

Economics 138A: Health Economics

Winter 2001

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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 sector of our economy. The economics of health care, however, is markedly different from traditional free market economics. These differences include, but are not limited to, the importance of uncertainty, government regulations, insurance, externalities, and asymmetric information. The course will analyze how the unique differences of the health care market help explain health care demand and supply in the U.S. economy. We will also examine the role of insurance in health economics in the U.S. The emphasis throughout the course will be on using economic logic to study the allocation of health care. The course will also discuss available empirical evidence on health economics.

Textbook

The Economics of Health and Health Care by Folland, Goodman, and Stano. Third Edition, 2001.

Teaching Assistants

The names and office hours of the TAs will be announced during the first or second week of class. It will be the TA's responsibility to grade homework assignments and exams. All questions concerning grading should be addressed to the TAs.

Exams and Grading

There will be four graded homework assignments, one midterm, and a cumulative final.

Homework	15%	
Midterm	35%	March 16th
Final	50%	Consult your calendar

The midterm and the final will consist of problems requiring short essays and short mathematical analysis. Calculators are allowed, but students are not allowed to share calculators.

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 35% from the missed midterm will be added to the final exam.

Readings

Unless told otherwise, you should read all appendix, footnotes, and extension boxes. You should also review all of the discussion questions at the end of the chapters. During the introduction, chapter 1 will be discussed in class, chapters 2-4 will not be discussed. The information in chapters 2-4 will be used in the following chapters. Students should review chapters 2-4 to insure that they are comfortable with the material. Students are responsible for all the material discussed in class and all of the material assigned in readings. Some of the material discussed in class will not be contained in the readings, class attendance is strongly advised.

Introduction

Introduction	Ch 1
Micro Economic Tools for Health Economics	Ch 2
Statistical Tools for Health Economics	Ch 3
Cost-Benefit Analysis	Ch 4

Demand and Supply

The Production of Health	Ch 5
Demand for Health Capital	Ch 6
Demand and Supply of Health Insurance	Ch 7
Consumer Choice and Demand	Ch 8

Information and Health Care

Asymmetric Information and Agency

Ch 9

Imperfect Information: Supplier Induced Demand

Ch 10

Insurance

The Organization of Health Insurance Markets

Ch 11

Managed Care

Ch 12