

**San José State University**  
**Department of Economics**  
**Econ 170: Health Economics**  
**Spring 2020**

**Course and Contact Information**

Instructor:	Fahmida Fakhruddin
Office Location:	DMH 214
Telephone:	Email is preferred
Email:	<a href="mailto:fahmida.fakhruddin@sjsu.edu">fahmida.fakhruddin@sjsu.edu</a> (Remember to write “Econ 170 or something similar, together with the topic of the email)
Office Hours:	By appointment or by zoom meeting
Class Days/Time:	Tuesday & Thursday/ 10:30 am -11:45 am
Classroom:	DMH 166
Prerequisites:	Economics 001B, 101 <i>Economics 3 is recommended but not required</i>

**Catalog Description**

Introduction to the application of economics to healthcare and medical care issues including demand and supply of healthcare, health insurance, health quality and safety, and the role of regulations within a healthcare system.

**Course Learning Outcomes (CLO)**

Upon successful completion of this course, students will be able to:

1. Understand the “uniqueness” of the problems faced in the economics of healthcare.
2. Analyze the provision of health services, goods, and insurance using economic analysis.
3. Explain the current institutional and regulatory structure of the US healthcare system.
4. Assess the benefits and limitations of common approaches to address health care issues.

**Course Description**

ECON 170 is an upper division course on economics of healthcare provision and payment. Health economics is one of the growing fields of microeconomics. In the last 30 years, some of the most controversial public policies contemplated by state and federal governments have involved issues that have been analyzed by health economists. This course uses microeconomic analysis to analyze the complexities of the demand and provision of healthcare services and goods.

We will learn about U.S. health care system and key economic concepts that health economists

use for analyzing health care markets. The goal of this course is threefold. First, is to better understand the economic theory of health and health care. Second is to learn about the specific institutional details and policies relevant to those markets. Third, is to learn how to evaluate and interpret empirical findings in health economics. So, students need to read intensively and be comfortable with basic statistical/econometric concepts.

## **Required Textbook and Supplementary Readings**

### **Required Textbook**

[Health Economics, 1st Edition, Jay Battacharya, Timothy Hyde, and Peter Tu, Palgrave Macmillan, 2014.](#)

### **Other Required Book/ Readings**

These readings will be available on canvas.

### **Health Economics News and Blogs:**

[The Health Care Economist](#)

[The Incidental Economist](#)

### **MYSJSU Messaging and Canvas**

Course materials such as syllabus, handouts, grades, messages regarding the class can be found on [Canvas Learning Management System course login website](#). You are responsible for regularly checking with the messaging system through [MySJSU](#) to learn of any updates. See [University Policy F13-2](#) for more details.

### **Library Liaison**

Christa Bailey, [christa.bailey@sjsu.edu](mailto:christa.bailey@sjsu.edu)

### **Class Philosophy**

Some of you start classes feeling isolated and lost but not in our class! This class is a community and each of you is part of the community. We all have the same objective: to learn. This class is designed to have you learn in community with your peers. When you're a member of a community, you can rely upon others for help and support when you need it, but you must also be willing to step up and contribute regularly, as well! Let's work together to make this semester awesome for everyone!

## Course Expectations and Requirements

As this class is a four unit class, successful students should expect to spend about 180 hours (normally twelve hours per week or three hours per unit per week) throughout the semester, including reading, preparing for class, attending class, participating in course activities, and so on. *More details can be found from [University Syllabus Policy S16-9](#).*

It is expected that you will attend classes two times per week, participate in class discussions, finish assigned readings before class each week, turn in problem sets/paper on time, and take both midterm and final exam.

If you feel you are lost or experience any difficulty in this course, please do not hesitate to come to me for help. Please remember that I am just an email away. I am always happy to clarify difficult concepts, resolve any lingering confusion, or otherwise assist you in making this course fun and productive.

## Course Assignments and Grading

Your grade will depend on the following assignments:

Problem Sets	15%
Term Paper	20%
Class Attendance and Participation	15%
Midterm	20%
Final Exam	30%

Converting number grades to letter grades:

97-100	A plus	93-96	A	90-92	A minus
87-89	B plus	83-86	B	80-82	B minus
77-79	C plus	73-76	C	70-72	C minus
67-69	D plus	63-66	D	60-62	D minus
<60	F				

## Problem Sets

Three problem sets will be given during the semester to help you understand the economic tools and techniques used to study health care. The problem sets will be based on the material discussed in class and in the readings. We will discuss the problem sets and your answers with your peers in the class, but you must turn in your own answers. More details will be given with each problem set as it is assigned.

## Term Paper

Each student will choose a health, health policy, or health-related subject upon instructor's approval to write a term paper with a maximum of 12 pages of text, double spaced. The purpose of this paper is to get each of you to engage with a current health/ health policy issue by using online health economics resources and the assigned readings. More detail information will be provided and be available on canvas.

## **Class Attendance and Participation**

Attendance and active participation in class are expected and required. Learning material is directly correlated with attending class. Also, the more you attend, the better you will perform on tests. I will take attendance in every class. You will receive three points for every class you attend on time.

Class discussion is important for both individual and collective learning. Your active participation is as critical for your learning as mere attendance is. Each of you will be randomly asked to answer a question based on health economics news/policy you read, either from one of the news/blogs cited in the syllabus or from the assigned reading articles. You will be graded based on your effort not for answering/solving a question correctly.

## **Midterm and Final**

The midterm and final exam will cover material presented in class as well as material from assigned readings. The questions will be similar to problem set questions. The final exam will be comprehensive. All exams will be closed book and closed note. A study guide will be provided before each exam.

## **Late Policy**

In case you miss the deadline of an assignment or exam, please contact me as soon as possible and we will work out something. To receive an extension, you are responsible for notifying me of your situation prior to a due date and receiving an email from me with an agreed upon extension.

If a personal emergency comes up causing you to miss a midterm for a *verified and valid* personal emergency or medical reason *documented to me in advance of or immediately after the exam*, the final exam will then take on the weight of the final plus the missed midterm. If a similar situation takes place around the final exam for a *verified and valid* reason *documented to me in advance of the final*, contact me and we will reschedule your final exam.

## **Classroom Protocol**

1. Please come to class prepared and on time.
2. Please respect the goals of the instructor and your classmates.
3. Turn your cell phone off during class sessions.
4. Do not engage inside conversations during class sessions.
5. Do not listen to recorded music during class sessions.
6. Cheating will not be tolerated. Looking at someone else's exam, talking to anyone, copying another student's work or using an external source of information for which you were not explicitly given permission during an exam will result in disciplinary action. This disciplinary action might include anything from receiving zero points on the exam to an F in the class.

## **University Policies**

Per [University Policy S16-9](#), relevant information to all courses, such as academic integrity, accommodations, dropping and adding, consent for recording of class, etc. is available on Office of Graduate and Undergraduate Programs' [Syllabus Information web page](#).

## Course Schedule and Readings

### ECON 170/ Health Economics, Spring 2020

*The schedule is subject to change with fair notice in class and on Canvas*

Week	Date	Topics	Readings
1	1/ 23	Overview/ The Economic Way of thinking about Health  Health Care Spending: Some Facts	BHT, Ch.1  Fuchs, “Economics, Values, and Health Care Reform,” <i>American Economic Review</i> 86 (March, 1996), 1-24  Aaron, H. and P. Ginsburg. 2009. “Is Health Spending Excessive? If So, What Can We Do About it?” <i>Health Affairs</i> , 28(5): 1260-1275.
2	1/28, 1/30	Demand for Health and Health Care	BHT, Ch.2 and 3  <a href="#"><u>Gawande, A. “The Cost Conundrum” <i>The New Yorker</i>, June 2009.</u></a>
3	2/4, 2/6	Demand for Health Insurance: Introduction and Moral Hazard	BHT, Ch.7 and 11  Manning, Willard; Newhouse, Joseph; Naihua, Duan; Keeler, Emmett; and Leibowitz, Arleen. “Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment.” <i>American Economic Review</i> 77 (June, 1987): 251-277.  <a href="#"><u>Gladwell, M. “The Moral Hazard Myth,” <i>The New Yorker</i>, August 2005.</u></a>
4	2/11, 2/13	Demand for Health Insurance: Adverse Selection	BHT, Ch.8, 9 (Section 11 only) and 10  <a href="#"><u>Paul Krugman, “Health Economics 101”, <i>The New York Times</i>, November 14, 2005.</u></a>  <a href="#"><u>Gruber, Jonathan, “Why We Need the Individual Mandate,” <i>Center for American Progress Report</i>, April 8, 2010.</u></a>
5	2/18, 2/20	Demand for Health	BHT, Ch.10

		<p>Insurance: Adverse Selection</p> <p>Social Insurance: Medicaid and Medicare</p>	<p>Handel, B. “Adverse Selection and Inertia in Health Insurance Markets: When Nudging Hurts,” <i>American Economic Review</i> 103 (December, 2013): 2643-2682.</p> <p>BHT, Ch. 17 and 18</p> <p>Iglehart (1999) “The American Health Care System: Medicaid,” <i>The New England Journal of Medicine</i> 340(5): 403-8</p>
6	2/25, 2/27	<p>Social Insurance: Medicaid and Medicare</p> <p>Uninsurance and the Affordable Care Act</p>	<p>Iglehart (1999) “The American Health Care System: Medicare,” <i>The New England Journal of Medicine</i> 340(4): 327-32</p> <p>Baicker, Katherine, et al., “The Oregon Experiment- The effects of Medicaid on Clinical Outcomes”, <i>The New England Journal of Medicine</i>, May 2, 2013.</p> <p><b>Problem Set 1</b></p> <p>BHT, Ch. 18</p> <p>Baicker, Katherine and Chandra, Amitabh, 2008. “Myths and Misconceptions about U.S. Health Insurance,” <i>Health Affairs</i>, Web Exclusive: w533-w543.</p> <p>Gruber, Jonathan, 2008. “Covering the Uninsured in the United States,” <i>Journal of Economic Literature</i>, 46(3): 571-606.</p> <p><a href="#">Kaiser Family Foundation, April 2013. “Summary of the Affordable Care Act”</a></p> <p><a href="#">Kleinke, J.D. “The Conservative Case for Obamacare,” New York Times, September 2012.</a></p> <p><a href="#">Cutler, D. “The Economics of the Affordable Care Act,” New York Times, August, 2013.</a></p> <p>Sommers, B, G. Kenney and AM Epstein. 2014. <i>New Evidence on The Affordable Care Act:</i></p>

			<p>Coverage Impacts Of Early Medicaid Expansions <i>Health Affairs</i>, 33(1): 78-87.</p> <p>David Cutler (2010) “How Health Care Reform Must Bend the Cost Curve” <i>Health Affairs</i> 29(6): 1131-35.</p> <p>Douglas Holtz-Eakin and Michael J. Ramlet (2010) “Health Care Reform is Likely to Widen Federal Budget Deficits, Not Reduce Them” <i>Health Affairs</i> 29(6):1136-41.</p> <p><a href="#">30 Economists: We Need the Individual Mandate, Health Insurance, July 2013</a></p> <p><a href="#">“Young, Fit, and Uninterested,” The Economist, January 2014.</a></p>
7	3/3, <b>3/5</b>	<p>Uninsurance and the American Health Care Act of 2017</p> <p><b>Term Paper Topic due</b></p>	<p><a href="#">Kaiser Family Foundation, May 2017. “Summary of the American Health Care Act”</a></p> <p><a href="#">Rand Health Care, “The Future of U.S. Health Care: Replace or revise the Affordable Care Act”</a></p>
8	3/10, 3/12	<p>Unhealthy Behavior: Evidence and Policy Issues</p>	<p>BHT, Ch. 22</p> <p>Lakdawalla, Philipson, and Bhattacharya (2005) “Welfare-Enhancing Technological Change and the Growth of Obesity” <i>American Economic Review</i> 95(2):253-7.</p> <p>Bhattacharya J and Sood N (2010) “Who Pays for Obesity” <i>Journal of Economic Perspectives</i></p>
9	3/17, <b>3/19</b>	<p>Delivery of Health Care: The Labor Market for Physicians</p> <p>Review for Midterm</p> <p><b>Midterm</b></p>	BHT, Ch. 5
10	3/24, 3/26	<p>Delivery of Health Care: The Hospital Industry</p>	BHT, Ch. 6
11	3/31, 4/2	<b>SPRING RECESS- No Class</b>	
12	<b>4/7</b> , 4/9	<p>Why are costs so High? Technology Growth and Innovation</p>	<p>BHT, Ch. 13, 19</p> <p>Read introduction: Cutler, D. and M. McClellan.</p>

		Population Aging <b>First Draft Due</b>	“Is Technological Change in Medicine Worth It?” Health Affairs Sept/Oct. 2001.  <b>Problem Set 2</b>
13	4/14, 4/16	Why are costs so High? Physician Decision Making  Organizational Management and Efficiency	<a href="#">Gawende, A. “Big Med” New Yorker, August 2012.</a>  Cutler, D. “Where are the Health Care Entrepreneurs? The Failure of Organizational Innovation in Health Care,” NBER working paper no. 16030, May, 2010.  <a href="#">Gawende, A. “The Checklist” New Yorker, May 2010.</a>
14	4/21 4/23	Pharmaceutical Markets and Innovation	BHT, Ch. 12  <a href="#">Lakdawalla, D. et al. “U.S. Pharmaceutical Policy in a Global Marketplace,” Health Affairs, 2009.</a>
15	4/28, 4/30	International Health Care Systems and Alternative Design	BHT, Ch. 15, 16 and 17
16	5/5, 5/7	International Health Care Systems and Comparison to U.S.  Health Economics and Policy: Past, Present, Future  Review for Final	“The U.S. Health System in Perspective: A Comparison of Twelve Industrialized Nations,” The Commonwealth Fund, July 2011.  <b>Problem Set 3</b>
17	<b>5/18</b>	<b>Final Exam, Monday 05/18/2020</b> <b>Final Paper Due</b>	<b>9:45 am to 12 pm</b>