

Darren Grant—please call me Darren!  
ECON 5333, Health Economics  
dgrant@uta.edu, 817 272-3286  
331 Business Bldg.

Office Hours: 10-12 am. Wed. I'll also come  
to class up to 45 minutes early if you call or  
e-mail by noon of class day.

*My Home Page:* economics.uta.edu/grant  
Class homeworks, syllabi, and powerpoint  
slides are available on my home page.

*HCAD Home Page:* www.uta.edu/hcad  
Schedules, usergroup information, maps, and  
more are available on the HCAD home page.

This Summer 2004 section (Cohort 5) meets 6:00-9:50 M,Th, June 3-July 5 at Universities Center  
at Dallas, Room 307.

**Texts.** There are two required texts and one recommended supplement. These three books comprise the texts for both ECON 5333, and ECON 5313, Managerial Economics, taught in the spring. The total cost of these three books is less than the average cost of two traditional business textbooks. The required books for this semester are Dranove, *The Economic Evolution of American Health Care*, Princeton University Press (2000/2002 in paperback), and Getzen, *Health Economics: Fundamentals and Flow of Funds*, Wiley (2004). The recommended supplement is Wessels, *Economics*, 3<sup>rd</sup> edition, Barron's Business Review Books series (2000). In Managerial Economics Wessels and Getzen will be required.

**Course Objectives.** The design of the course and course objectives reflect the fact that this course is part of a health care administration degree. This course has two objectives. First, I want you to understand the basic institutional features of the U.S. health care system. This includes understanding the rise of managed care, key differences between the U.S. system and other countries' health care systems, and current issues in the delivery of health care, i.e., where the system is "going." Second, I want you to understand the role of markets and competition in the delivery of health care. We will learn to view problems/issues concerning the delivery of health care as problems/issues with *markets*, and consider various solutions to those problems. Some of these solutions rely on government but others continue to rely on markets.

I believe this focus on markets is appropriate for several reasons. First, the U.S. health care system is, I believe, becoming increasingly market-based. Second, the system is evolving rapidly; to understand this evolution it helps to understand markets. Third, many of you who work in health care understandably have what ranges from skepticism to aversion concerning competition in health care markets. I hope our discussion of markets, which is intended to be balanced and not one-sided, will help you come to terms with the role of markets in health care. Fourth, understanding the behavior of markets can be useful in managerial decision making.

That's what the course is. Here's what it isn't. I do not intend to teach you a lot of formal, traditional economics. We'll do some of that in Managerial Economics. You will be exposed to the economic way of thinking, however, which is useful even if you don't buy in completely. I also do not intend to teach a complete, traditional health economics course. However, by the time Managerial Economics is complete, you will have had all of the material covered in a traditional health economics course, so the difference is mostly one of timing and not coverage. This course focuses on markets. In Managerial Economics, we'll focus on the behavior of the firm or health care entity, and explore the insights economics offers for managing people and health care entities.

**Plan for the Course.** The course will be split into four units. These units will follow the Dranove book sequentially.

- *Unit 1: Traditional Health Insurance and Market Imperfections in Health Insurance Markets.* (Reading: Dranove, Ch. 1, 2; Getzen, Ch. 1, 4.) This unit will explore the forces that gave rise to traditional indemnity health insurance and some of the problems with traditional indemnity insurance, from a market perspective.
- *Unit 2: Government as a Solution to Market Problems.* (Reading: Dranove, Ch. 3; Getzen, Ch. 5, 14, 15.1-15.2.) This unit will explore governmental solutions to problems with health care markets. This will include discussion of government's role in health care delivery, an assessment of various aspects of government involvement in health care, and a general discussion of the justifications for governmental intervention in markets and potential problems with those interventions.
- *Unit 3: Managed Care and the Private Sector as a Solution to Market Problems.* (Reading: Dranove, Ch. 4, 5; Getzen, Ch. 10.) This unit will explore private sector solutions to problems with health care markets, the market for health insurance specifically. We will view the rise of managed care as a response to imperfections in the market for health insurance under traditional indemnity insurance. We will explore how the private sector uses incentives to moderate some of these imperfections.
- *Unit 4: Problems with Competition in Health Care Markets.* (Reading: Dranove, Ch. 6-8; Getzen, Ch. 14, 17.) Finally, we assess problems with and the potential for competition in health care markets. We explore some of the things competitive markets need to work well, the degree to which these things are present in various health care markets, and ways that the private and public sector are trying to improve matters in this regard.

Each unit will begin with discussion of chapters from Dranove, followed by discussion of relevant economic theory, relying on my power points, chapters from Getzen, and newspaper articles. Two days have also been set aside to discuss homework problems.

June 3: Unit 1, Discuss Dranove Ch. 1, 2.

June 7: Unit 1, Power Point 1; Getzen Ch. 1, 4.

June 10: Unit 2, Discuss Dranove Ch. 3; Mike Waters visit! Take Home 1 distributed.

June 14: Unit 2, Power Point 2; Getzen 5, 14, 15.1, 15.2.

June 17: Homework Day—go over Homeworks 1 and 2.

June 21: Unit 3, Discuss Dranove Ch. 4, 5.

June 24: Unit 3, Power Point 3; Getzen Ch. 10. Take Home 2 distributed.

June 28: Unit 4, Discuss Dranove Ch. 6, 7, 8; Getzen 14, 17; Power Point 4.

July 1: Homework Day—go over Homework 3.

July 5: In Class Final Exam.

**Grading Policy.** At the end of the 3<sup>rd</sup> and 7<sup>th</sup> classes you will be given a short take-home exercise that will be turned in and graded on a A+, A, A-, B+, ... etc. scale. On the last class you will be

given a comprehensive, in-class final exam that will also be graded on a A+, A, A-, etc. scale. Then I will convert the letter grades into points: A+ = 10; A = 9; A- = 8; B+ = 7; B = 6; B- = 5; C+ = 4; C = 3; D = 1; F = 0. I will add up the points achieved from the two take-home exercises and the final exam, counting the final exam double, and assign grades in the following way:

A	32-40 points
“Fuzzy Region”	29-31 points
B	20-28 points
C	12-19 points
D	4-11 points
F	0-3 points

In the fuzzy region I can round you up or down at my discretion. This will depend on your total points, your class participation, and the distribution of your grades over the course of the semester. (This latter permits me to make some allowance for one particularly bad grade, or to recognize an upward trend in grades over the course of the class.) Class participation includes verbal participation, attendance, tardiness, homework completion, homework presentations, etc. It is especially important to me that you are familiar with the assigned reading. I reserve the right to subtract one point from your total for each class absence in excess of two. (More than 25 min. late is ½ absence, more than one hour late is a full absence.)

Please note: to earn a B your points must equal those of someone who earns a B- on everything. If you receive a B- on your final, a B- on one take home and a C+ on the other—that’s a C. My view is that the lowest standard for a final grade of B should be the equivalent of consistent B- work.

**Academic Honesty.** It is the philosophy of The University of Texas at Arlington that academic dishonesty is a completely unacceptable mode of conduct and will not be tolerated in any form. All persons involved in academic dishonesty will be disciplined in accordance with University regulations and procedures. Discipline may include suspension or expulsion from the University. “Scholastic dishonesty includes but is not limited to cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts.” (Regents’ Rules and Regulations, Part One, Chapter VI, Section 3, Subsection 3.2, Subdivision 3.22)

Half of your grade comes from take home exercises. The rule to remember on those is simple—just don’t say anything to anyone or ask anyone anything about these tests but myself. As in never, ever, no way, no how.

**Grade Grievances.** You have one calendar year from the date the grade is assigned to initiate any grievance. The normal academic channels are department chair, academic dean, and the Provost.

**Make-up Exams.** Let’s not go down this road unless we really, really need to. Big stuff like death or serious illness (yours or family) is excused; other stuff is at my discretion.

**Drop Policy.** It is the student's responsibility to complete the course or withdraw from the course in accordance with University Regulations. Students are strongly encouraged to verify their grade status before dropping a course after the first withdrawal date. A student who drops a course after the first withdrawal date may receive an "F" in the course if the student is failing at the time the course is dropped.

**Converse High Top Policy.** The wearing of Converse High Tops in class is a natural and appropriate part of the college experience and a vital part of outfitting oneself in such comfort as to learn as effectively as possible. If any student—or your instructor, for that matter—should happen to wear Converse High Tops to class, this is to be taken as a welcome sign that he or she is approaching “health economics nirvana” and that individual is to be applauded.

**Nonpayment of Fees.** Students who have not paid by the census date and are dropped for non-payment cannot receive a grade for the course in any circumstances. Therefore, a student dropped for non-payment who continues to attend the course will not receive a grade for the course. Emergency loans are available to help students pay tuition and fees. Students can apply for emergency loans by going to the Emergency Tuition Loan Distribution Center at E.H. Hereford University Center (near the southwest entrance).

**Bomb Threats.** Effective April 8, 1997, the College of Business Administration has adopted a policy to deal with the classroom disruption caused by bomb threats in the building. (A) Section 22.07 of the Texas Criminal Law Statutes governs terrorist threats and classifies bomb threats as Class A misdemeanors. Section 12.21 of the Texas Criminal Law Statutes states that a Class A misdemeanor is punishable by (1) a fine not to exceed \$4,000, (2) a jail term of not more than one year, OR (3) both such a fine and confinement. (B) If anyone is tempted to call in a bomb threat, be aware that UTA will soon have technology to trace phone calls. (C) Every effort will be made to avoid cancellation of presentation/tests caused by bomb threats to the Business Building. Unannounced alternate sites will be available for these classes. If a student who has a class with a scheduled test or presentation arrives and the building has been closed due to a bomb threat, the student should immediately check for the alternate class site notice which will be posted on/near the main doors on the south side of the Business Building. If the bomb threat is received while class is in session, your instructor will ask you to leave the building and reconvene at another location. UTA's Crimestoppers will provide a reward to anyone providing information leading to an arrest. To make an anonymous report, call 817-272-5245.

**ADA Compliance.** It is my obligation and my pleasure to provide reasonable accommodation to students with disabilities, so as not to discriminate on the basis of that disability. Student responsibility primarily rests with informing faculty at the beginning of the semester and in providing authorized documentation through designated administrative channels.

**Cell Phones.** All beepers, pagers and cell phones must either be turned off prior to class starting or placed in silent mode. Violators must sing “Workin’ in a Coal Mine” in front of the class.