

University of Florida
College of Public Health & Health Professions Syllabus
HSA6436: Health Economics (3 credit hours)
Spring: 2015
Delivery Format: On-Campus
<http://users.phhp.ufl.edu/jharman/healthecon>

Instructor Name: Jeffrey Harman
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Office Hours: By appointment
Teaching Assistants: None
Preferred Course Communications (e.g. email, office phone): email

Prerequisites

None

PURPOSE AND OUTCOME

Course Overview

This course is intended to give you an understanding of and appreciation for the traditional issues in health economics. The topics to be covered are: the role of prices, the production of health, the demand for health care, health insurance theory, the demand for health insurance, the health insurance market and managed care, the market for physicians' services, production and cost of health care in hospitals and nursing homes, labor issues, pharmaceuticals, cost effectiveness analysis, equity and efficiency, role of government in the health economy, international comparisons, Medicaid and Medicare, and national health insurance and reform. Note that this course is designed to provide you with the knowledge of fundamental principles of economic concepts and evaluation methods. This knowledge is intended to be applied in future coursework.

The course relies on the use of conventional microeconomic analytical tools. If you did not take an undergraduate level microeconomics course, a supplemental undergraduate microeconomics textbook or Schaum's Outline of Microeconomics is advised. You should also have a basic knowledge of fundamental descriptive and analytical statistics. You will not be expected to know calculus.

Relation to Program Outcomes

Targeted Competencies

- Continually scan and interpret key trends and activities in the health care environment.
- Apply general and health economics concepts and show demonstrated competence with analyses of pricing, service demand, and risk.
- Use statistical and analytical tools to measure and improve organizational performance.

Course Objectives and/or Goals

Upon completion of the course, students should complete the following objectives:

1. Understand current health economics issues, their historical origins, and their development.
2. Analyze health economics problems using rudimentary tools and show examples of how these tools are used by economists to analyze specific issues.
3. Appreciate the trade-offs inherent in almost all policy solutions.
4. Recognize the shortcomings and criticisms of the various models used to analyze the key health economics issues.

Instructional Methods

Lecture with class discussion

DESCRIPTION OF COURSE CONTENT

Topical Outline/Course Schedule

Session	Date(s)	Topic(s)	Readings
1	1/6	Introduction and Overview	<p>Santerre and Neun, Chapter 1.</p> <p>Wells DA, Ross JS, Detsky AS. "What is Different About the Market for Health Care?", <u>JAMA</u> vol. 298, no. 23, December 19, 2007, pp. 2785-2787.</p> <p>Hartman M, Martin AB, Lassman D, Catlin A, and the National Health Expenditure Accounts Team. "National Health Spending in 2013: Growth Slows, Remains in Step with the Overall Economy", <u>Health Affairs</u> vol. 34, no. 1, January 2015, pp. 1-11.</p>
2	1/8	Prices in the Medical Sector	<p>Anderson GF, Reinhardt UE, Hussey PS, Petrosyan V. "It's the Prices, Stupid: Why the United States Is So Different From Other Countries," <u>Health Affairs</u> vol. 22, no. 3, May/June 2003, pp. 89-105.</p> <p>Laugesen MJ, Glied SA. "Higher Fees Paid to US Physicians Drive Higher Spending for Physician Services Compared to Other Countries," <u>Health Affairs</u> vol. 30, no. 9, September 2011, pp.1647-1656.</p>

Session	Date(s)	Topic(s)	Readings
3	1/13	The Production of Health	<p>Santerre and Neun, Chapter 2 plus Appendix 2.</p> <p>Fuchs, Victor R. "Who Shall Live?" Chapter 2 in <u>Who Shall Live?</u> New York: Basic Books, 1974, pp. 30-55.</p> <p>(Optional) Grossman, Michael. "On the Concept of Health Capital and the Demand for Health," <u>Journal of Political Economy</u> vol. 80, 1972, pp. 223-255.</p>
4	1/15	Demand for Medical Care	<p>Santerre and Neun, Ch. 5.</p> <p>Manning, Willard G., et al. "Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment," <u>American Economic Review</u> vol. 77, no. 3, June 1987, pp. 251-277.</p> <p>(Optional) Arrow, Kenneth. "Uncertainty and the Welfare Economics of Medical Care," <u>American Economic Review</u> vol. 53, no. 3, 1963, pp. 941-973.</p>
5	1/20	Conventional Insurance Theory	<p>Santerre and Neun, Ch. 6, pp. 155-167.</p> <p>Friedman, Milton and L. J. Savage. "The Utility Analysis of Choices Involving Risk," <u>Journal of Political Economy</u> vol. 56, no. 4, August 1948, pp. 279-304.</p> <p>(Optional) Pauly, Mark. "The Economics of Moral Hazard: Comment," <u>American Economic Review</u> vol. 58, June 1968, 531-537.</p>
6	1/22	New Insurance Theory	<p>Santerre and Neun, Ch. 6, pp. 167-174.</p> <p>Gladwell, Malcolm, "The Moral-Hazard Myth," <u>The New Yorker</u> August 29, 2005.</p> <p>(Optional) Nyman, John A. "The Economics of Moral Hazard Revisited," <u>Journal of Health Economics</u> vol. 18, no. 5, December 1999, pp. 811-824.</p>

Session	Date(s)	Topic(s)	Readings
7	1/27	New Insurance Theory	<p>Miller, Wilhelmine, Elizabeth Richardson Vigdor, Willard G. Manning. "Covering the Uninsured: What Is It Worth?" <i>Health Affairs Web Exclusive</i>, 31 March, 2004, pp. W4157-W4167.</p> <p>Franks, Peter, Carolyn M. Clancy, Marthe R. Gold. "Health Insurance and Mortality: Evidence From a National Cohort," <i>Journal of the American Medical Association</i> vol. 270, no. 6, Aug 11, 1993, pp. 737-741.</p> <p>Muennig, Peter, Peter Franks, Marthe Gold. "The Cost Effectiveness of Health Insurance," <i>American Journal of Preventive Medicine</i> vol.28 no. 1, January 2005, pp. 59-64.</p> <p>(Optional) Newhouse, Joseph P. "The Erosion of the Medical Marketplace," in <i>Advances in Health Economics and Health Services Research</i> vol. 2, ed. Richard Scheffler. Westport, CT: JAI Press, 1981.</p>
8	1/29	No class: Instructor at Conference	
9	2/3	The Private health Insurance Industry	<p>Santerre and Neun, Ch. 6, pp. 174-185, and Ch. 11.</p> <p>Miller, Robert H. and Harold Luft. HMO Plan Performance Update: An Analysis of the Literature, 1997-2001. <i>Health Affairs</i> vol. 21, no. 4, 2002, pp. 63-86.</p> <p>(Optional) Rosenthal, Meredith B. and Joseph P. Newhouse. "Managed Care and Efficient Rationing," <i>Journal of Health Care Finance</i>, vol. 28, no. 4, Summer 2002, pp. 1-10.</p>
10	2/5	Market Models and Managed Care	<p>Santerre and Neun, Ch. 8 (pp. 233-253).</p> <p>Cutler, David M., Mark McClellan, and Joseph P. Newhouse. "How Does Managed Care Do It?" <i>Rand Journal of Economics</i> vol. 31, no. 3, Autumn 2000, pp. 526-548</p>

Session	Date(s)	Topic(s)	Readings
11	2/10	Physicians: Payment, Costs, and Induced Demand	<p>Santerre and Neun, Ch. 12, pp. 363-379.</p> <p>Moseley, J. Bruce, Kimberly O'Malley, Nancy J. Peterson, Terri J. Menke, Baruch A. Brody, David H. Kuykendall, John C. Hollingsworth, Darol M. Ashton, and Nelda P. Wray. "A Controlled Trial of Arthroscopic surgery for Osteoarthritis of the Knee," <u>New England Journal of Medicine</u> vol. 347, no. 2, July 11, 2002, pp. 81-88.</p> <p>(Optional) Rossiter, Louis F. and Gail R. Wilensky. "A Reexamination of the Use of Physician Services: The Role of Physician-Initiated Demand," <u>Inquiry</u> vol. 20, Summer 1983, pp. 162-172.</p>
12	2/12	Physicians: Licensure, Advertising, and Price Discrimination	<p>Santerre and Neun, Ch. 12, pp. 355-377.</p> <p>(Optional) Friedman, Milton. "Occupational Licensure," <u>Capitalism and Freedom</u>. Chicago:University of Chicago Press, 1962, pp. 137-160.</p> <p>(Optional) Kessel, Rubin A. "Price Discrimination in Medicine," <u>Journal of Law and Economics</u> vol. 1, no. 2, 1958, pp. 20-58.</p>
13	2/17	Physicians: Small Area Variation	<p>Santerre and Neun, Ch. 12, pp. 380-381</p> <p>Wennberg, J. E., McPherson, K., and P. Caper. "Will Payment Based on Diagnosis-related Groups Control Hospital Costs?" <u>New England Journal of Medicine</u> vol. 311, no. 5, 1984, pp. 295-330.</p> <p>Fisher ES, Bynum JP, Skinner JS. "Slowing the Growth of Health Care Costs - Lessons from Regional Variation," <u>New England Journal of Medicine</u> vol. 360, no. 9, 2009, pp. 849-852.</p> <p>Gawande, Atul. "Piecemeal." <u>The New Yorker</u> April 4, 2005.</p>
14	2/19	Review session for Midterm Exam	
15	2/24	Midterm Exam	

Session	Date(s)	Topic(s)	Readings
16	2/26	Hospitals: Production Functions, Cost Theory, and Efficiency	<p>Santerre and Neun, Ch. 7.</p> <p>(Optional) Zwanziger, Jack and Glenn A. Melnick. "The Effects of Hospital Competition and the Medicare PPS Program on Hospital Cost Behavior Hospital in California," <u>Journal of Health Economics</u> 7(4), December 1988, pp. 301-320.</p> <p>(Optional) Grannemann, Thomas W., Randall S. Brown and Mark V. Pauly. "Estimating Hospital Costs: A Multiple Output Analysis," <u>Journal of Health Economics</u> vol. 5, no.2, June 1986, pp. 107-128.</p>
17	3/3-5	Spring Break	
18	3/10-12	ACHE – TBD	
19	3/17	Hospitals: Industry Organization	<p>Santerre and Neun, Ch 13.</p> <p>(Optional) Newhouse, Joseph P. "Toward a Theory of Non-Profit Institutions: An Economic Model of a Hospital," <u>American Economic Review</u> vol. 60, no. 1, 1970, pp. 64-74.</p>
20	3/19	Labor Market Issues: Shortages, Surpluses, Monopsony, and the Shortage of Nurses	<p>Buerhaus, Peter I., Douglas O. Staiger, David I. Auerbach. "Is the Current Shortage of Hospital Nurses Ending?" <u>Health Affairs</u> vol. 22, no. 6, 2003, pp. 191-198.</p> <p>Hirsch, Barry and Edward Schumacher. "Monopsony Power and Relative Wages in the Labor Market for Nurses," <u>Journal of Health Economics</u> vol. 14, 1995, pp. 443-476. [Focus on theory and empirical conclusions.]</p>
21	3/24	Pharmaceuticals	Santerre and Neun, Ch. 14.
22	3/26	The Case for Government Intervention	<p>Santerre and Neun, Ch. 9.</p> <p>Vladeck B, Rice T. "Market Failure and the Failure of Discourse: Facing up to the Power of Sellers," <u>Health Affairs</u>, Vol. 28, no. 5, Sept/Oct 2009, pp. 1305-1315.</p> <p>(Optional) Bator, Francis M. "The Anatomy of Market Failure," <u>Quarterly Journal of Economics</u>, August 1958, pp. 351-379.</p>
23	3/31	The Government as Health Insurer	Santerre and Neun, Ch. 10.

Session	Date(s)	Topic(s)	Readings
24	4/2	Cost-Effectiveness Analysis in Health Care	Santerre and Neun, Ch. 3. Cutler, David M., Allison B. Rosen, and Sandeep Vijan. "The Value of Medical Spending in the United States, 1960-2000," <u>New England Journal of Medicine</u> vol. 355 no. 9, August 31, 2006, pp. 920-927. (Optional) Weinstein, Milton C. and William B. Stason. "Foundations of Cost-Effectiveness Analysis for Health and Medical Practices," <u>New England Journal of Medicine</u> vol. 296, no. 13, March 31, 1977, pp. 716-721.
25	4/7	The Market for Long-Term Care	Santerre and Neun, Ch. 15
26	4/9-14	Current Topics and Evaluative Paper	
27	4/16	Final Exam Review	
28	4/21	Final Exam	

Course Materials and Technology

Required Textbook

Santerre RE and Neun SP, Health Economics: Theories, Insights, and Industry Studies (6th Ed.) Thomson South-Western, 2012.

Required Readings

Assigned journal articles and lecture notes are available on the course website. (<http://users.php.ufl.edu/jharman/healthecon/>). Additional readings not on the website are available on the web or are available through the University of Florida Library. All listed readings are required unless otherwise noted. Students are expected to have read all required readings prior to each lecture and should understand the issues covered in each article.

For technical support for this class, please contact the UF Help Desk at:

- Learning-support@ufl.edu
- (352) 392-HELP - select option 2
- <https://lss.at.ufl.edu/help.shtml>

ACADEMIC REQUIREMENTS AND GRADING

Assignments

Your grade will be based on your performance on quizzes (30%), an evaluative paper (10%), a midterm (30%), and a final examination (30%). There will be at least four quizzes during the semester and quizzes will take place at the beginning of the class period. The lowest quiz score will be dropped when calculating the final grade.

Grading

Requirement	Due date	Points or % of final grade (% must sum to 100%)
Quizzes (4)	Varies	30%
Midterm Exam	2/24	30%
Evaluative Paper	4/9	10%
Final Exam	4/21	30%

Point system used (i.e., how do course points translate into letter grades).

Points earned	93-100	90-92	87-89	83-86	80-82	75-79	70-74	65-69	-	-	-	<65
Letter Grade	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E

Please be aware that a C- is not an acceptable grade for graduate students. In addition, a grade of C counts toward a graduate degree only if an equal number of credits in courses numbered 5000 or higher have been earned with an A.

You must include the letter grade to grade point conversion table below. Letter grade to grade point conversions are fixed by UF and cannot be changed.

Letter Grade	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	WF	I	NG	S-U
Grade Points	4.0	3.67	3.33	3.0	2.67	2.33	2.0	1.67	1.33	1.0	0.67	0.0	0.0	0.0	0.0	0.0

For greater detail on the meaning of letter grades and university policies related to them, see the Registrar's Grade Policy regulations at:

<http://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx>

Exam Policy

All exams will take place in-class during the scheduled class times as indicated on the syllabus.

Policy Related to Make up Exams or Other Work

There will be **no** makeup exams or quizzes except for extreme circumstances (e.g. admitted to hospital) with valid evidence of the extreme circumstance.

Policy Related to Required Class Attendance

Students are expected to attend and participate in all class sessions and be in attendance prior to the beginning of the class period. Students should inform the instructor if they will miss a class. Personal issues with respect to class attendance or fulfillment of course requirements will be handled on an individual basis.

All faculty are bound by the UF policy for excused absences. For information regarding the UF Attendance Policy see the Registrar website for additional details:

<https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx>

STUDENT EXPECTATIONS, ROLES, AND OPPORTUNITIES FOR INPUT

Expectations Regarding Course Behavior

Students are expected to have read all required readings prior to each lecture and should understand the issues covered in each article.

Communication Guidelines

Students are expected to participate in class discussions. Cellphones must be turned off and put away during class time. Laptops are allowed for taking notes only.

Academic Integrity

Students are expected to act in accordance with the University of Florida policy on academic integrity. As a student at the University of Florida, you have committed yourself to uphold the Honor Code, which includes the following pledge:

“We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.”

You are expected to exhibit behavior consistent with this commitment to the UF academic community, and on all work submitted for credit at the University of Florida, the following pledge is either required or implied:

“On my honor, I have neither given nor received unauthorized aid in doing this assignment.”

It is your individual responsibility to know and comply with all university policies and procedures regarding academic integrity and the Student Honor Code. Violations of the Honor Code at the University of Florida will not be tolerated. Violations will be reported to the Dean of Students Office for consideration of disciplinary action. For additional information regarding Academic Integrity, please see Student Conduct and Honor Code or the Graduate Student Website for additional details:

<https://www.dso.ufl.edu/sccr/process/student-conduct-honor-code/>
<http://gradschool.ufl.edu/students/introduction.html>

Please remember cheating, lying, misrepresentation, or plagiarism in any form is unacceptable and inexcusable behavior.

Online Faculty Course Evaluation Process

Students are expected to provide feedback on the quality of instruction in this course by completing online evaluations at <https://evaluations.ufl.edu>. Evaluations are typically open during the last two or three weeks of the semester, but students will be given specific times when they are open. Summary results of these assessments are available to students at <https://evaluations.ufl.edu/results/>.

SUPPORT SERVICES

Accommodations for Students with Disabilities

If you require classroom accommodation because of a disability, you must register with the Dean of Students Office <http://www.dso.ufl.edu> within the first week of class. The Dean of Students Office will provide documentation of accommodations to you, which you then give to me as the instructor of the course to receive accommodations. Please make sure you provide this letter to me by the end of the second week of the course. The College is committed to providing reasonable accommodations to assist students in their coursework.

Counseling and Student Health

Students sometimes experience stress from academic expectations and/or personal and interpersonal issues that may interfere with their academic performance. If you find yourself facing issues that have the potential to or are already negatively affecting your coursework, you are encouraged to talk with an instructor and/or seek help through University resources available to you.

- The Counseling and Wellness Center 352-392-1575 offers a variety of support services such as psychological assessment and intervention and assistance for math and test anxiety. Visit their web site for more information: <http://www.counseling.ufl.edu>. On line and in person assistance is available.
- You Matter We Care website: <http://www.umatter.ufl.edu/>. If you are feeling overwhelmed or stressed, you can reach out for help through the You Matter We Care website, which is staffed by Dean of Students and Counseling Center personnel.

- The Student Health Care Center at Shands is a satellite clinic of the main Student Health Care Center located on Fletcher Drive on campus. Student Health at Shands offers a variety of clinical services. The clinic is located on the second floor of the Dental Tower in the Health Science Center. For more information, contact the clinic at 392-0627 or check out the web site at: <https://shcc.ufl.edu/>
- Crisis intervention is always available 24/7 from:
Alachua County Crisis Center
(352) 264-6789
<http://www.alachuacounty.us/DEPTS/CSS/CRISISCENTER/Pages/CrisisCenter.aspx>

Do not wait until you reach a crisis to come in and talk with us. We have helped many students through stressful situations impacting their academic performance. You are not alone so do not be afraid to ask for assistance.
