Econ 126/226 syllabus  Fall 2005  Prof. Bhattacharya

Economics 126/226 –Economics of Health and Medical Care
Syllabus

Stanford University
Fall 2005

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Meeting Times: MW 11am-12:50pm
Meeting Place: Meyer Library Forum Room
Office: Encina Commons, Room 186
Office Hours: Monday 2:30pm-4:00pm, or by appointment

Course Summary
This course is an introduction to the field of health economics. Health economics is an active field of microeconomics with a large and growing literature. In the past decade, some of the most controversial policies considered by state and federal governments have involved issues that have been analyzed by health economists. This class will provide an introduction to the health care system in the U.S. We will discuss some of the key concepts that health economists use to analyze health care markets. Finally, we will apply these concepts to selected current issues in health policy.

Prerequisites
Students should have a firm grasp of microeconomics at the level of Intermediate Microeconomics. Students should also be comfortable with basic concepts in statistics. Much of the literature in health economics requires that readers be conversant in the language of statistics and econometrics, so we will review these as necessary.

Grading
The grade will be based on a midterm (40%) and a final (50%). In addition, there will be four problem sets that will count toward the final grade (10%). Problem sets will be due by 5pm in the mailbox assigned to this course in the economics department. Students may work in groups or individually on the problem sets, though each student in a group should turn in their own copy. Students who turn in a problem set will receive full credit for it. Performance on the examinations will no doubt be affected by the students’ understanding of the material on the problem sets.

The material covered on the examinations will come from the lecture notes, problem sets and required reading. If a student requests that some question on an examination be re-graded, the professor will review the entire examination. There will be no make-up final, so please plan ahead. This course will adhere to the rules described in the Economics Department Common Syllabus: (http://www-econ.stanford.edu/academics/economics_department_course_management.pdf).

Reading Assignments
The text for the course is The Economics of Health and Health Care, 4th Edition by Folland, Goodman, and Stano (FGS). All required and recommended readings will be available at the courseworks website for the class at http://coursework.stanford.edu.
INTRODUCTION

1 Sept 26 The economic way of thinking about health care

Required readings:
- FGS, Ch. 1

Recommended readings:
- FGS, Ch.2 (highly recommended if your recollection of intermediate microeconomics is aged).

THE PRODUCTION OF HEALTH

2 Sept 28 The demand for health care

Required readings:
- FGS, Ch. 4-5, 8

Recommended readings:

3 Oct 3 Human capital and health

Problem Set #1 handed out

Required readings:
- FGS, Ch. 6

Recommended readings:
to Use New Drugs?” National Bureau of Economic Research Working Paper #9185

4 Oct 5 Technological change and the price of health care

Required readings:
• FGS, Ch. 16

Recommended readings:

5 Oct 10 Hospitals and the theory of non-profits

Problem Set #1 due

Required readings:
• FGS, Ch. 13-14

Recommended readings:

6 Oct 12 Physicians

Required readings:
- FGS, Ch. 10, 15

Recommended readings:

HEALTH INSURANCE

7 Oct 17 Risk aversion and health insurance

Required readings:
- FGS, Ch.11

Recommended readings:

8 Oct 19 Informational asymmetries and classification risk (1)

Required readings:
- FGS, Ch. 9

9 Oct 24 Informational asymmetries and classification risk (2)

Required readings:
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<th>Date</th>
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| 10 Oct   | Empirical Examinations of Insurance Markets |                                     |  **Recommended readings:**  
|          |                                            | **Problem Set #2 due** wd A.  
| 11 Oct   | Midterm                                    |  **Required readings:**  
|          |                                            |  **FGS, Ch. 7**  
| 12 Nov   | Employer provision of health insurance     |  **Required readings:**  
|          |                                            |  **FGS, Ch. 7**  
|          |                                            | **Recommended readings:**  
| 13 Nov   | Managed care                               |  **Managed care**  
|
Problem set #3 handed out

**Required readings:**
- FGS, Ch.12

**Recommended readings:**

14 Nov 9

**Medicare and Medicaid**

**Required readings:**
- FGS, Ch.20

**Recommended readings:**

15 Nov 14

**Uninsurance: causes and consequences**

Problem Set #3 due;

**Required readings:**

**Recommended readings:**

TOPICS IN HEALTH ECONOMICS

16 Nov 16 The regulation of health care markets
Problem Set #4 handed out
Required readings:
• FGS, Ch.17, 18, 19

Recommended readings:

17 Nov 28 Epidemiologic epidemiology
Problem set #4 due
Required readings:
• FGS, Ch. 23

Recommended readings:
• Dow et al. (1995) “Disease Complementarities and the Evaluation of
18 Nov 30  The behavioral economics of health

Required readings:
- FGS, Ch. 22

Recommended readings:

19 Dec 5  The demographics of health

Required readings:

Recommended readings:

20 Dec 14  Final —  8:30am-11:30am