ECONOMICS 141: ECONOMICS OF HEALTH CONSUMERS
Spring 2010, MWF 1:00 - 1:50 pm, Center Hall room 119

Instructor: Dr. Melissa Famulari
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Office Hours: Tuesdays 11-1:30

Teaching Assistants:
(1) Ben Backes
Office: Econ 119
Office Hrs: Mondays 9-11:00 am
(2) Denise Hammock
Office: Econ 112
Office Hrs: Thursday 1-3:00 pm
(3) Matthew Niedzwiecki
Office: Econ 123
Office Hrs: Thursday 9-11:00 am

Prerequisites: Econ 100B

Assessment: There are two inclass midterm exams, Monday, April 19th and Wednesday, May 12th, each of which is worth 20% of your grade. The final exam is cumulative and is worth 60% of your grade. The final is Thursday June 10, 11:30 a.m. – 2:30 p.m.

Course Objectives: This course will examine the health care sector and health policy from an economic perspective. The focus of this course will be on the consumer side of the health market: the demand for medical care, the demand for health insurance, proposals to address the uninsured, employer provision of health insurance and the effects on worker wages, the decision to change jobs and retirement, estimating the value of a life and the value of health improvements, demand for medical care when there are both time and money costs, and international comparisons of health systems. Note: 140 focuses on the suppliers of medical care (physician, nurses, hospitals, medical malpractice and the provision of the efficient quality of care, the pharmaceutical industry).

Course Materials

Required Readings: Required reading are listed below and are available on WebCT.

Web CT: This is where you access the syllabus, class handouts, additional readings, your grades, a discussion board, etc.

Administrative Issues:

(1) Exams are closed book and electronic free: you may not use any notes, electronic devices, books or consult other classmates.

(2) Any student found guilty of academic dishonesty will earn a failing grade for the course. In addition to the academic sanction that I impose, the Council of Deans of Student Affairs will impose a disciplinary penalty. For a review of UCSD policy, please see http://www-senate.ucsd.edu/manual/appendices/app2.htm.

(3) If there is a mistake adding points on your exam, bring it to my attention and I will correct it immediately. If you believe an exam has not been graded properly, you may
ask for a regrade within a week of the exam being returned. I will regrade your entire exam. The regraded score will be your grade for the exam. You may not ask for another regrade or go back to your first grade.

(4) If you have a documented disability, bring your documentation to me as soon as possible so that I can make suitable accommodations for you. If you believe that you may have a disability and will desire accommodation, please register with the Office for Students with Disabilities, Building 202 University Center as soon as possible. For information on the steps for academic accommodation, please see http://www-senate.ucsd.edu/manual/appendices/app3.htm.

Week 1: 3/29 **Demand for Health and Medical Care**

Week 2: 4/5 **Uncertainty, Risk Aversion, and the Demand for Insurance**
To reduce risk, one can purchase insurance, obtain additional information, or diversify.

Week 3: 4/12 **Insurance with Asymmetric Information (hidden characteristics or actions)**
I. Moral Hazard:

A. Is Moral Hazard important in the Market for Medical Care? How Responsive is the Demand for Medicine to a Reduction in Price?

B. Possible Responses to Moral Hazard: Coinsurance and Deductibles
II. Adverse Selection:
A. Is Adverse Selection Important in the Market for Medical Care?


B. Possible Responses: screen purchasers by offering selected price-quantity contracts, group insurance, compulsory insurance, require disclosure of private information.

Week 4: 4/19 Midterm 1 on Monday 4/19

How many people are Uninsured?

Covering the Uninsured:
A. Expansions of Social Insurance

Week 5: 4/26 Covering the Uninsured (continued)
B. Employer vs Individual Mandates

Employer Provision of Health Insurance


Week 7: 5/17 Midterm 2: Wednesday, May 12th

Week 8: 5/24 Placing a Value on Life and Determining the Value of Health Improvements


Week 9: 5/31 **International Comparisons**


Week 10: 5/31 **Monday: Memorial Day Observed**

Wrap up and Review

**Final Exam: Thursday June 10, 11:30 a.m. – 2:30 p.m**