Health Economics

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Health economics is a growing field and is an important aspect of public policy in developed and developing countries. This course is designed to introduce upper level undergraduate students in economics to the field of Health Economics. The provision and production of health care have different characteristics and incentives from other consumer goods making health related markets a unique topic for study. We will cover a number of topics including basic economic concepts important for the study in health economics, why health is different from other good, aspects of various health care markets, health care reform, as well as discussing the importance of health for development. The goals of this course are: first to increase the student's familiarity with economic concepts and theories, especially as they can be applied in the health care sector; second to increase the student's ability to use formal quantitative tools to analyze economic problems; and third to develop the student's ability to apply economic reasoning to health care issues and decisions.

Course Organization

This course will follow a lecture format. Students are encouraged to ask questions on the course material and to share any personal experiences that are relevant to the topic. Reading assignments will be made in advance, and students will be responsible for reading them prior to each class, and in case leading the class discussion. Students will also be expected to choose, study, and present one topic to the class.

Prerequisites

Micro-Economics is a pre-requisite for this course. Knowledge of multivariate statistics and econometrics is recommended since an exposure to regression analysis will also be useful for understanding the material. Students who are unsure about their preparation for the course should speak with me.

Textbook / Readings

The required text for this course is:
- Bhattacharya, Hyde and Tu (BHT). Health Economics, 2014. Palgrave MacMillan.

ISBN: 9781137029966. The suggested pathway within the textbook is "Economic theory

facts"
- JHE, Cawley J. and Meyerhoefer C., 2012, "The medical care costs of obesity: An instrumental variables approach"
- AEJ: AE, Currie J. and Walker R., 2011, "Traffic congestion and Infant Health: Evidence from E-ZPass"
- JHR, Wherry L., Meyer B., 2015, Saving Teens: Using a Policy Discontinuity to Estimate the Effects of Medical Eligibility)

Evaluation

Final Exam: 40% written exam; 40% empirical take home assignment. Participation/attendance: 20%

Your participation/attendance score will be based on an overall involvement of each student ion the lectures and discussion during the class.

Contents

1. An Overview of the Health Care Industry (BHT, Chapter 1, 2)
2. Demand for Medical Services (BHT, Chapter 3)
3. Socio-economic disparities of health (BHT, Chapter 4)
4. The Demand for Medical Insurance (BHT, Chapter 7)
5. Adverse selection: Akerlof's lmarket for lemons (BHT, Chapter 8)
6. Adverse selection: the Rothschild-Stiglitz model (BHT, Chapter 9)
7. Adverse selection in real markets (BHT, Chapter 10)
8. Moral hazard (BHT, Chapter 11 + readings)
9. Healthcare systems (BHT, Chapter 16, 17, 18)
10. Health measurement and long run trends (BHT, Chapter 20, 21, 22)
11. Health care costs - Instrumental variables application (JHE, Cawley J. and Meyerhoefer C., 2012, "The medical care costs of obesity: An instrumental variables approach")
12. Health determinants - Difference-in-differences application (AEJ: AE, Currie J. and Walker R., 2011, "Traffic congestion and Infant Health: Evidence from E-ZPass")
13. Healthcare policy - Regression discontinuity design application (JHR, Wherry L., Meyer B., 2015, Saving Teens: Using a Policy Discontinuity to Estimate the Effects of Medical Eligibility)
14. Hands-on practice