Course Information

This course is an introduction to the field of health economics. Health economics is an active field of microeconomics with a large and growing literature. In the past three decades, some of the most controversial policies considered by state and federal governments have involved issues that have been analyzed by health economists. In this course we will study topics like lack of health insurance and the Affordable Care Act (ACA), ad measurement and determinants of health, health disparities and unhealthy behaviors. The goal of this course is twofold. One is to better understand the economic theory of health and healthcare. We will study several economic models in detail, including models of health, addiction, demand for healthcare and demand for insurance. The emphasis will be on key economic concepts that health economists use to analyze health and healthcare markets. The second goal of the class is to learn to evaluate and interpret empirical findings in health economics. We will read some of the papers in detail to understand the findings reported in those papers.

Textbook and Readings

Main textbook: Health Economics by Bhattacharya, Hyde and Tu (2014).
Secondary textbook (optional): The Economics of Health and Health Care, by Folland, Goodman and Stano (2016)

Besides the main textbook (which I encourage you to buy or rent) we will read some academic papers. Required readings are listed under each topic. These readings will be available on Blackboard or online. In addition to the required readings, optional readings are also listed. These can be found online.
Adequately citing optional readings in the exams, problem sets or class discussion will result in extra credit. For both the required and optional papers you should focus on the motivation behind the analysis and the main findings, as well as how they complement what we discuss in class. Skimming or skipping the more technical parts of these readings is fine.
The secondary textbook is an additional source of information, which can be useful to complement the main textbook (at will) if necessary.

**Class Presentation**

The students are expected to prepare a presentation on one academic paper of their choosing. Suggested papers are marked in the reading list with (*), but other papers can also be considered (to be discussed with professor). This is an opportunity to learn about a topic that the student finds particularly interesting. It is also a way to understand how research is conducted, the challenges faced and the limitations of research results. The presentation will take place at a date to be agreed upon. It should include a discussion about the paper’s main result, why it is relevant/interesting, how it fits within the corresponding chapter of the class, a description of the method used, and the main aspects the analysis in the paper has left out.

**Class Participation**

Class discussion is important for both individual and collective learning. The quality of a student’s participation is at least as important as the quantity, and the following points characterize effective participation:

- Do comments draw on the text and materials from this and other courses?
- Do they show evidence of analysis?
- Does the student distinguish between opinion and well-supported analysis? Normative and positive issues?
- Are the points made substantive? Do they advance or deepen the discussion/analysis?
- Do comments clarify and highlight the important aspects of earlier comments and lead to a clearer statement of the concepts being considered? Is there an attempt to synthesize the discussion?

**Course Grading**

- Midterm Exam: 25%
- Final Exam: 40%
- Problem Sets: 15%
- Presentation in class: 15%
- Class Participation: 5%

**Important Dates**

- Deadline to choose paper for class presentation: **February 26th**
- Review sessions: February 27th, April 26th
- In class Midterm Exam: **March 1st**
- Final Exam: **May 3rd**
Regrade Policy

The material covered on the examinations will come from the lecture notes, problem sets and required reading. If a student requests that some question on an examination be re-graded, the professor will review the entire examination. Makeup exams will be offered only under extenuating circumstances (e.g. serious injuries, family deaths), so please plan ahead.

Academic Conduct

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in the University Student Conduct Code SCampus, Section 11, Behavior Violating University Standards
https://policy.usc.edu/scampus-part-b/. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, http://policy.usc.edu/scientific-misconduct/.

Pre-requisite: Intermediate Microeconomics

If your recollection of intermediate microeconomics is rusty, I strongly recommend you read the chapters on consumer demand theory in any good intermediate microeconomics textbook (such as Hal Varian’s Intermediate Microeconomics: A Modern Approach)
Contents

1. Introduction to Health Economics

   1.1. The economic way of thinking about health

   BHT, Ch. 1


   Optional Readings:


   1.2. Health care spending – some facts


   Optional Readings:

   NIHCM Data Brief, July 2012. The Concentration of Health Care Spending.


   1.3. Health determinants and long run trends


2. Economic Models of Health
Optional Readings:


3. Health and SES

BHT, Ch. 4


Optional Readings:


4. Supply of Healthcare

BHT, Ch. 5 & 6
Optional Readings:


5. Pharmaceuticals and Technological Innovation

BHT, Ch. 12 - 14


Optional Readings:


6. Health Insurance

6.1. Introduction and Moral Hazard

BHT, Ch. 7 & 11

Optional Readings:


6.2. Adverse Selection in Health Insurance

BHT, Ch. 8, 9 & 10


Optional Readings:


6.3. Public Insurance: Medicaid and Medicare

BHT, Ch. 17 & 18


Optional Readings:


* Wherry, Laura, Sarah Miller, Robert Kaestner, and Bruce Meyer “Childhood Medicaid Coverage and Later Life Health Care Utilization.” 2015, NBER Working Paper No. 20929

7. The uninsured and the Affordable Care Act

BHT, Ch. 18

Kaiser Family Foundation, April 2013. “Summary of the Affordable Care Act”

Optional Readings:


8. Health Policy

BHT, Ch. 15 & 16

Optional Readings:


9. Health and Economic Development


Optional Readings:


10. Population Aging

BHT, Ch. 19.

Optional Readings:


11. Externalities and Public Health

BHT, Ch. 20


Optional Readings:


12. Economic Epidemiology

BHT, Ch. 21

Optional Readings:


BHT, Ch. 22


Optional Readings:


14. The Behavioral Economics of Health

BHT, Ch. 23 & 24


Optional Readings:

