**ECONOMICS 390-001**

Health Economics

Fall Semester 2016

Meeting Time: Tuesday & Thursday 3:00-4:15pm in BUS205

**Instructor:** Alexander C. Cartwright **Email**: cartwra2@ferris.edu

**Office Location**: Business 337

**Office Hours for Students**: Wednesday’s from 1-5pm OR by appointment.

**Prerequisites**: ECON 222

**Required Materials:**

(1) *Health Economics and Financing,* By Thomas E. Getzen (5th Edition).

* Additional readings and classroom materials will be distributed through Blackboard.

**Course Description:** This course is designed to build an understanding of the healthcare delivery system from an applied economics perspective. The applications of these skills will be drawn from examples that illustrate the production of and demand for health and healthcare. As health insurance models develop, greater emphasis is being placed on individual choice and responsibility as determinants of healthcare utilization. Insurance is a major economic lever of these trends. How insurance firms are molding consumer choice and the responsibility for economic advantage will become critical to the future of healthcare in the U.S. Economics analysis is therefore pivotal to any understanding of how healthcare systems operate from both an empirical and normative aspect.

**Course Learning Outcomes:**

1) Discuss healthcare delivery from an economic perspective.

2) Recognize the role of individual choice in optimizing healthcare utilization.

3) Document and describe important constructs such as provider, hospital, and insurance firm behavior.

4) Select and implement appropriate analyses useful in both planning and evaluating the healthcare delivery system.

5) Determine important economic factors that guide and motivate the discovery, development and distribution of new drugs.

**Grading:** Your grade in this class will be based on 2 mini-papers (15% each), a mid-term exam (25%), a final paper (30%) and class participation (15%).

**Mini-papers:** A mini-paper is a 2-3 page essay. These papers are an opportunity for you to practice motivating and developing and argument using economics. I will circulate a list of questions that will serve as prompts for your mini-paper. This list only serves to give you some ideas; hence, you may write on a topic of your choosing if you clear it with me first. I encourage you to send me at least 1 draft of your paper, and to carefully review your paper in light of the rubric attached to the syllabus. We will discuss writing in more detail during class.

**Examinations:** There will be 1 in class midterm exam where you can demonstrate your mastery of class material. The exam will be administered at the beginning of class, and you will have 1.5 hrs. to complete the exam. Cell phone calculators may not be used on exams and no calculators may be shared. Please bring a No. 2 pencil to class on exam days.

**Homework & Extra Credit:** The best way to improve your ability to use the economic way of thinking is to practice; to that end there will be regular homework assignments. Each of the homework assignments is optional, but completing the homework assignment is essential to scoring well on the midterm and developing the critical thinking skills essential to writing an excellent final paper. All correct answers on HW questions will count as 1 bonus point on the midterm. Post-midterm, the points will be added to your final paper.

**Participation:**  Class discussion will constitute a significant portion of class time. The discussion will be most productive if everyone arrives having read the assigned readings. The exceptional student will have prepared questions and insights to share with the group. I will assign participation grades based on how well your comments make a positive contribution to our learning, not the frequency of your comments.

**Final Paper:** Your final paper will be an 8-12 page (approximately) research paper on a topic in health economics. In this paper you will use the concepts, ideas, and information used in this class to develop a thesis and accompanying argument. This paper may be an extended version of a mini-paper that you have written in the class or a new topic. You will have the opportunity to present your paper in class and receive feedback from me and your peers before turning in the final product. As this assignment constitutes 30% of your grade I expect you meet with me to work on your thesis statement and receive feedback on drafts.

**Attendance:** Attendance is required for this class. With the exception of documented medical or family emergencies, or official Ferris events, I will not accept late work or offer make up assignments. Students should email me immediately in the event of an emergency. Please note that if a student misses an exam without my formal acknowledgement, I will assign a “0” for that grade.

There will be **NO MAKE-UP ASSIGNMENTS** unless a valid excuse is presented **BEFORE** the assignment due date.

No extra credit will be assigned at the student’s request.

**Grading Scale:**

A > 93% B+ = 87–89% C+ = 77–79% D = 59–69%

A– = 89–93% B = 83–87% C = 73–77% F < 59%

B– = 79–83% C– = 69–73%

So that you can check your grade at any time, all grades will be posted on blackboard throughout the semester. If a grade has not been posted to blackboard, I have not yet graded the assignment.

**Academic Honesty:** Ferris State University has an academic honesty policy. You are expected to be familiar with the University’s academic integrity standards. Lying, cheating, plagiarism, or attempts to do any of those will not be tolerated in this class. I will report all potential violations of academic integrity to the appropriate University authority. Please see the syllabus attachment for more information.

**Communication:** Occasionally, I may need to communicate with students regarding class activities and assignments. All class communications will be via your university email account; hence, I expect students to check their university email account regularly.

**Disability Statement**: Ferris State University is committed to following the requirements of the Americans with Disabilities Act Amendments Act and Section 504 of the Rehabilitation Act. If you are a student with a disability or think you may have a disability, contact the Disabilities Services office at 231.591.3057 (voice), or email [ecds@ferris.edu](mailto:ecds@ferris.edu) to discuss your request further. More information can be found on the web at <http://www.ferris.edu/htmls/colleges/university/disability/>. Any student registered with Disabilities Services should contact the instructor as soon as possible for assistance with classroom accommodations.

**TENTATIVE COURSE SCHEDULE**

This is a general outline of when we will be addressing particular topics. I reserve the right to change this schedule and these assignments should it better serve the learning objectives of the class.

Class time is structured assuming that the students have read the assigned readings.

**Course Outline:**

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| Class Date | Reading Assignment | Notes |
| 8/30 | Introduction |  |
| 9/1 | Text Ch.1- Money, Medicine, and Health |  |
| 9/6 | Text Ch. 2- Demand & Supply  “Entrepreneurial Discovery and The Competitive Market Process: An Austrian Approach” (Israel Kirzner) |  |
| 9/8 | Text Ch. 3- Cost-Benefit Analysis |  |
| 9/13 | “That Which is Seen, and That Which is Not Seen”  (Parts I-V)  (Frederic Bastiat)  “What Should Economists Do?”  (James Buchanan) |  |
| 9/15 | Text Ch. 14- The Role of Government & Public Goods |  |
| 9/20 | Text Ch. 14- The Role of Government & Public Goods |  |
| 9/22 | Text Ch. 15 - History, Demography, and the Growth of Modern Medicine |  |
| 9/27 | Text Ch. 4 - Financing Medical Care |  |
| **9/29** | Text Ch. 4 - Financing Medical Care  **MINI-PAPER 1 DUE** |  |
| 10/4 | Text. Ch. 5 - Insurance Contracts & Managed Care  The Market for "Lemons": Quality Uncertainty and the Market Mechanism |  |
| 10/6 | Text. Ch. 5 - Insurance Contracts & Managed Care |  |
| 10/11 | Text Ch. 6 - Physicians |  |
| 10/13 | Text Ch. 6 - Physicians |  |
| 10/18 | Review for Midterm  Text Ch. 7 - Medical Education, Organization, and Business Practices |  |
| **10/20** | **Midterm Exam** |  |
| 10/25 | Text Ch. 8 - Hospitals |  |
| 10/27 | Text Ch. 9 - Management & Regulations of Hospital Costs |  |
| 11/1 | Continue with:  Text Ch. 8 - Hospitals  Text Ch. 9 - Management & Regulations of Hospital Costs |  |
| 11/3 | Organ Markets  “Life-Saving Incentives: Consequences, Costs and Solutions to the Organ Shortage” (Alex Tabarrok)  NPR Episode: “Should We Legalize the Market for Human Organs?” |  |
| 11/8 | Text Ch. 11 - Pharmaceuticals |  |
| **11/10** | Text Ch.12 Financing and Ownership of Healthcare Providers  **MINI-PAPER 2 Due** |  |
| 11/15 | Text Ch. 13 Macroeconomics of Medical Care |  |
| 11/17 | Text Ch. 17 Economic Evaluation of Health Policy: ACA |  |
| 11/22 | Text Ch. 17 Economic Evaluation of Health Policy: ACA |  |
| 11/24 | **Thanksgiving Break** |  |
| 11/29 | Text. Ch. 18 Value for Money in the Future of HealthCare |  |
| 12/1 | Individual Meetings to Review Paper Topics/Drafts |  |
| 12/6 | Final Paper Presentations & Feedback |  |
| 12/8 | Final Paper Presentations & Feedback |  |

**Final Paper is due at by the end of the final exam period for this class- see university exam schedule**