

ECONOMICS 138A: ECONOMICS OF HEALTH, Part 1 (#515053)

Fall 2004, Center Hall 115, MWF 1:00-1:50

Lecturer: Dr. Melissa Famulari

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Teaching Assistants:

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Prerequisites: Econ 3 or both Econ 1A and Econ 1B.

Assessment: There will be two midterm exams each worth 25% of your grade. The final exam is cumulative and is worth 50% of your grade.

Course Objectives: This course will examine the health care sector and health policy issues from an economic perspective. We will consider the economic implications of some important institutional features of the U S medical systems. We will use the analytical approaches developed in the course to consider proposals for reform, with particular emphasis on the solutions to the U.S. health care system proposed by the majority party candidates for the 2004 presidential election.

Text: Herman Folland, Allen C. Goodman, and Miron Stano, *The Economics of Health and Healthcare*, 4th ed. (Upper Saddle River, N.J.: Pearson Education, Inc., 2004). The book is available at the bookstore and 2 copies are placed on reserve at the Geisel Library.

Additional Readings: Additional required reading are listed below and are available on the course website.

9/24 **Introduction, The Market for Transplant Organs.**
FGS, Chapter 1

WEEK 1: 9/27 **Institutional Details on Health Care in the U.S.**

What are Bush and Kerry's Positions?

"Two Very Different Cures for Healthcare Crisis" 9/14/04, Latimes.com.

Also see sections on healthcare from www.georgewbush.com and www.johnkerry.com

Review of Micro Theory

FGS, Chapter 2

Week 2: 10/4 **The Pharmaceutical Industry**
FGS, Chapter 16

Becker, Gary S. "New Drugs Cut Costs and Medicare Can Help" *Business Week*, New York: March 22, 2004.

Becker, Gary S. "Get the FDA Out of the Way, and Drug Prices Will Drop" *Business Week*, New York: September 16, 2002.

Week 3: 10/11 **Uncertainty/Risk and Insurance**
FGS, Chapter 7 & pgs 187-195.

Midterm #1 : Friday, October 15

Week 4: 10/18 **Organization of Health Insurance Markets**
FGS Chapter 11

Levy, Helen and Thomas DeLeire, "What do People Buy When They Don't Buy Health Insurance and What does it Say about Why They are Uninsured?" Harris Graduate School of Public Policy Studies, University of Chicago, April 30, 2003.

Week 5: 10/25 **Assymetric Information: Supplier Induced Demand?**
FGS, pages 195-201 & Chapter 10

Week 6: 11/1 **Medical Malpractice**
Kessler, Daniel P. "The Effects of Liability Rules on Medical Malpractice" *NBER Research Summary*

Becker, Gary S. "How to Put the Right Cap on Punitive Damages" *Business Week*, New York: September 15, 2003.

Midterm #2: Friday, November 5

Week 7: 11/8 **Employer Provision of Health Insurance**
Linda J. Blumberg, "Who Pays for Employer Sponsored Health Insurance?" *Health Affairs*, Nov/Dec, 1999, pp: 58-61

Krueger, Alan B. and Uwe E. Reinhardt, "The Economics of Employer versus Individual Mandates," *Health Affairs*, Spring II, 1994, pp. 34-53.

Week 8: 11/15 **Accounting for the Rise in Medical Care Costs**
Newhouse, Joseph P., "Rising Medical Care Costs: How Much Welfare Loss?" *Journal of Economic Perspectives*, Vol. 6 (3), Summer 1992, pp. 3-21

Week 9: 11/22 **Issues in Measuring Health Care**

11/26 Thanksgiving Holiday

Week 10: 11/29 **Measuring the Value of Medical Research**
Murphy, Kevin M, and Robert Topel, "Medical Research---What's it Worth?" *The Milken Institute Review*, First Quarter, 2000, pp 23-30.

Final Exam: December 6, 11:30-2:30