

# Econ 325

## Health Economics

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**Office:** C-325 Clark Building  
**Office Hours:** TR 9:00-10:00am (or by appointment)  
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### Course Description:

This course is an introduction to health economics. Topics covered include: demand for health care, the Grossman model, disparities in health and the political economy of health, supply of health care (including the labor market for physicians and the hospital industry), demand for health insurance and issues of moral hazard and adverse selection, health policy (including various national models of health insurance and health care delivery), and issues in public health economics and economic epidemiology (like population aging, obesity, environmental health, and infectious diseases). The main objective of the course is to equip students with analytic tools to understand health care markets and health outcomes.

**Class:** TR 12:30-1:45 pm, Clark Building A105

**Prerequisite:** Econ 202

**Credit Hours:** 3

**Text:** *Health Economics*, Palgrave Macmillan, 1<sup>st</sup> Edition

**Authors:** Bhattacharya, Jay, Hyde, Timothy, and Tu, Peter; **ISBN-13:** 978-1137029966

### Course Objectives:

1. Understand the demand for health and health care services
2. Understand the supply of health care services
3. Analyze health insurance markets and understand rationales for government intervention in health insurance markets
4. Evaluate public policies concerning health outcomes, health insurance and health care markets
5. Understand the delivery of health care in the United States and other advanced economies
6. Evaluate issues pertaining to health, health disparities, and public health economics

### Course Evaluation:

The final grade in this course is determined by performance on three exams, problem sets and quantitative exercises, and health economic fact summaries.

## Exams

Three exams are required. Exams cover assigned readings, lectures, films, and distributed materials. Exams are a combination of multiple choice questions, essay questions, and quantitative exercises. Each exam is worth 26 percent of the final grade.

## Analytical Problems Sets

Problem sets may involve quantitative analysis of health and economic data, analytic puzzles and short essay questions. Problem sets are meant to consolidate understanding of assigned readings and lecture materials. Four problem sets will be assigned and each problem set is worth 3 percent of the final grade.

## Health Economics in Media

Students are required to find and summarize three articles that appear in the mainstream press on health economics. COVID-19 stories are especially encouraged. Mainstream media outlets include the New York Times, the Wall Street Journal, the Globe and Mail, the Economist magazine, the Boston Globe, and the Washington Post, to name a few. Written summaries should be at least four full paragraphs in length, detailing (where possible) methodologies of data collection and analysis, and the health economic implications of the story. Staple your summary to the article summarized. Acts of plagiarism will result in a score of zero. Each summary is worth 1.5 percent of the final grade.

## Discussion, Participation, and Random Quizzes

In some class periods, assigned students will be responsible for leading class discussion. Leading discussion involves a 30-40 minute presentation of the assigned reading. Students leading class discussion are responsible for providing each class member with a handout. Occasionally, a quiz will be given at the beginning of the class period covering assigned readings. Discussion, participation, and random quizzes are worth 5.5 percent of final grade.

## Expected Effort (Weekly)

Attend class (3 hours), reading assignments (2 hours), and problem sets/test preparation/article summaries (4 hours).

## Letter Grade Distribution:

|               |    |               |    |
|---------------|----|---------------|----|
| $\geq 93.00$  | A  | 73.00 - 76.99 | C  |
| 90.00 - 92.99 | A- | 70.00 - 72.99 | C- |
| 87.00 - 89.99 | B+ | 67.00 - 69.99 | D+ |
| 83.00 - 86.99 | B  | 63.00 - 66.99 | D  |
| 80.00 - 82.99 | B- | 60.00 - 62.99 | D- |
| 77.00 - 79.99 | C+ | $\leq 59.99$  | F  |

## **Course Policies:**

### **Academic Integrity**

This course adheres to the Academic Integrity Policy of the General Catalog and the Student Conduct Code. As per university policy “Any student found responsible for having engaged in academic dishonesty will be subject to an academic penalty and/or University disciplinary action.” (General Catalog 2014-2015, Section 1.6.). Any academic dishonesty in this course may result in a grade of “F” for the course and may be reported to the Office of Conflict Resolution and Student Conduct Services. Please beware that the General Catalog identifies the following examples of academic dishonesty: cheating in classroom, plagiarism, unauthorized possession or disposition of academic materials, falsification, and facilitation of acts of academic dishonesty. Plagiarism is defined as: “Plagiarism includes the copying of language, structure, ideas, or thoughts of another, and representing them as one’s own without proper acknowledgement. Examples include a submission of purchased research papers as one’s own work; paraphrasing and/or quoting material without properly documenting the source.” (General Catalog 2014-2015, Section 1.6.).

### **Title IX Statement**

CSU’s Discrimination, Harassment, Sexual Harassment, Sexual Misconduct, Domestic Violence, Dating Violence, Stalking, and Retaliation policy designates faculty and employees of the University as Responsible Employees. This designation is consistent with federal law and guidance, and requires faculty to report information regarding students who may have experienced any form of sexual harassment, sexual misconduct, relationship violence, stalking or retaliation. This includes information shared with faculty in person, electronic communications or in class assignments. As Responsible Employees, faculty may refer students to campus resources (see below), together with informing the Office of Support and Safety Assessment to help ensure student safety and welfare. Information regarding sexual harassment, sexual misconduct, relationship violence, stalking and retaliation is treated with the greatest degree of confidentiality possible while also ensuring student and campus safety.

Any student who may be the victim of sexual harassment, sexual misconduct, relationship violence, stalking or retaliation is encouraged to report to CSU through one or more of the following resources: Emergency Response 911 Deputy Title IX Coordinator/Office of Support and Safety Assessment (970) 491-1350 Colorado State University Police Department (non-emergency) (970) 491-6425 For counseling support and assistance, please see the CSU Health Network, which includes a variety of counseling services that can be accessed at: <http://www.health.colostate.edu/>. And, the Sexual Assault Victim Assistance Team is a confidential student resource that does not have a reporting requirement and that can be of great help to students who have experienced sexual assault. The web address is <http://www.wgac.colostate.edu/need-help-support>.

## **Accommodation for Students with Disabilities**

If you require special accommodation to complete course requirements, please provide documentation and verification from the office of Resources for Disabled Students (<http://rds.colostate.edu>).

## **Recording**

Students recording, reproducing, screenshotting, photographing, or distributing any video, audio, or visual content from this course is strictly prohibited without prior written approval from *Professor Zahran*. Some students may require a reasonable accommodation under the Americans With Disabilities Act that would allow them to record, reproduce, screenshot, photograph some course content, including video, audio, or other content. To accomplish this, a student should contact CSU's Student Disability Center (SDC) at (970) 491-6385. Recordings of class materials and content for this purpose are to be used solely for individual or group study and may not be reproduced or shared in any way (including electronically or posting in any web environment).

## **COVID-19 Information**

All students are required to follow public health guidelines in any university space, and are encouraged to continue these practices when off-campus(es). Students also are required to report any COVID-19 symptoms to the university immediately, as well as if they have potentially been exposed or have tested positive at a non-CSU testing location. If you suspect you have symptoms, please fill out the COVID Reporter (<https://covid.colostate.edu/reporter/>). If you have COVID symptoms or know or believe you have been exposed, it is important for the health of yourself and others that you complete the online COVID Reporter. Do not ask your instructor to report for you; if you report to your instructor that you will not attend class due to symptoms or a potential exposure, you are required to also submit those concerns through the COVID Reporter. If you do not have access to the internet to fill out the online COVID-19 Reporter, please call (970)491-4600.

If you report symptoms or a positive test, your report is submitted to CSU's Public Health Office. You will receive immediate, initial instructions on what to do and then you will also be contacted by phone by a public health official. Based on your specific circumstances, the public health official may: 1) choose to recommend that you be tested and help arrange for a test; 2) conduct contact tracing; and/or 3) initiate any necessary public health requirements or recommendations and notify you if you need to take any steps. If you report a potential exposure, the public health official will help you determine if you are at risk of contracting COVID. For the latest information about the University's COVID resources and information, please visit the CSU COVID-19 site (<https://covidrecovery.colostate.edu/>).

## **Copyright Statement**

"Please do not share material from this course in online, print or other media. Course material is the property of the instructor who developed the course. Materials authored by third parties and used in the course are also subject to copyright protections. Posting course materials on external sites (commercial or not) violates both copyright law and the CSU Student Conduct Code. Students who share course content without the instructor's express permission, including with online sites that post materials to sell to other students, could face disciplinary or legal action."

## Course Structure:

### Section 1: Introduction and the Demand for Health and Health Care

Bhattacharya, Jay, Hyde, Timothy, and Tu, Peter. 2014. *Health Economics*. Palgrave Macmillan, Chapters 1, 2, 3

Jonathan Gruber and Helen Levy. 2009. The Evolution of Medical Spending Risk. *Journal of Economic Perspectives*, Vol. 23 (4): 25–48

### Section 2: Health Disparities and the Determinants of Health

Bhattacharya, Jay, Hyde, Timothy, and Tu, Peter. 2014. *Health Economics*. Palgrave Macmillan, Chapter 4

Douglas Almond and Janet Currie. 2011. Killing Me Softly: The Fetal Origins Hypothesis. *Journal of Economic Perspectives*, Vol. 25 (3): 153–172

David Cutler, Angus Deaton, Adriana Lleras-Muney. 2006. The Determinants of Mortality. *Journal of Economic Perspectives*, Vol. 20 (3): 97-120

James P. Smith. 1999. Healthy Bodies and Thick Wallets: The Dual Relation between Health and Economic Status. *Journal of Economic Perspectives*, Vol. 13(2): 145–166

Anne Case and Angus Deaton. 2017. Mortality and Morbidity in the 21st Century. *Brookings Institution*, 397-443.

### Section 3: Supply of Health Care

Bhattacharya, Jay, Hyde, Timothy, and Tu, Peter. 2014. *Health Economics*. Palgrave Macmillan, Chapters 5, 6

Randall D. Cebul, James B. Rebitzer, Lowell J. Taylor, and Mark E. Votruba. 2008. Organizational Fragmentation and Care Quality in the U.S. Healthcare System. *Journal of Economic Perspectives*, Vol. 22 (4): 93–113

Alan M. Garber and Jonathan Skinner. 2008. Is American Health Care Uniquely Inefficient? *Journal of Economic Perspectives*, Vol.22 (4): 27–50

David M. Cutler and Dan P. Ly. 2011. The (Paper)Work of Medicine: Understanding International Medical Costs. *Journal of Economic Perspectives*, Vol. 25 (2): 3–25

### Section 4: Health Policy, Health and the Economy, and Public Health Economics

Bhattacharya, Jay, Hyde, Timothy, Tu, Peter. 2014. *Health Economics*. Palgrave Macmillan, Chapters 14, 16-19

Costa, Dora. 2015. Health and the Economy in the United States, from 1750 to the Present. *Journal of Economic Literature*, 53(3): 503-570

Nicole Maestas and Julie Zissimopoulos. 2010. How Longer Work Lives Ease the Crunch of Population Aging. *Journal of Economic Perspectives*, Vol. 24(1): 139–160

Jay Bhattacharya and Neeraj Sood. 2011. Who Pays for Obesity? *Journal of Economic Perspectives*, Vol. 25(1): 139–158