Text and Readings:

There is no textbook for the course. Instead, the course will be focused around mandatory readings of academic articles that highlight important topics in health economics. The readings are available for download in PDF format from the class web page. For download, the readings require your netid. Students are expected to have read the papers in advance and be able to substantively discuss the work in class.

If you want to buy a textbook to assist you with the readings, I recommend Folland, Goodman and Stano, The Economics of Health and Health Care, Seventh Edition, Prentice Hall. It is available from Amazon [link].

Office Hours: Tuesdays, 2:00pm – 4:00pm, Wednesdays, 3:30pm - 5:00pm, and by appointment.

I am never far from email. If you have a question, please feel free to contact me at wevans1@nd.edu.

Course Rationale:

Health care spending currently consumes over $2.6 trillion dollars which is 18 percent of gross domestic product. To give you some frame of reference, GDP in the manufacturing sector was about $1.8 trillion and $1.9 trillion in real estate, making the health care sector one of the largest in the US economy. These numbers are expected to escalate as the baby boom generating retireds. Health care spending is also a large fraction of federal and state spending and again, these numbers are expected to grow over time as well. We have also embarked on an ambitious federal reform of the health care sector which is expected to cost $1 trillion over a 10-year period. Given these costs, it is imperative to understand the structure, conduct and performance among actors in this industry.

Course Theme:

The course is designed to illustrate how economists analyze topics related to the production of health and the delivery of health care. In many cases, economists think very differently about topics than health care professionals and other social scientists. Economists have time and time again demonstrated the importance of incentives in decision making and throughout the semester, we will demonstrate how incentives play an important role in this sector.
Course Objective:
This is an advanced undergraduate course in economics and students are expected to have completed a course in intermediate microeconomic theory and econometrics. The course will provide students with a broad overview of important topics in health care, indicate current gaps in research, and demonstrate successful research programs in the field. The bulk of the readings are empirical in nature and the material will stress economists build and test models.

Expectations:
Students are expected to attend class, to read the assigned articles prior to class, to NOT be late to class, to participate in classroom discussions, to hand in assignments when due, to take tests when expected, and to NOT engage in academic dishonesty.

Evaluations:
Grades for the course will be based on the maximum of your mid-term and your final exam, (25 percent of the course grade), five short précis which are short summaries of journal articles (5 percent each and 25 percent in total), class participation (25 percent of the course grade), and an original research paper (25 percent of the course grade).

Class Participation: The class is built around a series of readings from academic articles. Students are expected to read the articles in advance of class and to be able to discuss the key points from the articles. You cannot discuss unless you are present so for each absence after the first, the classroom participation grade will fall by a third of a letter grade. Part of the participation grade will be based on a short (20 minute) presentation about some aspect of health care reform in the second half of the semester.

Examinations: The mid-term examination will be held Wednesday, March 4th in the regular class room. The final exam is Thursday, May 7th from 1:45pm to 3:45pm. Note that if you are happy with your midterm exam grade, you can take a zero on the final since the grade is the max of the two scores.

Makeup exams will only be given for students who have a valid University excuse, applied for in writing and adequately documented. I must receive documentation within 48 hours of the missed exam. Please familiarize yourself with student responsibilities concerning missed exams, missed assignments, etc.

Précis: A précis is a short synopsis. The key source of information for this class will be a series of academic articles on health economics. An important skill for the job market is being able to distill a large block of information into its key components so that is understandable for another person. During the semester, you will be required to write five précis (two pages, double spaced, 11 point type, one inch margins) that summarize one of the academic readings in class. The précis will be assigned one to three weeks ahead of time. Once assigned, you must turn them in or you will get a zero for the assignment. A complete description of the assignment is on the class web page under assignments. The first précis is due next Monday.

Paper: This class is restricted in enrollment because it satisfies the college’s requirement for a writing-intensive course. Because undergraduate econometrics is required, I am requiring that students write an original empirical research paper. This is something that will take a considerable amount of time and it may not be what you had in mind for your senior year, but in the end, it is a lot more rewarding than taking another exam. I am hoping that the students can finish the papers early and submit them to the annual Bernoulli Awards contest that is run by the department.
http://economics.nd.edu/undergraduate-program/bernoulli-awards/. The award was established by
a Notre Dame alum who thought his most valuable undergraduate course was one that required an original research paper. Since I also believe my senior honors thesis was the most important class I took, I agree with this assessment. The donor established the prize to encourage student participation in research. With prize money ranging from $1000 to $5000, I think the award has achieved its goal. Three students from the Spring 2013 Health Economics class won Bernoulli awards, including one student that won $2,500. In the Spring of 2014, six students from class won awards including three second place awards ($2500 each) and two honorable mentions ($1000 each).

To complete an original research report in one semester, you need to find a topic and data soon. Topics must ask an answer a specific question. Given the time frame, topics must be tightly scripted and finite. I am NOT looking for a paper like “Devising a Fair, Just, and Efficient Health Care System.” To be honest, no one in their right mind would ask a 21 year old to answer that question. Instead, look for questions like “Did the Massachusetts Health Care Reform Lead to More Part Time Work?” or “Has Marijuana Legalization Increase Traffic Fatalities in Colorado.”

Grades will be a function of the soundness of your econometric model and the quality of the exposition. The paper will be a minimum of 20 pages (including title page, text, figures and references), double spaced, 11 point type, 1 inch margins.

Please familiarize yourself with the Undergraduate Academic Code of Honor: http://www.nd.edu/~hnrcode/docs/handbook.htm.

Problem sets:
Problem sets will be periodically assigned during the semester. These problem sets are designed to gauge your understanding of the concepts discussed in class. Collaboration and discussion are encouraged in your work. Problem sets will not be graded or collected but I will distribute detailed answer keys. The problem sets will be indicative of what I will ask on the midterm exam.

Reading List
Health Economics/Evans/Spring 2015

All readings are required. Articles with a (#) are articles you can use for a precis.

I. Introduction – How do economists think about health issues

II. The production of health
   a. Statistics detour – difference-in-difference models
   b. An historical perspective

Folland, Goodman and Stano, Chapter 5.

#McKeown, Thomas, The Role of Medicine: Dream, Mirage or Nemesis, London, England: Nuffield Provincial Hospitals Trust; 1976, Chapters 3 and 4, pages 29-65. (I've also included a link to Chapter 8. You are not required to read it but just look at the graphs in the chapter especially 8.1, 8.5, 8.8-8.10, 8.14).

#Fogel, Robert, The Escape from Hunger and Premature Death, 1700-2100, Cambridge, UK


c. **Health and development: macro and micro perspectives**

   **c1. Macro Studies**


   **c2. Micro Studies**


   **d. Statistics detour – Regression Discontinuity Design**

   **e. Modern correlates of health**


III. The Government control of unhealthy behavior

a. Pigouvian taxes

Folland, Goodman and Stano, Chapter 24.


b. Do smokers and drinkers pay their way?


(These next two articles should be reviewed in one précis)


c. Explaining the rise on obesity and can taxes work again?


IV. Health insurance and the demand for medical care

a. Choices under uncertainty and the role of insurance


b. Moral hazard

Folland, Goodman and Stano, Chapters 8 and 9.


c. **Adverse selection**

Folland, Goodman and Stano, Chapter 10.


Group presentation #1: Who are the uninsured?

Group presentation #2: The individual mandate

Group presentation #3: The health insurance exchanges

d. **Employer-provided health insurance**

Folland, Goodman and Stano, Chapter 11.

For this section, it might be useful for you to review your class notes from intermediate micro economics on income and substitution effects.


Please look over this document and come to class with five interesting facts about the uninsured.


Group presentation #4: The employer mandate

Group presentation #5: The Medicaid expansions

Group presentation #6: Financing the ACA

e. The health benefits of insurance coverage


f. How health insurance interacts with the job market


V. Medical technology and health care costs

Pauly, Mark. “Should We Be Worried About High Real Medical Spending Growth in the US?” Health Affairs, Web Exclusive, Jan 8, 2003, w3-15.


VI.  Physician Behavior

Folland, Goodman and Stano, Chapters 15-16.

Please check out the Dartmouth Atlas, http://www.dartmouthatlas.org/, which is a fascinating graphical presentation of small-area variation. If you do not waste 3 hours looking at these graphs, you are not interested in health economics.


VII.  Hospitals

Folland, Goodman and Stano, Chapter 21.
