

Economics 5190-002 / Economics 6190-002

Health Economics

Fall 2011 Syllabus

Time: Wednesdays, 12:55 - 3:55

Place: OSH 202

Dates: August 24, 2011 - December 7, 2011

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Office & Hours: By Appointment Only

Course Overview

Economics is the study of the institutions that shape production and distribution within societies. Using the analytical tools of economics, this course examines the functioning of health care markets and related institutions, with an policy-oriented emphasis on the 2010 Patient Protection and Affordable Care Act (PPACA) in the United States. Topics covered include health care reform, the determinants of health, microeconomic theory as applied to health and health care, outcomes analysis, health care markets, market failure, insurance, quality of care, technology, and the U.S. system in international perspective.

Course Materials

All course materials will be posted on this course's WebCT page, just type <http://webct.utah.edu> into the address bar of your web browser. There is no book to buy; so, buy yourself something nice, instead.

Course Objectives

With a sincere effort on the part of the student, by the end of the course, each student will:

- Develop, learn, and demonstrate how economic thought, principals, and logic can offer insights into how human health is determined, how health care is allocated, what determines the quality of care delivered, how health care markets function, and the overall management of health care.
- Use economic thought, principals, and logic to examine, compare, contrast, and critique health care systems/markets, health care reform proposals, and to understand the role institutional structures play in determining health and health care systems.

Grading

For students in 5190, there are 250 points possible. Final scores are broken up below:

Participation	50
Exam #1	50
Exam #2	50
PPACA Paper	50
Review Quizzes (Top 5)	50
Total Points	250

This course is cross-listed as a Masters'-level course. Graduate students have registered for 6190. Graduate students will be held to a higher standard and must complete an additional assignment (an in-class presentation) for 50 additional points, for a total score out of 300.

Participation

This class is about using the tools of economics to engage with and analyze the material. As such, much of the lecture time is devoted to discussing the issues at hand, utilizing the tools of economics. If you come to class prepared (i.e. having read the assignments) and contribute to the discussion in a meaningful and salient way, you will easily obtain these points.

Note that you are responsible for everything covered in lecture. I will put the readings together in proper context in the lecture and focus the discussion on what is most important. Students who come to lecture prepared, participate, and pay attention will generally do very well in the course.

Exams

I will administer two in-class exams. The first is on 10/5 and the second is on 12/7, both during normal class hours. Exam length is two hours, although they should take you much less time. The exams will be composed of short answer questions and an essay (or two). You may bring with you any amount of reading or lecture notes. No electronic devices of any kind are allowed. You must also bring a blue book to write your answers in.

PPACA Paper

You must write a 2,700 to 3,000 word paper analyzing, criticizing, and/or critiquing an aspect of the PPACA. Your paper should have a strong thesis/hypothesis, which you will analyze and support by a rigorous and cogent appeal to empirical evidence gathered and interpreted by you and others. Details of specific paper requirements are forthcoming in portable handout form. A physical copy of your paper is due by 12/14 at 5:00 pm in my department mailbox. No late papers are accepted.

Review Quizzes

At the beginning of *most* lectures, I will administer a short quiz about the preceding lecture. The purpose of the quiz is to review the past material, highlight what was important, and give you an incentive to keep up with the course materials. Each quiz is worth ten points and I will count your top five quizzes towards your final score. You should probably come to class prepared with a page of loose leaf paper and a functional writing implement. You may utilize whatever notes you have taken during the quizzes.

Graduate Student Presentation

All graduate students must give a 15-20 minute presentation to the class. These presentations will be given on 11/30 (and possibly another date, depending on how many have registered). Your presentation must explain how the health care system of an OECD country (other than the U.S.) functions, critique the system, and suggest lessons U.S. reformers might draw from that country's experience. No student may choose the same country, so register your choice with me quickly.

Undergraduate students, i.e. those in 5190, should take notes and pay attention to the graduate student presentations, as I will draw questions for the second exam from them. For that matter, graduate students should also pay attention to other graduate student presentations.

Extra Credit

Throughout the semester I will announce various extra credit opportunities to the class.

Accommodation Policy

The University of Utah seeks to provide equal access to its programs, services and activities for people with disabilities. If you will need accommodations in the class, reasonable prior notice needs to be given to the Center for Disability Services (CDS), 162 Olpin Union Building, 581-5020 (V/TDD). CDS will work with you and the instructor to make arrangements for accommodations. All information in this course can be made available in alternative format with prior notification to the Center for Disability Services.

Course Outline

Below is the outline of the course. We will move through the material at a variable rate, so planning out specific dates is futile (although the order will remain as outlined below). Please continually check the WebCT calendar for information about dates when we are going to cover which topics. You are responsible for knowing the content of all class materials.

Readings are all found on WebCT. Readings with three stars (***) are the most important and extra care should be taken to read and understand them. Readings with two stars (**) are also important and should be read in their entirety. Readings with one star (*) should be skimmed or reviewed for the main point(s). Don't be intimidated by this reading list -- most readings are easy and short. Don't sweat the overly-technical stuff.

General Introduction

** Fuchs (1983). *Who Shall Live?*, 2nd edition. New York: John Wiley and Sons. Pages 3-8, 17-29.

** Marmor and Oberlander (2011). "The Patchwork: Health Reform, American Style." *Social Medicine* 72, p. 125-128.

* Elders (2006). "The Politics of Health Care." *Social Research* 73, p. 805-818.

* Martin et al (2011). "Recession Contributes to Slowest Annual Rate of Increase in Health Spending in Decades." *Health Affairs* 30, p.11-22.

PPACA: Overview

** Kaiser Family Foundation (2010). "Summary of New Health Care Reform Law."

** Kaiser Family Foundation (2010). "Health Reform Implementation Timeline."

** Iglehart (2010). "The End of the Beginning: Enactment of Health Reform." *Health Affairs* 29, p. 758-759.

PPACA: Expenditures

** Sisko et al (2010). "National Health Spending Projections: The Estimated Impact of Reform through 2019." *Health Affairs*, p. 1933-1941.

PPACA: Coverage

** Kaiser Family Foundation (2010). "Summary of Coverage Provisions in the Patient Protection and Affordable Coverage Act."

* Newhouse (2010). "Assessing Health Reform's Impact on Four Key Groups of Americans." *Health Affairs* 29, p. 1714-1724.

Determinants of Health

** Braveman et al (2011). "The Social Determinants of Health: Coming of Age." *Annual Review of Public Health* 32, p. 381-398

** Berkman (2009). "Social Epidemiology: Social Determinants of Health in the United States: Are We Losing Ground?" *Annual Review of Public Health* 30, p. 27-41.

** Fuchs (1983). *Who Shall Live?*, 2nd edition. New York: John Wiley and Sons, p. 52-54.

* Thornton (2002). "Estimating a Health Production Function for the U.S.: Some Evidence." *Applied Economics* 34, p. 59-62.

* Williams et al (2010). "Beyond the Affordable Care Act: Achieving Real Improvements in Americans' Health." *Health Affairs* 29, p. 1481-1488.

Disparities in Health and Health Care

** Braveman et al (2010). "Socioeconomic Disparities in Health in the United States: What the Patterns Tell Us." *American Journal of Public Health* 100, p. S186-S196.

* Williams and Jackson (2005). "Social Sources of Racial Disparities in Health." *Health Affairs* 25, p. 325-334.

* Chandra (2009). "Who You Are and Where You Live - Race and the Geography of Healthcare." *Medical Care* 47, p. 135-137.

* Klonoff (2009). "Disparities in the Provision of Medical Care: An Outcome in Search of an Explanation." *Journal of Behavioral Medicine* 32, p. 48-63.

* Apter and Casillas (2009). "Eliminating Health Disparities: What have We Done and What Do We Do Next?" *Journal of Allergy and Clinical Immunology* 123, p. 1237-1239.

Consumer Theory

*** Rice (2002). *The Economics of Health Reconsidered*. Chicago: Health Administration Press, p. 1-23 and 67-87.

Outcomes Analysis

** Eisenberg (1989). "Clinical Economics: A Guide to the Economic Analysis of Clinical Practices." *Journal of American Medical Association*, p. 2879-2886.

** Nord (1999). *Cost-Value Analysis in Health Care: Making Sense out of QALYs*. Cambridge: Cambridge University Press, p. 1-15.

* Garber and Sox (2010). "The Role of Costs in Comparative Effectiveness Research." *Health Affairs* 29, p. 1805-1811.

* Grady and Redberg (2010). "Less is More." *Archive in Internal Medicine* 170, p. 749-750.

* Rothberg et al (2010). "Little Evidence of Correlation between Growth in Health Care Spending and Reduced Mortality." *Health Affairs* 29, p. 1523-1531.

* Dentzer (2010). "Comparative Effectiveness: Coherent Health Care at Last?" *Health Affairs* 29, p. 1756.

- * Carman et al (2010). "Evidence that Consumers are Skeptical About Evidence-based Health Care." *Health Affairs* 29, p. 1400-1406.
- * Emanuel et al (2007). "Essential Elements of a Technology and Outcomes Assessment Initiative." *Journal of American Medical Association* 298, p. 1323-1325.

Outcomes Analysis in Practice

- ** Timmins (2009). "The NICE Way of Influencing Health Spending: A Conversation With Sir Michael Rawlins." *Health Affairs*, p. 1360-1365.
- ** Franzini et al (2010). "McAllen and El Paso Revisited: Medicare Variations Not Always Reflected In the Under-Sixty-Five Population." *Health Affairs* 29, p. 2302-2309.
- ** Baicker and Chandra (2009). "A Trillion-Dollar Geography Lesson." *Health Affairs* 28, p. 1448-1451.
- * Goodman et al (2011). "The Social Cost of Adverse Medical Events, And What We Can Do About It." *Health Affairs* 30, p. 590-595.
- * Van Den Bos et al (2011). "The \$17.1 Billion Problem: The Annual Cost of Measurable Medical Errors." *Health Affairs* 30, p. 596-603.
- * Faden et al (2009). "Expensive Cancer Drugs: A Comparison between the United States and the United Kingdom." *Milbank Quarterly* 87, p. 789-819.

PPACA: Outcomes Analysis

- ** Robert Wood Johnson Foundation (2010). "Health Policy Brief."
- ** Kaiser Family Foundation (2010). "Explaining Health Reform: Medicare and the New Independent Payment Advisory Board."
- ** Garber and Sox (2010). "The Role of Costs In Comparative Effectiveness Research." *Health Affairs* 29, p. 1805-1811.
- * AAMC Government Relations (2010). "Summary of Patient-Centered Outcomes Research Provisions."

Health Care Markets and Market Failure

- *** Rice (2002). *The Economics of Health Reconsidered*. Chicago: Health Administration Press, p. 129-146.
- ***** Arrow (1963). "Uncertainty and the Welfare Economics of Medical Care." *American Economic Review* 53, p. 851-883. (Yes, it's *that* important)
- ** Fuchs (2010). "Health Care Is Different -- That's Why Expenditures Matter." *Journal of American Medical Association* 303, p. 1859-1860.
- ** Vladeck and Rice (2009). "Market Failure and the Failure of Discourse: Facing Up to the Power of Sellers." *Health Affairs* 28, p. 1305-1315.
- * Baker (2010). "Acquisition of MRI Equipment by Doctors Drives Up Imaging Use and Spending." *Health Affairs* 29, p. 2252-2259.
- * Iglehart (2010). "The Supercharged Federal Effort to Crack Down on Fraud and Abuse." *Health Affairs* 29, p. 1093-1095.
- * Jacobson et al (2010). "How Medicare's Payment Cuts for Cancer Chemotherapy Drugs Changed Patterns of Treatment." *Health Affairs* 29, p. 1391-1399.
- * Reinhardt (2006). "The Pricing of US Hospital Services: Chaos Behind a Veil of Secrecy." *Health Affairs* 25, p. 57-69.

- * Anderson (2007). "From 'Soak the Rich' to 'Soak to Poor': Recent Trends in Hospital Pricing." *Health Affairs* 26, p. 780-789.
- * Brown et al (1990). "Is the Supply of Mammography machines Outstripping Need and Demand? An Economic Analysis." *Annals of Internal Medicine* 113, p. 547-552.
- * Derereaux et al (2004). "Payments for Care at Private For Profit and Not For Profit Hospitals: A Systematic Review and Meta-Analysis." *Canadian Medical Association Journal* 170, p. 1812-1824.
- * Rosenau and Linder (2003). "Two Decades of Comparing For-Profit and Non-Profit Health Provider Performance in the United States." *Social Science Quarterly* 84, p. 219-241.
- * Woolhandler and Himmelstein (2004). "The High Costs of For Profit Care." *Canadian Medical Association Journal* 170, p. 1814-1815.
- * Woolhandler et al (2003). "Costs of Health Care Administration in the United States and Canada." *New England Journal of Medicine* 349, p. 768-775.

Insurance Markets

- ** Kaiser Family Foundation (2008). "How Private Insurance Works: A Primer." Sections 1 and 2 only.

Moral Hazard

- * Nyman (2007). "American Health Policy: Cracks in the Foundation.." *Journal of Health Politics, Policy and Law* 32, p. 759-783.

Cost Sharing

- * Trivedi et al (2010). "Increased Ambulatory Care Copayments and Hospitalizations Among the Elderly." *New England Journal of Medicine* 362, p. 320-328.
- * Wright et al (2010). "Raising Premiums and Other Costs for Oregon Health Plan Enrollees Drove Many to Drop Out." *Health Affairs* 29, p. 2311-2316.
- * Niteesh et al (2010). "Assessing the Evidence for Value-Based Insurance Design." *Health Affairs* 29, p. 1988-1994.

PPACA: Exchanges

- ** Kaiser Family Foundation (2010). "Explaining Health Reform: Questions about Health Insurance Exchanges."
- ** Kingsdale and Bertko (2010). "Insurance Exchanges Under Health Reform: Six Design Issues for the States." *Health Affairs* 29, p. 1158-1163.
- ** Kingsdale (2010). "Health Insurance Exchanges: Key Link in a Better-Value Chain." *New England Journal of Medicine* 362, p. 2147-2150.
- ** Kaiser Family Foundation (2011). "What the Actuarial Values in the Affordable Care Act Mean."

PPACA: Mandate

- ** Changra et al (2011). "The Importance of the Individual Mandate - Evidence from Massachusetts." *New England Journal of Medicine* 364, p. 293-295.
- * Rosenbaum and Gruber (2010). "Buying Health Care, the Individual Mandate, and the Constitution." *New England Journal of Medicine* 363, p. 401-403.

* Jost (2010). "State Lawsuits Won't Succeed in Overturning the Individual Mandate." *Health Affairs* 29, p. 1225-1228.

* Shapiro (2010). "State Suits Against Health Reform Are Well Grounded in Law -- and Pose Serious Challenges." *Health Affairs* 29, p. 1229-1233.

PPACA: Implementation of Reform

* Nichols (2010). "Implementing Insurance Market Reforms Under the Federal Health Reform Law." *Health Affairs* 29, p. 1152-1157.

* Weil and Scheppach (2010). "New Roles for States in Health Reform Implementation." *Health Affairs* 29, p. 1178-1182.

Insurance Plans, Provider Compensation, and the PPACA

** Rice (2002). *The Economics of Health Reconsidered*. Chicago: Health Administration Press, p. 150-160.

Insurance/Physician Compensation

** Ginsburg (2011). "Rapidly Evolving Physician-Payment Policy - More than the SGR." *New England Journal of Medicine* 364, p. 172-176.

** Iglehart (2011). "Doctor-Workers of the World, Unite!" *Health Affairs* 30, p. 556-558.

** Goldsmith (2010). "Analyzing Shifts in Economic Risks to Providers in Proposed Payment and Delivery System Reforms." *Health Affairs* 29, p. 1299-1304.

* Vaughn et al (2010). "Can We Close the Income and Wealth Gap Between Specialists and Primary Care Physicians?" *Health Affairs* 29, p. 933-940.

* Blanchfield et al (2010). "Saving Billions of Dollars-And Physicians' Time-By Streamlining Billing Practices." *Health Affairs* 29, p. 1248-1254.

Pay for Performance

** Campbell et al (2009). "Effects of Pay for Performance on the Quality of Primary Care in England." *New England Journal of Medicine* 361, p. 368-378.

* Werner and Dudley (2009). "Making the 'Pay' Matter in Pay-For-Performance: Implications for Payment Strategies." *Health Affairs* 28, p. 1498-1508.

Physician Supply

** Baicker and Chandra (2004). "The Physician Workforce, And Beneficiaries' Quality of Care." *Health Affairs* 23, p. 184-197

** Inglehart (2010). "Health Reform, Primary Care, and Graduate Medical Education." *New England Journal of Medicine* 363,p. 584-590.

Quality of Care

*** Weisbrod (1991). "The Health Care Quadrilemma: An Essay on Technological Change, Insurance, Quality of Care, and Cost Containment." *Journal of Economic Literature*, p. 541-546.

** McGlynn et al (2003). "The Quality of Health Care Delivered to Adults in the United States." *New England Journal of Medicine* 348, p. 2635-2645.

* Van Den Bos et al (2011). "The \$17.1 Billion Problem: The Annual Cost of Measurable Medical Errors." *Health Affairs* 30, p. 596-603.

* Watcher (2010). "Why Diagnostic Errors Don't Get Any Respect--And What Can Be Done About Them." *Health Affairs* 29, p. 1605-1610.

Malpractice & Medical Liability

** Mello et al (2010). "National Costs of the Medical Liability System." *Health Affairs* 29, p. 1569-1577.

** Hermer and Brody (2010). "Defensive Medicine, Cost Containment and Reform." *Journal of General Internal Medicine* 25, p. 470-473.

** Sloan and Shadle (2007). "Is There Empirical Evidence for 'Defensive Medicine'? A reassessment." *Journal of Health Economics* 28, p. 481-49.

** Studdert et al (2010). "Defensive Medicine and Tort Reform: A Wide View." *Journal of Internal Medicine* 25, p. 380-381.

** Thomas et al (2010). "Low Costs of Defensive Medicine, Small Savings from Tort Reform." *Health Affairs*, p. 1578-1584.

Technology & Costs

*** Weisbrod (1991). "The Health Care Quadrilemma: An Essay on Technological Change, Insurance, Quality of Care, and Cost Containment." *Journal of Economic Literature*.

*** Newhouse (1993). "An Iconoclastic View of Health Cost Containment." *Health Affairs* 12, p. 152-171.

* Cival and Koksai (2010). "The Effect of New Drugs on Health Spending: Do they Really Increase the Costs?" *Health Economics* 19, p. 581-595.

The U.S. in International Perspective

*** Anderson et al (2003). "It's the Prices Stupid: Why The United States is so Different than Other Countries." *Health Affairs* 22, p. 89-105.

** Schoen et al (2010). "How Health Insurance Design Affects Access to Care and Costs, By Income, in Eleven Countries." *Health Affairs* 29, p. 2323-2334.

** Garber and Skinner (2008). "Is American Health Care Uniquely Inefficient?" *Journal of Economic Perspectives* 22, p. 27-50.