

**Syllabus ECO 316/536: Economics of Health - Fall 2020**  
**Wed 6:00pm-9:00pm**  
**Conklin 342**

Professor Maria Rosales-Rueda, PhD

**Office Hours:** Thursday, 1:00pm – 2:00pm, or by appointment

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**Website:** <https://canvas.rutgers.edu/>

**Important Mask use to prevent COVID spreading:**

In order to protect the health and well-being of all members of the Rutgers-Newark community, masks must be worn by all persons inside campus buildings when in the presence of others, and in buildings in non-private enclosed settings (e.g., common workspaces, workstations, meeting rooms, classrooms, etc.). Masks should securely cover the nose and mouth. Masks must be worn during class meetings. Each day before you arrive on campus or leave your residence hall, you must complete the brief survey on the My Campus Pass symptom checker self-screening app found at: myRutgers Portal. THANK YOU

## **COURSE DESCRIPTION**

Health economics is a growing field of applied microeconomics and is an important aspect of public policy in both developed and developing countries. This course explores the health care sector and health policy issues from an economic perspective. We will use microeconomics tools to analyze the functioning of different pieces of the health care system. Topics range from fundamental subjects, such as the demand for health, insurance and asymmetric information to more recent developments, such as child health and health behaviors both in the US and developing countries. Also, we will learn about recent health policies in the US such as the Affordable Care Act. You should be able to think critically about health-related policy issues by the end of the class.

**Prerequisites:** (323 INTERMEDIATE MICROECONOMIC THEORY or equivalent). The class prerequisites presume that you have mastered the basic concepts of supply, demand, utility and profit maximization theory. Calculus 1 or equivalent is highly recommended. The readings for this course combine textbook chapters and seminal or pertinent articles.

## **COURSE MATERIALS**

**Required textbook:** The Economics of Health and Health Care—**Eight Edition (2017)** By Folland, Goodman, and Stano (FGS)

In addition to the assigned textbook, there will be assigned journal articles.

Optional other reading: There are a number of other books on this topic.

- Health Economics, by Charles E. Phelps
- Health Economics Issues, by Bhattacharya, Hyde, and Tu

## ASSESSMENTS AND EVALUATION

### Course Evaluation Scheme

Component	Percent of grade
Final exam	30%
2 Midterm Exam	20% each
Problem sets (5)	15%
Class presentation	10%
Class attendance/participation	5%

I will use the class website on [Canvas](#) to publish announcements, problem sets, solutions, etc.

#### *Problem sets*

five assignments involving both quantitative and qualitative analysis will be assigned through the semester. Students are allowed to work in small groups to discuss the strategy of problem solving. However, the final write-up of the solutions must be done independently. Usually, problem sets are due at the beginning of class. Late submission of homework assignments will not be accepted.

Problem sets will be posted on Canvas. They are due in class

#### *Midterms Examination*

Two **in-class**, exams will be held on Wednesday Oct 13 and Nov 10.

#### *Final Exam*

A cumulative exam will be held in December 2021 (date to be announced by the Registrar's Office) to review material covered over the course of the semester.

#### *Class presentation*

For undergraduate students: Groups of 2-3 students. Presentations will take place in the last week of classes (15-20 min each group). Everyone in the group must present. You should also submit a write-up. The goal of the assignment is to familiarize with the health system and challenges of a developing country of your choice and propose a policy to address at least one of the challenges you have identified. More information will be posted on Canvas.

For graduate students: This assignment will be a literature review of a recent topic in health economics (i.e COVID-19, pollution and health, mental health). I will suggest some topics but

you are free to propose a different one. You can work individually or in pairs. I will send some suggestive topics for an extensive literature review.

### *Class attendance and participation*

Attendance is mandatory and part of your grade. I acknowledge that special circumstances can prevent you to attend, thus you are allowed two unexcused absences. In those cases, you are responsible for reviewing the material covered.

Participation: In order to encourage active engagement in class lectures, I ask you to pay full attention and ask questions.

**Re-Grades:** Any concerns about grades should be expressed in writing within 7 days of a received grade to both instructor and preceptors. Specifically, in no more than 1 page, explain why you feel that your answers should be reviewed and why you feel they deserve a higher grade. Keep in mind that any review could also result in a lower grade as the rest of the assignment or exam could be reviewed. Just as instructors sometimes miss things that merit a higher score, we also can miss things that merit a lower score.

## **COURSE POLICIES & INSTRUCTOR EXPECTATIONS**

- **Be on time for synchronous class sessions**
- **Exams make-up policy:** It is in your best interest to take the examinations at the scheduled time. There will be no make-up exams unless there is a sufficiently dire emergency. At my discretion, some type of special arrangement may be made if you miss an examination for a well-documented, verifiable, and unavoidable reason based upon written documentation. If you miss an exam without a good reason, you will receive a zero for that exam. In order to schedule a make-up exam: 1) you must contact me well ahead (minimum 1 week) of the regularly scheduled exam time; and 2) I have to agree that your reason for missing the regularly scheduled examination time is sufficient, valid and verifiable. Unlike the regularly scheduled exams, in most cases make-up exams will include additional readings and critical review.
- There will be **NO EXTRA CREDIT** assignments. Please do not ask me if you can raise your grade by performing an extra credit assignment. Please do NOT request differential treatment as a way to boost your grades.
- All exams are timed (Midterms: 1h 30 min; Final 3h). In class midterms **must be taken during class time**. Final exam data and time will be determined by the registrar.
- **Technology Policy:** Just as you wouldn't want your cell phone to go off in a meeting or have your boss catch you searching the 'Net', instructors don't want to see students seemingly distracted from the course material. It is disrespectful to me, and your classmates to be disengaged in the class discussion.

- **Feedback and Course Evaluation:** We love to hear what is and isn't going well for you. During the term you may have some comments to make regarding the course. Always feel free to talk to your precepts or me about this. Additionally, you will receive a message letting you know when the course evaluations are available to take.
- **Slides policy.** I will try to post the slides on the course website prior to each class meeting.
- It is your responsibility to be in class and check Canvas regularly for course materials and announcements.
- **Academic Integrity:** *As an academic community dedicated to the creation, dissemination, and application of knowledge, Rutgers University is committed to fostering an intellectual and ethical environment based on the principles of academic integrity. Academic integrity is essential to the success of the University's educational and research missions, and violations of academic integrity constitute serious offenses against the entire academic community. The entire Academic Integrity Policy can be found here: <http://academicintegrity.rutgers.edu/academic-integrity-policy/>*

## OUTLINE OF TOPICS

### Week 1 (Sept 1): Introduction and review of micro and stats tools

- FGS CH1, CH2,
- Additionally, you must read: Stats review CH3 (just 10 pages) and CH4 (pg 63-74)

Week 2: Sep 8 no class (Academic calendar)

### Week 3 (Sep 15): Health Production Functions and Demand for Health Care

- FSG CH5 CH 7
- Baicker, K., et al., (2013). "The Oregon Experiment — Effects of Medicaid on Clinical Outcomes". *N Engl J Med* 2013; 368:1713-1722
- Wagstaff, Adam 1986. "The Demand for Health: Theory and Applications," *Journal of Epidemiology and Community Health* 40(1), 1-11.

### *Supplementary Readings*

- Deaton, Angus. 2003. "Health, Inequality, and Economic Development," *Journal of Economic Literature* 41(1), 113-158.
- All the readings for this week are in course materials/readings/week 2

*Problem set 1: assigned on Sep 15 (due on sept 22)*

### Week 4 and Week 5 (Sept 22, Sep 29): Health care production and demand

- The production of health care FGS CH 6
- The demand and supply of health insurance. FGS CH 8

*Problem set 2: assigned on Sep 29 (due on Oct 6)*

Week 6 (Oct 6): Consumer choice and demand FGS CH 9

- The Rand Corporation, “The Health Insurance Experiment,” Research Highlights, available at [http://www.rand.org/content/dam/rand/pubs/research\\_briefs/2006/RAND\\_RB9174.pdf](http://www.rand.org/content/dam/rand/pubs/research_briefs/2006/RAND_RB9174.pdf) (Easy read, 7 pages).
- Aron-Dine, A., Einav, L. and Finkelstein, A. “The RAND Health Insurance Experiment, Three Decades Later.” *Journal of Economic Perspectives* 27(1) Winter 2013:197-222. Available at <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.27.1.197>

Week 7 (Oct 13): First half: Midterm exam I

Second half: Get started on Asymmetric information and Agency. FGS CH 10

*Additional helpful materials*

Week 8 (Oct 20): Information problems and Health insurance markets

- Asymmetric information and Agency. FGS CH 10
- The organization of health insurance market. FGS 11
- Gruber, Jonathan, “Why We Need the Individual Mandate,” Center for American Progress Report, April 8, 2010.
  - This reading is under course documents/readings/week7/why....

*Problem set 3: assigned on Oct 20 (due on Oct 27)*

Week 9 (Oct 27)

Managed Care

- Managed Care. FGS 12
- Laurence Barker. *The Oxford Handbook of Health Economics*, Chapter about Managed Care.

*Problem set 4: assigned on Oct 27 (due on Friday Nov 6)*

Week 10: Nov 3 Key players

- Non-profit firms. FGS CH 13.
- Role of Hospitals. FGS CH 14
- Moriya, A. et al. Hospital prices and market structure in the hospital and insurance industries” *Health Economics, Policy and Law* (2010), 5, 459–479

Week 11:

Nov 10 In class Midterm II

Week 12 (Nov 17)-Week 13 (Nov 24)

Social insurance: The government’s role in health care

- FGS CH 19
  - Adam Wagstaff, “Equity in Health Care Finance and Delivery,” in Culyer and Newhouse,” *Handbook of Health Economics*,” vol. 1A (2000); pp. 1804-19.
- Supplementary Reading*
- Reinhardt, Uwe. 2001. "Can Efficiency in Health Care Be Left to the Market?" *Journal of Health Politics, Policy and Law*, 26(5), 967-992

Social insurance in the US Medicaid, Medicare

- FGS CH 21
- Card, David, Carlos Dobkin, Nicole Maestas, “Does Medicare Save Lives?” *Quarterly Journal of Economics*, 2009, 124(2), 597–636.
- Gruber, Jonathan, 2008. “Covering the Uninsured in the United States,” *Journal of Economic Literature*, 46(3): 571-606.
- Sommers, B, G. Kenney and AM Epstein. 2014. New Evidence On The Affordable Care Act: Coverage Impacts Of Early Medicaid Expansions *Health Affairs*, 33(1): 78-87.

*Supplementary Reading*

- The Medicaid Program: Thomas Buchmueller, John C. Ham, Lara D. Shore-Sheppard (p. 21 - 136) in *Economics of Means-Tested Transfer Programs in the United States*, volume 1

The Affordable Care Act (ACA)

- FGS CH 22
- Will send a list of short readings about ACA (see email and last slide of lect 13)

*Supplemental reading:*

- Jay Bhattacharya (2013). Health economics book Chapter 18 Section 18.3 and 18.4 (Medicare and Medicaid). *Useful to further clarify these topics.*

*Problem set 5: assigned on Nov 17 (due on Tuesday Nov 24)*

Week 14 (Dec 1): Special health topic: This week we will discuss one of the following potential topics: Covid-19 or health and economic development

Week 15 (Dec 8): Class Presentations

Review session during the reading period

### Additional resources

- **Accommodation and Support Statement** Rutgers University Newark (RU-N) is committed to the creation of an inclusive and safe learning environment for all students. RU-N has identified the following resources to further the mission of access and support:
  - Students with Disabilities: Rutgers University welcomes students with disabilities into all of the University's educational programs. The Office of Disability Services (ODS) is responsible for the determination of appropriate accommodations for students who encounter barriers due to disability. In order to receive consideration for reasonable accommodations, a student with a disability must contact ODS, register, have an initial appointment, and provide documentation. Once a student has completed the ODS process (registration, initial appointment, and documentation submitted) and reasonable accommodations are determined to be necessary and appropriate, a Letter of Accommodation (LOA) will be provided to the student. The student must give the LOA to each course instructor, followed by a discussion with the instructor. This should be completed as early in the semester as possible as accommodations are not retroactive. More information can be found at [ods.rutgers.edu](https://ods.rutgers.edu). Contact ODS: (973) 353-5375 or [ods@newark.rutgers.edu](mailto:ods@newark.rutgers.edu).

**Note:** Please notify me if you had any special accommodation determination by the ODS as soon as possible or by the first week of class. Please send me the LOA too. Again as stated before: **accommodations are not retroactive.**
- Religious Holiday Policy and Accommodations: Students are advised to provide timely notification to instructors about necessary absences for religious observances and are responsible for making up the work or exams according to an agreed-upon schedule. The Division of Student Affairs is available to verify absences for religious observance, as needed: (973) 353-5063 or [DeanofStudents@newark.rutgers.edu](mailto:DeanofStudents@newark.rutgers.edu).

- Counseling Services: Counseling Center Room 101, Blumenthal Hall, (973) 353-5805 or <http://counseling.newark.rutgers.edu/>.
- Students with Temporary Conditions/Injuries: Students experiencing a temporary condition or injury that is adversely affecting their ability to fully participate in their courses should submit a request for assistance at: <https://temporaryconditions.rutgers.edu>.
- Students Who are Pregnant: The Office of Title IX and ADA Compliance is available to assist students with any concerns or potential accommodations related to pregnancy: (973) 353-1906 or [TitleIX@newark.rutgers.edu](mailto:TitleIX@newark.rutgers.edu).
- Gender or Sex-Based Discrimination or Harassment: Students experiencing any form of gender or sex-based discrimination or harassment, including sexual assault, sexual harassment, relationship violence, or stalking, should know that help and support are available. To report an incident, contact the Office of Title IX and ADA Compliance: (973) 353-1906 or [TitleIX@newark.rutgers.edu](mailto:TitleIX@newark.rutgers.edu). To submit an incident report: [tinyurl.com/RUNReportingForm](http://tinyurl.com/RUNReportingForm). To speak with a staff member who is confidential and does **NOT** have a reporting responsibility, contact the Office for Violence Prevention and Victim Assistance: (973) 353-1918 or [run.vpva@rutgers.edu](mailto:run.vpva@rutgers.edu).
- **Learning Resources**
  - Rutgers Learning Center (tutoring services)  
Room 140, Bradley Hall  
(973) 353-5608  
<https://sasn.rutgers.edu/student-support/tutoring-academic-support/learning-center>
  - Writing Center (tutoring and writing workshops)  
Room 126, Conklin Hall  
(973) 353-5847  
[nwc@rutgers.edu](mailto:nwc@rutgers.edu)  
<https://sasn.rutgers.edu/student-support/tutoring-academic-support/writing-center>