

P6503

Introduction to Health Economics

INSTRUCTOR: Joshua Graff Zivin, Ph.D.

PHONE: (212) 305-3524 **FAX:** (212) 305-3405

ADDRESS: Department of Health Policy and Management

600 W. 168th St, 6th Floor, Rm. 608

EMAIL: jz126@columbia.edu

OFFICE HOURS: By appointment

COURSE DESCRIPTION:

The purpose of this course is to develop/strengthen the student's ability to use economic concepts and theories to analyze health care issues and to inform decision making and policy development.

READING LISTS/ASSIGNED TEXTS*

Required Text: Folland, Sherman et al. *The Economics of Health and Health Care*. Prentice Hall: Third Edition, 2001. (Available in Health Science Book Store).

Required Readings: (Available at COPY QUICK, 1211 Amsterdam Ave / 120th St.)

COURSE OUTLINE:

I. Overview: What is Health Economics?

TEXT Chapters 1-3

Fuchs, Victor R. "What is Health Economics?" in The Future of Health Policy. Boston: Harvard University Press, pp. 27-40.

DeLew, Nancy, George Greenberg, and Kraig Kinchen. 1992. "A Layman's Guide to the U.S. Health Care System," *Health Care Financing Review* 14(1, Fall): 151-169.

II. Production of Health

II.A. Medical Care

TEXT Chapter 5

Wolfe, Barbara L. 1986. "Health Status and Medical Expenditures: Is There A Link?" *Social Science and Medicine* 22: 993-999.

II.B. Behavior and Public Health

Viscusi, W. Kip. 1985. "Consumer Behavior and the Safety Effects of Pruduct Safety Regulation, " *Journal of Law and Economics*. 28(3) : 527-533

Becker G., M. Grossman, and K. Murphy. 1994 "An Empricial Analysis of Cigarette Addiction," *American Economic Review*. 84(3): 396-418.

Philipson, Tomas. 2000. ' 'Economic Epidemiology of Infectious Disease, ' ' in *Handbook of Health Economics*, Culyer and Newhouse (Eds.). Elsevier, New York : pgs. 1761-1797.

III. Demand for Health

III.A. Health Capital and Demand

TEXT Chapters 6 and 8

Arrow, Kenneth. 1963. "Uncertainty and the Welfare Economics of Medical Care." *American Economic Review*, 53 (5): 941-973.

III.B. Uncertainty and Insurance

TEXT Chapter 7 (pgs143-152)

Manning, Willard G., Joseph P. Newhouse, Naihua Duan, et al. 1987. "Health Insurance and the Demand for Medical Care: Evidence from a Randomized Controlled Experiment." *American Economic Review*, 77 (3): 251-277.

III.C. Moral Hazard and Adverse Selection

TEXT Chapters 7 (pgs. 152-161) and Chapter 9

Akerlof, George A. 1970. "The Market for Lemons: Qualitative Uncertainty and the Market Mechanism," *Quarterly Journal of Economics* 84: 488-500.

Pauly, Mark. 1974. "Overinsurance and Public Provision of Insurance: The Roles of Moral Hazard and Adverse Selection," *Quarterly Journal of Economics* 88: 44-62.

IV. Supply of Health Care and Agency Theory

IV.A. Physicians

TEXT Chapters 15 and 16

Burstein P., and J. Cromwell. 1985. "Relative Incomes and Rates of Return for U.S. Physicians," *Journal of Health Economics*, 4: 63-78.

Simon, Carol J. and Patricia H. Born. 1996. "Physician Earnings in a Changing Managed Care Environment." *Health Affairs*, 15 (3): 124-133.

IV.B. Supplier- Induced Demand

TEXT Chapter 10

Rice, Thomas and Roberta LaBelle. 1989. "Do Physicians Induce Demand for Medical Services?" *Journal of Health Politics, Policy, and Law* 14: 587-600.

IV.C. Hospitals

TEXT Chapters 17 and 18

Pauly, Mark, and M. Redisch. 1973. "The Not-for-profit Hospital as a Physician's Cooperative," *American Economic Review* 63: 87-100.

Luft, Harold S., Deborah W. Garnick, David H. Mark, et al. 1990. "Does Quality Influence Choice of Hospital?" *JAMA*, 263 (21): 2899-2906.

V. Technology and Rising Costs

TEXT Chapters 13 and 14

Gelijns, Annetine, and Nathan Rosenberg. 1994. "The Dynamics of Technological Change in Medicine." *Health Affairs*, 13 (3): 28-46.

Weisbrod, Burton A. 1991. "The Health Care Quadrilemma: An Essay on Technological Change, Insurance, Quality of Care, and Cost Containment." *Journal of Economic Literature*, 29: 523-552.

VI. Insurance and "The Safety Net"

VI.A. Private Insurance and Managed Care

TEXT Chapters 11 and 12

Krueger, Alan B., and Uwe E. Reinhardt. 1994. "Economics of Employer Versus Individual Mandates," *Health Affairs* 13(Spring (II)): 34-53.

Ware, John E., Martha S. Bayliss, William H. Rogers, et al. 1996. "Differences in 4-Year Health Outcomes for Elderly and Poor, Chronically Ill Patients Treated in HMO and Fee-for-Service Systems." *JAMA*, 276 (13): 1039-1047.

VI.B. Equity

TEXT Chapter 19

Wagstaff, Adam and Eddy Van Doorslaer. 2000. 'Economic Epidemiology of Infectious Disease, ' in

Handbook of Health Economics, Culyer and Newhouse (Eds.). Elsevier, New York : pgs 1803-1857.

Glied, Sherry. 1997. Chronic Condition: Why Health Reform Fails. Chapter 5. Harvard University Press, Cambridge, Mass.

Freeman, Howard E., Robert J. Blendon, Linda H. Aiken, et al. 1987. "Americans Report on their Access to Health Care." *Health Affairs*, 6 (1): 6-18.

VI.C. Social Insurance

TEXT Chapter 22

Gold, Marsha, Michael Sparer, and Karyen Chu. 1996. "Medicaid Managed Care: Lessons from Five States." *Health Affairs*, 15 (3): 153-166.

Cutler, David M. and Jonathan Gruber. 1996. "Does Public Insurance Crowd Out Private Insurance?" *Quarterly Journal of Economics*, 111 (2): 391-430.

VII. Intervention and Regulation

TEXT Chapter 20 and 21

VIII. Alternative Health Care Systems

TEXT Chapter 23

Blendon, Robert J., John Benson, Karen Donelan, et al. 1995. "Who Has the Best Health Care System? A Second Look." *Health Affairs*, 14 (4): 220-230.

IX. Economics and Environmental Health (time permitting)

Readings will be provided

*all chapters are from the required text (see above)

Optional Texts: Depending on your previous preparation in economics, you may want to acquire (used or from the library) an economics text book, either a Principles of Microeconomics or Intermediate Microeconomics text.

COURSE REQUIREMENTS AND ADDITIONAL INFO :

Homework Assignments, Midterm and Final exams

Grading: (Two methods to calculate grades, students will receive the higher grade)

A. Homework 40%; Midterm 20%; Final 40%

OR

B. Midterm 40%; Final 60%