Health Economics
ECON 450/001,002
University of North Carolina at Chapel Hill
Fall 2017 Syllabus[1]

Logistics

Department: Economics
Credit Hours: 3.0

Instructor: Andrés Hincapié
andres.hincapie@unc.edu
Gardner 101
(919) 966-5926
Office Hours: W,Th 5PM-6PM

TA: TBD
Office Hours: TBD

Prerequisites: ECON 400 and 410, a grade of C or better in both courses is required; permission of the instructor for students lacking the prerequisites.

Textbook: Bhattacharya, Jay, Timothy Hyde, and Peter Tu. *Health Economics*. Palgrave Macmillan, 2014.

Lectures:

  ○ ECON 450/001: T/Th 2:00-3:15 PM (Gardner 309)

  ○ ECON 450/002: T/Th 3:30-4:45 PM (Gardner 309)

Course Description

Health and health care continue to be on the spot light. According to a study by the Pew Research Center, health care ranks fourth in terms of issues voters in 2016 considered "very important."[2] Public attention on the topic is not misplaced. National health care expenditures as a percent of the GDP have been growing over the last 50 years. Moreover, the structure of the market can have serious consequences on the lives of the citizens.

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[1] This version was compiled on `August 16, 2017`. Check my website every Friday at 5PM for the latest compilation with the relevant papers to read for the following week.

[2] See http://www.people-press.org/2016/07/07/4-top-voting-issues-in-2016-election/ Health care ranks fourth after "the economy," "terrorism," and "foreign policy."

In this class we will study the market for health and health care drawing from basic economic concepts to understand the choices of consumers and firms, as well as interactions between consumers, firms, and the government. We will also study health policy focusing on alternative paradigms of health care provision.

This course is specially aimed at Economics undergrads. However, students from other social sciences with some background in basic economics and mathematics should also benefit from taking the course. Enrolled students should expect to learn the main features of the health care market as well as the underpinning economic interactions from which it emerges.

The course will generally follow the textbook but it will also include materials extracted from academic articles. Below is the tentative class schedule and a list that already introduces some of the readings. I have scheduled two classes each to most policy issues but it is possible we will only need one class for each issue. If that is the case and we have more time in the end, I will introduce some topics focusing specially on empirical methods for health economics.

Grading

Your final grade will be determined as follows:

- Midterms (x2): 20%

- Final: 20%

- Problem sets (x3): 10% each

- Participation: 10%

Your performance in the course will be evaluated using a combination of problem sets, exams, and class participation. Problem sets will be posted at least a week before they are due and solutions will be made available in a timely fashion to allow for exam preparation (see schedule below). Groups of at most two people may work together in their problem sets and turn in one single set of solutions.

Class participation will be a way to foster and measure your engagement to the class. Participation will rely on readings that will be assigned prior to class. Treat the chapters of the book listed in the "Readings" column in the schedule as required.[3] Additionally, as we move forward in the semester, I will timely populate the "Readings" column with more articles and will mark which ones are required and which ones are only suggested. I understand some of the articles listed will be fairly advanced for many of you. Hence, I do not expect you to read the entire paper and understand all the mathematics, if there is any. Instead, I expect you to be able to read the intro of the paper and glance through the other sections to be able to capture the main ideas of the paper: What is the research question? How is it related to health economics? What is the authors' answer? How do they reach that answer? And finally, make sure you build your own opinion regarding whether or not you find the paper compelling or relevant.

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[3]All required readings will be marked by a star.

Anything discussed in class can enter in the exams unless stated otherwise, even if it was not part of a problem set. For exams and problem sets students will get numeric grades on a 100 point base. At the end of the semester your participation will be deemed as "low," "medium," or "high," which corresponds to scores 70, 85, 100. I do not curve grades. At the end of the semester, numerical grades will be converted back to letter grades when reported to the system.

POLICIES AND EXPECTATIONS

I do not provide make-up midterm exams. If a midterm exam must be missed for an allowable reason (e.g., death in immediate family, extreme illness, mandatory court date), please notify me in advance (if possible) and with documentation of the explanation within two business days, and I will discuss with you your options once an acceptable absence has been verified.

Engagement in the course (demonstrated through attendance, attention, comments, questions, active listening, and respect toward the instructor and fellow students) is expected and a part of the learning experience. While I understand that students may not be able to attend every class, the student must likewise understand that an absence from class may result in missed information and, consequently, a lower grade. I will not (and cannot) replicate our hour-and-fifteen-minute class in my office hours. It will be your responsibility to obtain the missed information. Again, attendance will not be taken, but engagement and active participation will have a positive impact on your final grade through my perception of your commitment to learn.

Laptops, tablets, phones, or similar devices are not prohibited during the lecture. However, I strongly discourage you to use them—imagine my impression of you if I ask you something and you are on your phone. You should know that using these devices may have negative externalities on your peers and interferes with your own learning.[4] Numerous studies show that "disconnected" students perform significantly better than their "connected" peers.

You are expected to be honest and honorable in your fulfillment of course conduct, course assignments, and course exams. Adherence to the honor code is required.[5]

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[4]See http://www.newyorker.com/tech/elements/the-case-for-banning-laptops-in-the-classroom
[5]https://studentconduct.unc.edu/sites/studentconduct.unc.edu/files/documents/Instrument.pdf

Tentative Schedule - Fall 2017

Week	Day	Date	Unit	Topic	Readings	Comments
1	T	8/22	Intro	Intro	Ch 1⋆, Cutler, Rosen, and Vijan (2006), Fuchs (2012)⋆	
1	TH	8/24	Demand	Demand for health care	Ch 2⋆, Finkelstein et al. (2012), Keeler et al. (1988) (Summary)	
2	T	8/29	Demand	Grossman model 1	Grossman (1972)⋆	
2	TH	8/31	Demand	Grossman model 2		
3	T	9/5	Demand	Health disparities	Ch 4⋆, Roseboom et al. (2001)	
3	TH	9/7	Demand	Health "bads"	Becker and Murphy (1988)⋆, Becker, Grossman, and Murphy (1994), Gilleskie and Strumpf (2005)⋆, Leibenstein (1950)	PS1 Posted
4	T	9/12	Demand	Health "bads"	(same as above)	
4	TH	9/14	Supply	Supply of health care 1	Ch 5⋆, Schulman et al. (1999)	
5	T	9/19	Supply	Supply of health care 2	Ch 6⋆, Gaynor, Mostashari, and Ginsburg (2017)	PS1 Due
5	TH	9/21	EXAM	MIDTERM EXAM 1		
6	T	9/26	Information	Demand for insurance	Ch 7⋆	
6	TH	9/28	Information	Adverse selection 1	Ch 8⋆, Akerlof (1970)	
7	T	10/3	Information	Adverse selection 2	Ch 10⋆	
7	TH	10/5	Information	Moral hazard	Ch 11⋆, Spenkuch (2012)	
8	T	10/10	Innovation	Pharmaceuticals	Ch 12⋆	
8	TH	10/12	Innovation	Health technology assessment	Ch 14⋆, Sanders et al. (2005)⋆	
9	T	10/17	Innovation	Demand for health under innovation	Hamilton et al. (2017)⋆, Papageorge (2016)⋆	PS2 Posted
9	TH	10/19	NO CLASS	NO CLASS		Fall Break
10	T	10/24	Gov. Intervention	Externalities and public health	Ch 20⋆, 21⋆, 22⋆	
10	TH	10/26	Gov. Intervention	Externalities and public health		PS2 Due
11	T	10/31	EXAM	MIDTERM EXAM 2		
11	TH	11/2	Health Policy	Health policy conundrum	Ch 15⋆	
12	T	11/7	Health Policy	Health policy conundrum	(same as above)	
12	TH	11/9	Health Policy	Beveridge model	Ch 16⋆	
13	T	11/14	Health Policy	Beveridge model	(same as above)	
13	TH	11/16	Health Policy	Bismark model	Ch 17⋆	
14	T	11/21	Health Policy	Bismark model	(same as above)	PS3 Posted
14	TH	11/23	NO CLASS	NO CLASS		Thanksgiving Break
15	T	11/28	Health Policy	American model	Ch 18⋆	
15	TH	11/30	Health Policy	American model		
16	T	12/5	Health Policy	Future of health policy	Ch 19⋆	PS3 Due
16	TH	12/7	NO CLASS	NO CLASS		Classes end on Dec 6
Finals	SAT	12/9	EXAM	12PM-2:30PM, Section 001		
Finals	TH	12/14	EXAM	4PM-6:30PM, Section 002		

References

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Schulman, Kevin, Jesse Berlin, William Harless, Jon F. Kerner, Shyrl Sistrunk, Bernards J. Gersh, Ross Dubé, Christopher K. Taleghani, Jennifer E. Burke, Sankey Williams, John Eisenberg, and José J. Escarce. 1999. "The Effect of Race and Sex on Physicians' Recommendations for Cardiac Catheterization." *The New England Journal of Medicine* 340 (8):618–626.

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