculate your grade on homework assignments at semester's end, I will add the points earned and divide by the total points possible. Then, I will assign a letter grade using the method for reading forums.

Written assignments

Each student will write a seminar paper on a topic of their own choosing. These will be thesis-based research papers. I will select six of them to become class reading; those papers will be discussed during the last three class meetings. An assignment sheet will provide details on this assignment later.

Exams

The midterm exam and the final exam will include a mix of multiple choice, short answer, and short essay questions. All exams will stress issues discussed in class, but about 15% of the weight will fall on material only covered in the reading. Because reviewing the entire semester of class will help solidify your grasp of the course material, the final exam will be comprehensive.

Calculating your grade

I describe how I will calculate your grade. I reserve the right to make changes in the system, after consulting the class, if I think it will increase the likelihood that students reach class objectives.

Your course grade will be a weighted average of your grades on five class elements. The first box below shows each element and how it will be weighted in this average. Each element will be graded on a four-point scale; the second box shows how letter grades relate to that scale. Once I calculate the weighted average at the end of the semester, I translate it into a letter grade. The third box shows how I do this.

Weights for each class element	
Elements	Weights
Class participation	10%
Reading forums	10%
Homework assignments	10%
Seminar paper	25%
Midterm exam	20%
Final exam	25%
Total	100%

Grade	Number Equivalent
A+	4.3
A	4.0
A-	3.7
B+	3.3
B	3.0
B-	2.7
C+	2.3
C	2.0
etc.	

Weighted Average	Class Grade
3.85 or higher	A
3.50 – 3.84	A-
3.15 – 3.49	B+
2.85 – 3.14	B
2.50 – 2.84	B-
2.15 – 2.49	C+
1.85 – 2.14	C
etc.	

Course Calendar

Week	Topics, Reading, Exams, & Homework
1, Tues. Aug. 27	<p>An orientation to the current debate: The US health care system and critical responses to it</p> <p>Viewing: Darshak Sanghavi, MD, "An introduction to the US health care system," Brookings Institution</p> <p>Reading: Rachel Garfield, et al., "The Uninsured and the ACA: A Primer," Kaiser Family Foundation, pp. 2-8 (most important: pp. 3-4, how the Affordable Care Act [ACA] reduced the number uninsured, and pp.7-8, trends in uninsured rate)</p> <p>Sarah Kliff, "What Is the Conservative Case Against Obamacare?," Vox, Jan. 5, 2017</p> <p>Margot Sanger-Katz, "The Difference Between a 'Public Option' and 'Medicare for All'? Let's Define Our Terms," <i>New York Times</i>, Feb. 19, 2019</p>
2, Thurs. Aug. 29	<p>The demand for health care</p> <p>Randomized experiment, copayment rate, outpatient care, inpatient care, emergency care, elasticity of demand, mortality rate, self-reported health</p> <p>Viewing: "Health Insurance Explained – The YouToons Have It Covered," Kaiser Family Foundation, Nov 11, 2014</p> <p>Reading: BHT Chapter 2</p>
3, Tues. Sept. 3	<p>The demand for health: basic insights from the Grossman model, Part I</p> <p>Utility & health, the time constraint, production of health & home goods, health as a stock variable and a form of human capital, choosing the optimum combination of health and home goods to "consume"</p> <p>Reading: BHT Chapter 3, pp. 28-37</p>

4, Thurs. Sept. 5	<p>Health disparities Dimensions along which disparities exist, possible explanations of disparities, how health affects socio-economic status (SES), how patience might affect health and SES</p> <p>Reading: BHT Chapter 4, pp. 51-71 Raj Chetty, et al., "The Association Between Income and Life Expectancy in the United States, 2001-2014," April 2016 (pp. 1-4, 10-11, 29-30)</p>
5, Tues. Sept. 10	<p>The demand for health: basic insights from the Grossman model, Part II Sickness and productive time, the depreciation of health, education and the production of health</p> <p>Reading: BHT Chapter 3, pp. 37-47</p>
6, Thurs. Sept. 12	<p>Physicians and the production of health, Part I Education and training, earnings and career choice, entry barriers</p> <p>Reading: BHT Chapter 5, pp. 78-90</p>
7, Tues. Sept. 17	<p>Physicians and the production of health, Part II Physician-induced demand, defensive medicine, race discrimination</p> <p>Reading: BHT Chapter 5, pp. 90-96</p>
8, Thurs. Sept. 19	<p>Market structure and performance: hospitals, Part I Physician workbench model, quality and volume, oligopoly and price competition, insurers and price competition, medical arms race hypothesis, competition and quality</p> <p>Reading: BHT Chapter 6, 100-112</p>
9, Tues. Sept. 24	<p>Market structure and performance: hospitals, Part II Non-profits, price lists, uncompensated care, cost shifting</p> <p>Reading: BHT Chapter 6, 112-119</p> <p>Demand for health insurance The expected value of income, expected utility and risk aversion, income net of insurance (I'), actuarially fair insurance, fullness and fairness of insurance contracts</p> <p>Reading: BHT Chapter 7, pp. 126-135</p>
10, Thurs. Sept 26	<p>Adverse selection Asymmetric information and market failure, risk and coverage, bulk markups, death spirals, advantageous selection</p> <p>Reading: BHT Chapter 8, pp. 141-143 BHT Chapter 10, pp. 184-193, 194-198 (skip "Viatical settlement markets")</p>
11, Tues. Oct. 1	<p>Due: Homework Assignment #1</p> <p>Moral Hazard, Part I <i>Ex ante</i> vs. <i>ex post</i>, social loss, coinsurance and copayments to limit social costs</p> <p>Reading: BHT Chapter 11, pp. 203-213</p>

12, Thurs. Oct. 3	<p>Moral Hazard, Part II Evidence for <i>ex ante</i> and <i>ex post</i> moral hazard</p> <p>Reading: BHT Chapter 11, pp. 213-217 Malcolm Gladwell, "The Moral-Hazard Myth," <i>The New Yorker</i>, August 29, 2005</p> <p>Concentration of health care costs</p> <p>Reading: National Institute for Health Care Management, "The Concentration of Health Care Spending," July 2012</p>
13, Tues. Oct. 8	Midterm Exam
14, Thurs. Oct. 10	<p>Pharmaceuticals The stages of drug development, government policy: a) benefits and costs of lengthening patent protection, b) special developing country issues, c) price controls, d) FDA drug approval (how high should it set the bar?)</p> <p>Reading: BHT Chapter 12, pp. 230-250 Austin Frakt, "There Is No Single, Best Policy for Drug Prices," <i>New York Times</i>, July 15, 2019</p>
Oct. 14-18	Fall Vacation
15, Tues. Oct. 22	<p>The price of health care Prices and quantities, the medical care consumer price index, new technologies, correcting the medical CPI for changes in quality, variations in Medicare spending in the Dartmouth Atlas, supply-sensitive care and other explanations for those variations</p> <p>Reading: BHT Chapter 13, pp. 255-274</p>
16, Thurs. Oct. 24	<p>Health technology assessment Incremental cost-effectiveness ratio, cost-effectiveness frontier, measuring the cost of a treatment</p> <p>Reading: BHT Chapter 14, pp. 278-287</p>
17, Tues. Oct. 29	<p>Health technology assessment, Part II Measuring the effectiveness of a treatment, quality-adjusted life year, cost-benefit analysis and the optimal treatment, value of a statistical life</p> <p>Reading: BHT Chapter 14, pp. 287-301</p>
18, Thurs. Oct. 31	<p>National Health Policies Tradeoffs among health, wealth, and equity; kinds of national insurance markets; strategies to reduce moral hazard, ways to organize the production of health care, why the spending-health relationship might differ among countries</p> <p>Reading: BHT Chapter 15, 306-326</p>

19, Tues. Nov. 5	<p>Due: Rough draft of seminar paper</p> <p>The American Model, Part I Employer-sponsored health insurance: wage pass-through, firm-specific human capital, job lock, COBRA, managed care (vs. fee-for-service), gatekeeping, coverage networks, health maintenance organizations, preferred provider organizations</p> <p>Reading: BHT Chapter 18, pp. 372-384</p>
20, Thurs. Nov. 7	<p>The American Model, Part II Medicare and diagnosis related groups; Medicaid: coverage restrictions, reimbursement rates, work disincentives; uninsurance; Affordable Care Act: Medicaid expansion, individual mandate, health insurance exchanges, community rating, financial penalties</p> <p>Viewing: "Health Reform Hits Main Street", video by the Kaiser Family Foundation</p> <p>Reading: BHT Chapter 18, pp. 384-397</p>
21, Tues. Nov. 12	<p>Due: Homework Assignment #2</p> <p>US health in international perspective</p> <p>Reading: Wolf and Aron, Chapter 1, "Shorter Lives," The National Academies of Science, Engineering, and Medicine, pp. 25-56 (especially pp. 54-56) [these page numbers are the ones printed in the document, not Adobe Acrobat's numbers]</p> <p>Rising longevity gaps</p> <p>Reading: Annie Lowrey, "Income Gap, Meet the Longevity Gap," <i>The New York Times</i>, March 15, 2014 William H. Dow, et al., "A way out from rock bottom: Economic policies can reduce deaths of despair," <i>Vox</i>, July 2019 German Lopez, "Why a better economy won't stop the opioid epidemic," <i>Vox</i>, January 2018</p>
22, Thurs. Nov. 14	<p>Strategies to slow increases in health spending</p> <p>Reading: Commonwealth Fund Commission on a High Performance Health System, "Confronting Costs: Stabilizing U.S. Health Spending While Moving Toward a High Performance Health Care System," January 2013, pp. 16-31 Uwe Reinhardt, "U.S. Health Care Prices Are the Elephant in the Room," March 29, 2013</p>
23, Tues. Nov. 19	<p>Due: Final draft of seminar paper</p> <p>Time inconsistency, public health measures, and health outcomes Time consistent preferences, time-inconsistent preferences, the hot brain/cold brain model, demand for commitment mechanisms, paternalism to reduce smoking</p> <p>Reading: BHT Chapter 18, pp. 525-543</p>
24, Thurs. Nov. 21	<p>Seminar Papers, Day 1</p>

25, Tues. Nov. 26	Seminar Papers, Day 2
Nov. 28-29	Thanksgiving Vacation
26, Tues. Dec. 3	Seminar Papers, Day 3
27, Thurs. Dec. 5	Increasing population well-being: The most important lessons from health economics
Tuesday Dec. 10	Final Exam, 1030 - 1230

University Policies and Resources

Code of Academic Integrity

Academic integrity is openness and honesty in all scholarly endeavors. The University of Portland is a scholarly community dedicated to the discovery, investigation, and dissemination of truth, and to the development of the whole person. Membership in this community is a privilege, requiring each person to practice academic integrity at its highest level, while expecting and promoting the same in others. Breaches of academic integrity will not be tolerated and will be addressed by the community with all due gravity.

Assessment Disclosure Statement

Student work products for this course may be used by the University for educational quality assurance purposes.

Accessibility Statement

The University of Portland endeavors to make its courses and services fully accessible to all students. Students are encouraged to discuss with their instructors what might be most helpful in enabling them to meet the learning goals of the course. Students who experience a disability are also encouraged to use the services of the Office for Accessible Education Services [AES], located in the Shepherd Academic Resource Center (503-943-8985). If you have an AES Accommodation Plan, you should make an appointment to meet with your faculty member to discuss how to implement your plan in this class. Requests for alternate location for exams and/or extended exam time should, where possible, be made two weeks in advance of an exam, and must be made at least one week in advance of an exam. Also, you should meet with your faculty member to discuss emergency medical information or how best to ensure your safe evacuation from the building in case of fire or other emergency.

Mental Health Statement

As a college student, you may sometimes experience problems with your mental health that interfere with academic experiences and negatively impact daily life. If you or someone you know experiences mental health challenges at UP, please contact the University of Portland Health and Counseling Center in Orrico Hall (down the hill from Franz Hall and Mehling Hall) at <http://www.up.edu/healthcenter/> or at 503-943-7134. Their services are free and confidential, and if necessary they can provide same day appointments. In addition, they make after-hours phone counseling available if you call 503-943-7134 and press 3 outside of business hours. Also know that the University of Portland Public Safety Department (503-943-4444) has personnel trained to respond sensitively to mental health emergencies at all hours. Remember that getting help is a smart and courageous thing to do – for yourself, for those you care about, and for those who care about you.

The Learning Commons

The Learning Commons, located in the Shepard Academic Resource Center, houses the Writing Center, Math Resource Lab, Speech Resource Center, and the International Language Lab.

Writing: Go to www.up.edu/lrc/writing. If you cannot make any of the posted office hours, you can arrange an appointment by emailing writing@up.edu.

Math: Math assistants are available on a walk-in basis. Please go to www.up.edu/lrc/math for a current schedule of the hours math assistants are available.

Speech: Speech assistants are available to help with public presentations on a walk-in basis. Please go to www.up.edu/lrc/speech to find when speech assistants are available.

Group Process: Group process tutors are available on a walk-in basis. Please go to www.up.edu/lrc/groupprocess for a current schedule of tutor availability.

International Languages: Go to www.up.edu/lrc/languages/signup.

The Learning Assistance Counselor: He or she teaches learning strategies and skills that enable students to become more successful in their studies and future professions. The Counselor provides strategies to assist students with reading and comprehension, note-taking and study, time management, test-taking, and learning and remembering. Appointments can be scheduled on the [Learning Assistance Counseling page](#) of the UP website.

Academic Regulation Statement

Policies governing your coursework at the University of Portland can be found in the University Bulletin online, on the [University Academic Regulations page](#).

Pamplin School Honors Pledge

The Pamplin School **requires all students to include the following pledge and student signature(s) on all work (papers, exams, etc.) submitted to the professor** during the course of the semester (please place it on the front page of all submissions). If you are turning in a group paper, it is incumbent upon all members of the group to sign the pledge. This means every individual in the group is responsible for the integrity of the group's assignment. **Any paper turned in without the pledge and the appropriate signature(s) will be returned immediately to the student(s).** It will be left to the professor's discretion on whether to assess a penalty for late submission.

Honors Pledge:

As a student of the Dr. Robert B. Pamplin Jr. School of Business Administration I have read and will uphold the University's Code of Academic Integrity. I pledge on my honor that I have not given, received, or used any unauthorized materials or assistance on this examination or assignment. I further pledge that I have not engaged in plagiarism and have cited all appropriate sources.

Student Signature: _____