

ECONOMICS 141: ECONOMICS OF HEALTH CONSUMERS

Winter 2008, MWF 10:00-10:50, WLH 2205

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Prerequisites: Econ 100B

Assessment: There are two inclass midterm exams, **Monday, January 28th** and **Wednesday, February 20th**, each of which is worth 25% of your grade. The final exam is cumulative and is worth 50% of your grade. The final is on **Friday, March 21 from 8:00-11:00am**.

Course Objectives: This course will examine the health care sector and health policy issues 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 non-medical (or indirect) costs of illness, demand for medical care when there are both time and money costs, and international comparisons of health systems. Note: 140 focuses on the supply of medical care (physician, nurses, hospitals, medical malpractice and the efficient quality of care, the pharmaceutical industry).

Course Materials

Text: Herman Folland, Allen C. Goodman, and Miron Stano, *The Economics of Health and Healthcare*, 5th ed. (Upper Saddle River, N.J.: Pearson Education, Inc., 2007).

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

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

Administrative Issues:

- (1) UCSD now has automated waitlists. If you have any questions regarding this procedure, you can contact the undergraduate advisors in Sequoyah Hall 245 or refer to Triton Link at <https://tritonlink.ucsd.edu/portal/site/tritonlink-preview/menuitem.b4448692267a11256ec5e210514b01ca?storyID=17736%20>
- (2) Exams are closed book and electronic free: you may not use any notes, electronic devices, books or consult other classmates.
- (3) 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>.

- (4) 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.
- (5) If you have a documented disability, please bring your documentation and come to talk 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: 1/7 **Demand for Health and Medical Care**
FGS, Chapter 7 and 9

Lleras-Muney, Adriana “The Relationship between Health and Adult Mortality in the US” *Review of Economic Studies*, 2005, Vol. 72, 189-221.

Manning, Willard, et. al, “Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment”, *American Economic Review*, June 1987, 251-277.

Week 2: 1/14 **Uncertainty, Risk Aversion, and the Demand for Insurance**
FGS, Chapter 8 & pgs 187-195.

Week 3: 1/21 **No Class Monday: Martin Luther King Jr. Holiday**

Health Insurance Issues: Moral Hazard and Adverse Selection
FGS Chapter 10

Cutler, David M. and Sarah J. Reber, “Paying for Health Insurance: the Tradeoff between Competition and Adverse Selection.” *Quarterly Journal of Economics* (May, 1998), pp. 433-466.

Week 4: 1/28 **Midterm 1 on Monday 1/28**

Organization of Health Insurance Markets
FGS Chapter 11 (excluding pages 218-226)

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: 2/4 **Social Insurance**
FGS, Chapter 21

Finkelstein, Amy and Robin McKnight, “What did Medicare Do (And Was It Worth It?” NBER Working Paper #11609 (September, 2005)

Week 6: 2/11 **Managed Care**
FGS, Chapter 12

Manning, Willard G. et. al, "A Controlled Trial of the Effect of a Prepaid Group Practice on the Use of Services" *New England Journal of Medicine*, June 7, 1984.

Week 7: 2/18 **No Class Monday: President's Day Holiday**

Midterm 2: Wednesday, February 20

Employer Provision of Health Insurance: Wage Effects
FGS, pg 218-226

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

Week 8: 2/25 **Employer Provision of Health Insurance: Effects on the Decision to Change Jobs, Job Mobility, Employment and Retirement.**

Madrian, Brigitte, "Employment-Based Health Insurance and Job Mobility: Is there Evidence of Job Lock?" *Quarterly Journal of Economics* (February 1994)

Gruber, Jonathan and Brigitte Madrian, "Health Insurance Availability and the Retirement Decision" *American Economic Review* (85), pp 938-948.

Week 9: 3/7 **Placing a Value on Life**
FGS, Chapter 4

Bloomquist, Glenn C. "Value of Life, Economics of" *International Encyclopedia of the Social and Behavioral Sciences*, Pergamon Press, 2001.

Week 10: 3/14 **International Comparisons**
FGS Chapter 22

Martin, S and PC Smith, "Rationing by Waiting Lists: An Empirical Investigation," *Journal of Public Economics*, (1999)

Anderson, Gerard F. and Jean-Pierre Poullier, "Health Spending, Access and Outcomes: Trends in Industrialized Countries," *Health Affairs*, 2002.

Becker, Gary, Tomas Philipson and Rodrigo Soares, "The Quantity and Quality of Life: The Evolution of World Inequality" *The American Economic Review* Vol. 95, No. 1, March 2005, p. 277-291.

Final Exam: Friday, March 21 from 8:00-11:00am