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ECON 4350, Health Economics
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Section 01: 12:30-1:45 M, W, Fall 2018
Office Hours: 9:00-11 am, M, W; by appointment;
and whenever the door is open before 5:00
<http://www.shsu.edu/dpg006>

Course Objectives.

1. From an institutional perspective, I want you to learn the basic structure of the U.S. health care system.
2. From an economic perspective, I want you to learn about the market imperfections present in health care markets and efforts that have been made to address them.
3. From a health care perspective, I want you to develop an understanding of the role health care plays in maintaining health, and an appreciation of quality issues in health care.
4. From a civic perspective, I want you to understand the role of government in the health economy.
5. Finally, from a business perspective, I want you to understand what it is like to run a health care business.

Please recognize that the study approach required to master these skills may be different from that needed in other classes. Memorization techniques are not enough in a class that is more conceptual—you have to understand ideas, and how they apply. This is what my lectures will emphasize, and what the textbook will reinforce.

Text. The required text is Henderson, *Health Economics and Policy*, 6th edition (not the 7th edition). Treat the book as a supplement to the lectures, rather than the other way around. We will cover many chapters in this book, along with occasional required “outside readings” from newspapers, magazines, etc., and internet presentations. All assigned textbook chapters are listed by class day on the schedule below.

Prerequisite. ECON 2302, Principles of Microeconomics. This is important, as we build on these principles in this class.

Grading Policy. You have three end-of-unit tests that cover the main ideas in the readings and the lectures. Tests are roughly half multiple choice and half short answer. There are also four exercises to be completed on Blackboard, each of which serves as a prerequisite for the next. Finally, there are also occasional “bonus quizzes” over assigned outside readings. Your final average is calculated as follows:

3 Tests	31 pts. each	93 pts.
4 Exercises	2 pts. each	8 pts.
5 Bonus Reading Quizzes	1.5 pts. each	<u>7.5 pts.</u>
		108.5 pts. total

The grading scale is 90.00+ = A, 80.00-89.99 = B, 70.00-79.99 = C, 60.00-69.99 = D, 0-59.99 = F. This is not expressed in percentage terms, but simply in terms of total points, of which there are more than 100. Your percentage grade in any of our three units is approximated by adding your test score, exercises, and bonus points earned during that unit, and multiplying by three.

There are a total six reading quizzes, which each have six multiple choice questions. I will drop the lowest reading quiz. For the others, two correct answers earns you 0 bonus points; three earns you 0.5 points; four earns you 1 point; and five or six correct answers earns you 1.5 bonus points.

I will round up students with good professionalism (see below) as much as 1.0 points. This is not the default: I must recognize that you have good professionalism, rather than fail to notice its absence.

Missing Exams. Let's not go down this road unless we really, really need to. Missed tests will be excused only for major events such as death or serious illness (yours or family) with appropriate documentation. Documentation for illness must be from a physician, not a nurse or the health center. The test dates are firm so you can set your schedule around them. If you miss one test for an acceptable reason, I will replace its grade with the average of your other test scores. If you miss a second test for an acceptable reason, I will give you an essay-style make-up test. There are no make-ups for reading quizzes, since they are extra credit.

Professionalism. Good professionalism is easy to spot. It is about exhibiting a courteous, conscientious, businesslike manner appropriate to an upper-division class in the College of Business. This includes coming to class regularly, and being on time; being prepared for class every day; having a single, well-organized notebook for class notes and materials; participating in class; maintaining proper classroom decorum; and doing all assigned work, graded or ungraded, conscientiously. If I recognize that you exhibit good professionalism, I will round up your final average as much as one point.

In addition, Career Services, the Center for Leadership and Service, and the College of Business Administration will host several events this semester that will help you develop the professional, interpersonal, and leadership "soft skills" that can be so useful on the job and in life. I encourage you to attend as many as you can.

Behavior Policies. Unless required to accommodate a disability, and except for calculators, all electronic equipment is prohibited in this class, including headphones, cell phones of all types, and laptop computers. Cell phones should be turned off and stowed out of sight at the beginning of class. Violators' phones will receive an emergency tracheotomy. ☺

Also, all food and drink other than water and breath mints is prohibited in this class, consistent with the policy of the college, in order to keep the rooms in nice condition. If you violate my electronics policy or food/drink policy more than twice, I reserve the right to dock your final grade by one point for each violation. Before I do that, I will first send you an e-mail asking to speak with you about the problem.

Finally, except in the case of a health issue or disability, I anticipate that you will only rarely need

to leave class temporarily. Leaving and returning to class is distracting for your classmates, and should only be done when you have a genuine need. If I encounter repeated problems with this issue, I reserve the right to lock the door five minutes into class, to prevent re-entry.

E-Mail Policy. E-Mail is an acceptable form of communication for all class matters. I will sometimes send messages out through the Blackboard system to your SHSU e-mail address, and will assume that you get them within two days.

Bonus Tracks. For university policies regarding students with disabilities, student absences on religious holy days, and academic honesty, see www.shsu.edu/syllabus.

Plan for the Course. The course is split into three units, each of five weeks' duration (see the schedule below).

- *Unit 1: Producing Health and Insuring Health.* We will analyze the production of health, the demand for health care and health insurance, and problems in the insurance market.
- *Unit 2: Performance of Health Care Markets.* We will examine the structure, conduct, and economic performance of health care markets, and learn how these three are linked.
- *Unit 3: Performance of Health Care Systems.* We will discuss the U.S. health system, compare it to other countries' systems, explore the role of government in the health system, and discuss ideas for health care reform.

The schedule is as follows. Days with an asterisk (*) will have a reading quiz on the reading listed. These non-textbook readings will be distributed to you in class.

Unit 1: Producing and Insuring Health

The Production of Health

Aug. 22: The Production of Health and Health Capital (Ch. 5)

Aug. 27: The Demand for Health Care

(Blackboard exercise on competitive market behavior is due Aug. 31 at 11 pm.)

Economic Objectives in the Use of Medical Care

Aug. 29: Cost-Benefit Analysis and Cost-Effectiveness Analysis

Sept. 5: *Your Money or Your Life: Childbirth**

Sept. 10: *Your Money or Your Life: Depression**

(Blackboard exercise on cost-benefit and cost-effectiveness analysis due Sept. 14 at 11 pm.)

Health Insurance

Sept. 12: The Health Insurance Market (Ch. 6)

Sept. 17: Managed Care (Ch. 7)

Sept. 19: The Effects of Managed Care

Sept. 24: *Test 1 and Test 1 Afterparty*

Unit 2: Performance of Health Care Markets

Market Characteristics and Market Outcomes

Sept. 26: Entry Barriers, Competition, and Pricing

Oct. 1: Information and Quality

(Blackboard exercise on costs is due on Oct. 5 at 11 pm.)

Physicians

Oct. 3: The Business of Being a Physician (Ch. 8)

Oct. 8: Competition, Price, and Quality in Physician Services

Oct. 10: Dr. Sroka*

(Blackboard exercise on competition and pricing due on Oct. 19 at 11 pm.)

Hospitals

Oct. 15: The Business of Being a Hospital (Ch. 9)

Oct. 17: Competition, Price, and Quality in Hospital Services

Oct. 22: *The Bell Curve**

Oct. 24: *Test 2 and Test 2 Afterparty*

Unit 3: Performance of Health Systems

Health Systems

Oct. 29: Health Systems

Oct. 31: Two Concepts of Health Systems, the Diabetes Articles*

Nov. 5: Models of Health Systems Worldwide (Ch. 14)

Nov. 7: Comparative Health Systems

Government Policy in the Health System

Nov. 12: Policies to Enhance Access (Ch. 12)

Nov. 14: Policies to Cut Costs (Ch. 13)

Nov. 19: Guest Speaker

Nov. 26: Access and Cost Cutting Abroad: *The Healing of America**

Nov. 28: The Affordable Care Act (Ch. 15)

Dec. 3, 1-3 pm: *Test 3*