

Economics 138B: Health Economics

Spring 2002

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Purpose of the Course

This course will help students develop a better understanding of health economics. It will use the microeconomic tools that you have learned in previous courses to explain the health care market place. Economics 138 B begins with an examination of health care production and cost curves. Many in the health care field have claimed that there is only one technique to produce medical care, that doctors, nurses, and technicians need to be used in given ratios- a monotechnic view. We will examine the theory and empirical evidence surrounding this view. In conjunction with our examination of health care production and cost curves, we will examine health care labor markets, focusing on the behavior of doctors.

The second half of 138B will examine the current, past, and possible future rolls of the government in the provision of health care in the U.S. In 1960 the government was responsible for 25% of all expenditure within the health care industry. Currently, the government directly and indirectly pays for approximately 50% of all health care. The government's current role in health care includes the regulation of drugs and providers, tax subsidies for group health insurance, the provision of health insurance through Medicaid and Medicare, health insurance for members of the armed services and federal employees, and public support for health related research. Market failures are often used to explain the government's involvement in the these areas of health care. Government programs, however, have both positive and negative impacts. In this course we will study how government programs have impacted both the behavior of individuals and providers.

Textbook

The Economics of Health and Health Care, by Folland, Goodman, and Stano; Third edition.

Exams and Grading

There will be two midterms and a cumulative final. The midterms are not cumulative. Students will also have access to practice problems that will be posted on the internet. Answer keys to the practice problems will be posted approximately one week after the problems. Students are also encouraged to complete the exercises and discussion questions at the end of each chapter.

Midterm 1	25%	Wednesday, April 24
Midterm 2	25%	Friday, May 24
Final	50%	Consult your calendar

Given the large size of the class, there will be no make-up midterm exams. If you miss a midterm due to illness, you will be excused if, and only if, you obtain a note from your doctor or the Dean of your college. Exams missed due to athletic events in which you are a participant will be excused if, and only if, you obtain a note from your coach. In either case, the 25% from the missed midterm will be added to the final exam.

The TAs will be announced during the first week of class. The TAs will be responsible for holding office hours and grading exams. Questions about grading should be initially addressed to the TAs.

Readings

Technology and Costs

The Production and Cost of Health Care
Technology

Chapter 13
Chapter 14

Physician Models and Labor

Labor Markets and Professional Training
The Training and Practice of Physicians

Chapter 15
Chapter 16

Hospitals

Nonprofit Hospitals
Hospitals and Long-term care

Chapter 17
Chapter 18

Social Insurance

Equity, Efficiency, and Need

Chapter 19

Government Intervention in Health Care Markets
Government Regulation
Social Insurance
Comparative Health Care Systems
Reform

Chapter 20
Chapter 21
Chapter 22
Chapter 23
Chapter 24