ECONOMICS 214: HEALTH ECONOMICS AND POLICY

Health care inspires many questions: Why do we spend so much on health care? Does this spending actually produce better health? How do health care institutions function? What is the appropriate role of government? How are we to judge the efficiency and equity of health care policy? Health economics uses economic methodologies to provide insight into these questions.

In the first section of this course, we will assess the role of health care in the economy and apply economic models to the production of health and health care. In the second section, we will study the structure of health care markets and the roles of key institutions. In the third section, we will investigate the role of government and use our acquired knowledge to understand and evaluate health care policy and reform.

Throughout the semester, we will pay careful attention to the nature of health care markets, the anatomy of market failures, and the implications for public policy. Empirical work, current issues, and public policies will be discussed throughout the course. In addition to technical problems and economic analyses, students will be asked to write analytical papers and participate actively in the discussion of current economic research and public policy.

Readings and Resources


Readings: There is an extensive list of essential readings for this course. They are listed below and are available on e-reserves on the course website.

Course website: The website contains announcements, assignments, readings, and other materials.

Assignments and Grading

Reading: All reading must be completed before the class in which it will be discussed.

Problem Sets and Papers: There will be several problem sets and short papers. Pop quizzes are possible.

Exams: There will be two in-class hour exams. Exams will be announced 1 to 2 weeks ahead.

Final Paper: A final paper will be due at the end of the semester.

Course Grades: Coursework will be weighted as follows: problem sets, short papers, pop quizzes, and class participation will count for 35%; each exam will count for 20%; the final paper will count for 25%.
Important Information

Economics 111 is a pre-requisite for this class. In addition, it may be helpful to have taken or to be taking concurrently either microeconomics, econometrics, or statistics. Please contact Prof. Reyes with any questions about appropriate preparation.

Students are expected to do the reading, attend class, and participate. Assignments must be turned in on time. No technology use is allowed in class.

Students must abide by the Amherst College Honor Code. Your work must be your own. If you consult any sources (including online sources), you must cite them clearly and completely. If you work with others, you must make a note of that on your own assignment. So that you have a clear understanding of your ethical obligations, I ask that you carefully reread the Statement of Intellectual Responsibility by January 31st. The following links may be helpful:

https://www.amherst.edu/campuslife/deanstudents/acadhonesty
https://www.amherst.edu/academiclife/dean_faculty/fph/policies/sir

Course Outline

Part 1. Health Economics and Health Care Institutions
- Introduction
- Health Care Reform
- Health and Medical Care
- Cost-Benefit Analysis
- Health Care Systems and Institutions
- Demand for Medical Care
- Insurance

Part 2. Providers, Insurance, and the Uninsured
- Private Health Insurance
- Managed Care
- The Uninsured
- Physicians

Part 3. Government and Reform
- Government in Health Care
- Medicaid and SCHIP
- Medicare
- Health Care Reform
ECONOMICS 214: HEALTH ECONOMICS AND POLICY

Part 1. Health Economics & Health Care Institutions

- Introduction  
  January 21st
  - S & N Chapter 1: Introduction
  - Cutler Chapters: “Introduction: Crisis By Design” and “Chapter 1: The Health of the Nation”

- Health Care Reform  
  January 27th

- Health and Medical Care  
  January 29th
  - S & N Chapter 2: Health and Medical Care

- Research Discussion  
  February 3rd

- Cost-Benefit Analysis  
  February 5th
  - S & N Chapter 3: Cost and Benefit Analysis
  - Cutler Chapter 2: Pricing the Priceless
Part 1. Health Economics & Health Care Institutions (continued)

- Health Care Systems and Institutions  
  February 10th  
  - S & N Chapter 4: Health Care Systems and Institutions  
  - Cutler Chapter 7: You Get What You Pay For  
  - Garber, Alan and Jonathan Skinner, “Is American Health Care Uniquely Inefficient?”  

- Demand for Medical Care  
  February 12th  
  - S & N Chapter 5: Demand for Medical Care  

- Insurance  
  February 17th and 19th  
  - S & N Chapter 6: Demand for Medical Insurance  

- Research Discussion  
  February 24th  

- Likely date for first exam covering Part 1 of the course  
  February 26th
Part 2. Providers, Insurance, and the Uninsured

- Private Health Insurance
  - March 3rd
    - S & N Chapter 11: The Private Health Insurance Industry

- Managed Care
  - March 10th
    - Cutler Chapter 8: The Managed Care Debacle

- The Uninsured
  - March 12th & 24th
      (http://kff.org/uninsured/report/the-uninsured-a-primer/)

- Physicians
  - March 26th
    - S & N Chapter 12: The Physician Services Industry
    - Cutler Chapter 9: Paying for Health

- Likely date for second exam covering Part 2 of the course
  - March 31st
Part 3. Government and Reform

- Government in Health Care  
  April 2\textsuperscript{nd} & 7\textsuperscript{th}  
  - S & N Chapter 9: Government, Health and Medical Care

- Medicaid and SCHIP  
  April 9\textsuperscript{th} & 14\textsuperscript{th}  
  - S & N Chapter 10: Government as Health Insurer, pp. 295-301 (Medicaid)  
    http://kff.org/medicaid/fact-sheet/the-medicaid-program-at-a-glance-update/  

- Medicare  
  April 16\textsuperscript{th}  
  - S & N Chapter 10: Government as Health Insurer, pp. 302-314 (Medicare)  
  - Kaiser Family Foundation, “Visualizing Health Policy: Medicare Spending,”  

- Health Care Reform  
  April 21\textsuperscript{st}, 23\textsuperscript{rd}, and 28\textsuperscript{th}  
  - S & N Chapter 16: Health Care System Reform  
  - Cutler Chapter 10: Universal Benefits  
  - Reread health care reform articles from Part 1.  

- Policy Discussion  
  April 30\textsuperscript{th}  

- Wrap-up  
  May 5\textsuperscript{th}