

University of Maryland, College Park

Department of Health Services Administration

HLSA 711 – Health Care Economics and Analysis

Instructor: Judy Shinogle, PhD
 Office/Phone: HHP 2320/5-6545

OFFICE HOURS
 Tuesday 4-5pm or by email
 appointment

Email: shinogle@umd.edu
 Semester: Spring 2008
 Classroom/Time: HHP0307/ Wed 1-3:45

Required Textbook & Other Readings	<p><u>Required</u></p> <ul style="list-style-type: none"> • Varied readings from the journals available on Blackboard site • Folland, Stano and Goodman. (2007). <i>The Economics of Health and Health Care</i>. This is a background text that will help in discussing the readings. The text assumes a basic understanding of microeconomics. For those without or who need a refresher, we will have review sessions.
Course Description	<p>This course provides an analysis of health as an economic good. Using microeconomic theories, we will examine the behavior of health care providers, consumers, markets, and firms. The underlying assumptions applicable to market economics are critically examined within the context of the health economy. Special problems of health economics are considered including assumptions of market competition, the demand and supply of medical care and health insurance, long term care, role of government, and equity.</p>
Course Objectives	<p><u>At the conclusion of this course, the student will be able to:</u></p> <ul style="list-style-type: none"> • Describe basic health economics theories • Describe the impact of medical services on the production of health • Understand the supply and demand of medical services and health insurance • Explore the underlying economic assumptions and the applicability to the health market • Apply economic tools to current issues in health policy and health care management. • Identify the role of government in health care
Course Organization	<p>Course Organization: The class sessions will primarily introduce and reinforce main concepts of the health system and will not necessarily cover all material included in the reading assignments. Students are expected to have a basic understanding of Microeconomics. The first part of class will be utilized as a review of these theories that will be used in lecture that day. Students are expected to complete the assigned readings <u>prior</u> to the class for which they are assigned and be prepared to discuss those readings during class—this includes the class text reading <i>and</i> journal articles. The instructor welcomes meetings with students outside of class to discuss questions and health systems problems, as well as to gain more insight about the material presented in class. Students may e-mail, or</p>

ask during class for an appointment. Please be reminded, however, that the class will be taught during class time only. Material will not be presented again on a one-on-one basis at other times. Therefore, attendance at every class is expected. Excessive lateness or absence from class is disruptive to the class and your learning. It can not help you in the grading process. Students who miss class are responsible for obtaining notes and hand-outs from other students. The instructor will not meet with you to retrieve copies of hand-outs from past lectures.

Course Requirements:

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Homework: Starting Week 2 and continuing through Week 4, 6, 8, 10, and 12, there will be six homework assignments, provided at the lecture beforehand. **Each assignment is graded as a satisfactory, or unsatisfactory. All homework assigned will be worth 30% of the grade.**

Course Policies:

Economic Analysis: Student will choose 2 economic analysis papers that will utilize economic concepts to analyze health policy and/or health administration topics. A range of topic will be provided to students or the student may choose one of their own after consultation with the instructor. First topic should be chosen by Week 3 and second by Week 6. The paper will briefly discuss the issue and frame the economic argument regarding the issue. These are short papers (no more than 10 pages) and should be referenced according to APA style **guide** (<http://www.apastyle.org/faqs.html#8>). See <http://www.lib.umd.edu/guides/pubpol.html> for guide to public policy research. Each paper is worth **20% of your final grade for total of 40%. Papers are due by Final but it is advised to work on them and hand in throughout semester.**

Examinations: There will be one **final exam at the scheduled time during finals week worth 30% of your grade.**

LATE WORK AND MAKE UP TESTS:

All work is due when assigned. Any work not completed and handed in at the beginning of class on the due date will receive a reduction of one letter grade. Work not handed in by 5pm the following day will receive an additional letter grade reduction. Work will not be accepted beyond this point except in extreme circumstance approved by your instructor. You **must prearrange** with the instructor to miss a class deadline. There are no make-up tests unless they are prearranged.

In the event that the University is closed for an emergency or extended period of time, the instructor will communicate to students regarding schedule adjustments, including rescheduling of examinations and assignments due to inclement weather and campus emergencies. Official closures and delays are announced on the campus website (<http://www.umd.edu>) and snow phone line (301-405-SNOW), as well as local radio and TV stations.

SPECIAL NEEDS:

If you follow religious observances, have a documented disability, or have some other important commitments for which you need special academic

accommodations, please contact the instructor *in advance*. Accommodations must be prearranged. If you have a documented disability and wish to discuss academic accommodations for test taking or other needs, you will need documentation from Disability Support Service (301-314-7682). If you are ill or encountering personal difficulties, please let the instructor know as soon as possible. You can also contact Learning Assistance Services (301-314-7693) and/or the Counseling Center (301-314-7651) for assistance.

Religious Observances:

The University System of Maryland policy provides that students *should not be penalized because of observances of their religious beliefs; students shall be given an opportunity, whenever feasible, to make up within a reasonable time any academic assignment that is missed due to individual participation in religious observances. It is the student's responsibility to inform the instructor in advance of any intended absences for religious observance.*

ACADEMIC INTEGRITY:

The University's code of academic integrity is designed to ensure that the principle of academic honesty is upheld. Any of the following acts, when committed by a student, constitutes academic dishonesty:

- ✓ CHEATING: intentionally using or attempting to use unauthorized materials, information, or study aids in an academic exercise.
- ✓ FABRICATION: intentional and unauthorized falsification or invention of any information or citation in an academic exercise.
- ✓ FACILITATING ACADEMIC DISHONESTY: intentionally or knowingly helping or attempting to help another to violate any provision of this code.
- ✓ PLAGIARISM: intentionally or knowingly representing the words or ideas of another as one's own in any academic exercise.

For more information see:

<http://www.inform.umd.edu/CampusInfo/Departments/PRES/policies/iii100a.html>

The Student Honor Council encourages any individuals teaching a course Fall semester to include the following information in the course syllabus:

The University of Maryland, College Park has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards for academic integrity at Maryland for all undergraduate and graduate students. As a student you are responsible for upholding these standards for this course. It is very important for you to be aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For more information on the Code of Academic Integrity or the Student Honor Council, please visit <http://www.shc.umd.edu>.

To further exhibit your commitment to academic integrity, remember to sign the Honor Pledge on all examinations and assignments: "I pledge on my honor that I have not given or received any unauthorized assistance on this examination (assignment)."

Bibliography (other texts that maybe helpful)

Arrow, K.J. Social Choice and Individual Values. New York: John Wiley, 1963.

Feldstein, P.J. Health Care Economics (New York: John Wiley, 1999).

Fuchs, VR. Who Shall Live? Health, Economics and Social Choice. (World Scientific Publishing Co, 1999)

Newhouse, J.P. et al. Free for All? Lessons from the RAND Health Insurance Experiment. (Cambridge, MA: Harvard University Press, 1993).

Phelps, C.E. Health Economics. (New York: HarperCollins).

Microeconomics (these are ones I have used but feel free to find the one that you find helpful):

Layard PRG and Walters AA. Microeconomic Theory. (McGraw-Hill Inc.)

Silberberg, E. The Structure of Economic Analysis: A Mathematical Approach (McGraw-Hill, Inc)

Varian H. Microeconomic Analysis

C l a s s A s s i g n m e n t s -

Class One Jan. 30	Class Overview Introduction to Health Economics FGS, Ch 1 2 3 (use these as references through out class)
Class Two Feb. 6	Review of Utility, Demand Review of Statistics (ongoing) Review of Markets for Health and Medical Care Review of Production Functions and Continued Review of Demand The Production of Health and Demand for Health FGS, Ch. 5 Pauly, MV (1988) "Is Medical Care Different? Old Questions, New Answers," Journal of Health Politics, Policy and Law 13(2): 227-37. Culyer and Newhouse (2000), "Introduction: The State and Scope of Health Economics," in Eds. Culyer AJ and Newhouse JP. <i>Handbook of Health Economics, Volume 1A</i> , Amsterdam: North-Holland.

Class Three Feb. 13	The Demand for Health Capital, Demand for Health Care FGS, Ch 7 (if time Production Costs – Ch 6)
Class Four Feb. 20	Imperfect Information, Risk and Insurance, Asymmetric Information FGS, Ch 8, 10 Manning, W., et al. (1987) “Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment,” <i>American Economic Review</i> , Vol. 77(3): 251-278.
Class Five Feb. 27	The Market for Insurance, Consumer Choice and Demand FGS, Ch 9, 11 Manning, W., et al. (1987) “Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment,” <i>American Economic Review</i> , Vol. 77(3): 251-278. Pauly, M. (1986) “Taxation, Health Insurance, and Market Failure in the Medical Economy,” <i>Journal of Economic Literature</i> , 629-75.
Class Six March 5	Managed Care FGS, Ch 12
Class Seven March 19	NonProfits FGS, Ch 13
Class Eight March 26	Hospitals FSG, 14 Ashby, Guterman, and Greene (2000) “Analysis of Hospital Productivity and Product Change,” <i>Health Affairs</i> 19(5): 197-205. Frank, RF and Salkever, DS. (1994) “Non-profit Organizations in the Health Sector,” <i>Journal of Economic Perspectives</i> 8(4): 129-144. Morrisey, MA, Wedig GJ, and Hassan, M. (1996) “Do Non-profit Hospitals Pay Their Way?” <i>Health Affairs</i> 15(4): 132-144.*

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<p>Class Nine April 2</p>	<p>Physicians</p> <p>FGS, Ch 15, 16</p> <p>Phelps, C. (1992) “Diffusion of Information in Medical Care,” <i>Journal of Economic Perspectives</i>, 6(3): 23-42.</p> <p>Health Care/Health Insurance as a Free Good and Government Provision</p> <p>FSG, Ch 19,</p> <p>Zuckerman S., Norton S., and Verrilli D. (1998) “Price Controls and Medicare Spending: Assessing the Volume Offset Assumption.” <i>Medical Care Research and Review</i> 55(4): 457-478.</p> <p>Holohan J. (1997) “Crowding Out: How Big a Problem?” <i>Health Affairs</i> 16(1): 204-206.</p> <p>Gruber J. (2000) “Medicaid.” <i>NBER Working Paper Series</i>, Num. 7829, August 2000. http://www.nber.org/papers/w7829</p>
<p>Class Ten April 9</p>	<p>Regulation</p> <p>FGS Ch 20</p> <p>Rice T (1997) “Can Markets Give us the Health System We Want?” <i>Journal of Health Politics, Policy, and Law</i> 22(2): 383-426.</p> <p>Pauly M, Gaynor M., and Vogt W., Comment on Rice’s paper, and Response by Rice. <i>Journal of Health Politics, Policy, and Law</i> 22(2):467-500.</p>
<p>Class Eleven April 16</p>	<p>Regulation, and the Role of Government</p> <p>FGS, Ch 21, 22</p>
<p>Class Twelve April 23</p>	<p>Regulation, and the Role of Government</p> <p>FGS, Ch 21, 22</p>

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<p>Class Thirteen April 23</p>	<p>Cost Effectiveness</p> <p>FGS, Ch 4</p> <p>Equity,, Efficiency, Need</p> <p>FGS, Ch 18</p> <p>If time – Malpractice:</p> <p>Kessler D and McClellan M (1996) “Do Doctors Practice Defensive Medicine?” <i>Quarterly Journal of Economics</i>, May 1996, 353-390.</p> <p>Localio AR, et al., (1991) “Relation Between Malpractice Claims and Adverse Events Due to Negligence: Results of the Harvard Medical Practice Study III.” <i>New England Journal of Medicine</i>, 325(4): 245-251. July 25, 1991.</p>
<p>Class Fourteen April 30</p>	<p>Economics of Bads</p> <p>FSG, Ch 23</p> <p>Manning W (1989) “The Taxes of Sin: Do Smokers and Drinkers Pay Their Way?” <i>JAMA</i> 261(11): 1604-1609, March 17, 1989.</p>
<p>Class Fifteen</p>	<p>Pharmaceutical Industry</p> <p>FSG, Ch 17</p> <p>Scherer F. (1993) “Pricing, Profits, and Technological Progress in the Pharmaceutical Industry.” <i>Journal of Economic Perspectives</i> 7(3): 97-115.</p>
<p>Final Exam</p>	<p>Cumulative covering readings, lectures, guest speakers, and class discussion</p>

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Evaluation	Points	Grading		
		Number Grade	Letter Grade	Points
<u>Grade Weights and Policies.</u> The homework assignments (30%), economic policy papers (2 at 20% each) 40% and final (30%) will be summed to calculate the earned course grade.				
Homework (6)	120	90-100%	A	360-400
		80-89%	B	320-359
		70-79%	C	280-319
		60-69%	D	240-279
Economic Analysis Paper 1	80	96-100%	A+	384-400
		93-95%	A	372-383
Economic Analysis Paper 2	80	90-92%	A-	360-371
Final Exam	120	86-89%	B+	344-359
		83-85%	B	332-343
		80-82%	B-	320-331
		76-79%	C+	304-319
		73-75%	C	292-303
		70-72%	C-	280-291
		66-69%	D+	264-279
		63-65%	D	252-263
		60-62%	D-	240-251