

USC Price

Sol Price School
of Public Policy

PPD 514: ECONOMIC CONCEPTS APPLIED TO HEALTH

4 Units

Spring 2021

Tuesdays 6:00 p.m. – 9:20 p.m. PST (see Course Schedule below)

Location: Online

Instructor: Ian D. Spatz (he/him/his)

Office Hours: Fridays from 8:30 a.m. to 9:30 a.m. PST and by appointment (<https://usc.zoom.us/my/ispatz>)

Contact Info: (202) 556-1234, ispatz@usc.edu

COURSE DESCRIPTION

This course builds on the material presented in PPD 559 (“Introduction to Microeconomics: Applications in Health”) by providing an overview of the U.S. health care system and the known drivers of costs in it, and then applies economic concepts to analyze how the organization, operation, and markets are affected by health policies aimed at these market and health outcomes. The course will examine the medical and non-medical determinants of health, health insurance, payment methods and incentives, provider behavior, markets for delivering health services, and quality of care issues.

COURSE OBJECTIVES

Upon completing this course, students will be able to:

Course Learning Objectives	Cognitive / Affective Domain	Level
1. Apply micro-economic concepts and methods to describe how health care markets operate	Cognitive	Application
2. Identify the economic structure and functioning of sub-markets within the health care market.	Cognitive	Comprehension
3. Apply health economic concepts to current health care issues, policies and market developments, and analyze the implications for specific markets (including health organizations)	Cognitive	Application
4. Develop and evaluate strategies using microeconomic concepts that optimize performance within the sub-markets for health care	Cognitive	Evaluation
5. Evaluate when and where “competitive markets” fail in health care sub-markets	Cognitive	Evaluation

Course emphasis will be placed on analyzing the health economics literature and the application of health economics principles to developments and policies in the health care market.

PREREQUISITE(S): PPD 559. Open only to graduate students.

Course Schedule

The course consists of asynchronous lectures, Zoom class lecture, discussion, and group work outside of class hours. Recorded lectures will be available during the week prior to a scheduled synchronous class. Students are expected to come to class having viewed the lectures.

Synchronous class time will start on Tuesdays at 6:00 p.m. PST. Although synchronous class time will usually end between 8 and 8:30 p.m. PST, students should plan on being available until 9:20 p.m. PST as needed.

Course Notes

Additional resources will be provided on Blackboard, by email, or during class. As with any graduate class, the **schedule may be modified**. At the first class, students will be organized into semester-long teams. Teams will work together to prepare for article presentation and in-class team exercises.

Technological Proficiency and Hardware/Software Required

To participate fully in class, students are required to have internet access and a device with a video camera. Using a phone device is not recommended, and requires approval from the professor. Students will also need access to and proficiency in the use of Blackboard.

USC technology rental program

If you need technology resources to successfully participate in your classes, such as a laptop or internet hotspot, you may be eligible for the university's equipment rental program. To apply, please submit an application: <https://studentbasicneeds.usc.edu/resources/technology-assistance/>.

USC Technology Support Links

- [Zoom information for students](#)
- [Blackboard help for students](#)
- [Software available to USC Campus](#)

REQUIRED READING AND SUPPLEMENTARY MATERIAL

As noted in class schedule below. The course will involve the purchase of **1 Harvard Business Review** Case studies, which can be accessed here: <https://hbsp.harvard.edu/import/784376>. The cost for this coursepack is \$4.25 total. You will need to create an account before downloading, pay, and then you can download the cases.

PPD 514, ECONOMIC CONCEPTS APPLIED TO HEALTH, COMPETENCY OUTLINE

MHA Competency	Level (B/I/A)	Course Objective(s)	Assessment Methods
Domain 1: Knowledge of Health Care Environment			
1.1 Demonstrate knowledge of established and evolving issues in health care, and the ability to apply this knowledge to diverse health care organizations.	A	1-5	Team projects, exams, essays

1.2 Use, understand, and apply the basic principles of economics and evidence-based techniques to healthcare.	I	1-5	Team projects, essays, exams
Domain 2: Critical Thinking and Analysis			
2.1 Demonstrate the ability to understand a situation, issue or problem by breaking it into smaller pieces and tracing its implications in a step-by-step manner.	I	1-3	Exam, essays, team presentations, class participation
2.2 Apply complex concepts, develop creative and innovative solutions, or adapt previous solutions in new ways.	A	4-5	Team projects, Exams, class participation
Domain 4: Policy and Community Advocacy			
4.1 Understand the legislative environment and the organizational implications related to health policy at the local, state and federal levels	I	2-3	Team projects, Exams, Essays
Domain 5: Communication			
5.1 Demonstrate ability to facilitate a group and to prepare and present cogent business presentation	I	1-5	Team project preparation & presentation
5.2 Demonstrate ability to persuade others to support a point of view, position, or recommendation, while assessing and responding to the feelings and concerns of other people	A	1-5	Debate following team presentations; essays

COURSE REQUIREMENTS AND FINAL GRADE DETERMINATION

Grades will be determined based on student performance in the following areas:

1. Short essays: 15%
2. In-class team exercises: 15%
3. Article summaries 15%
4. Midterm exam: 20%
5. Final exam: 30%
6. Participation: 5%

All individual graded assignments are due and must be posted on Blackboard by 11:59 p.m. PST on the following dates:

ASSIGNMENT	DUE DATE	% OF GRADE
Article Presentations	Variable	15%
Class Participation	Variable	5%
Short Essay One	2/1	5%
In-Class Team Exercise One	2/9	5%
Short Essay Two	2/22	5%
In-Class Team Exercise Two	3/2	5%

Midterm Exam	3/16	20%
Short Essay Three	4/12	5%
In-Class Team Exercise Three	4/20	5%
Final Exam	5/11	30%
TOTAL		100%

CLASS ASSIGNMENTS DESCRIPTIONS

1. SHORT ESSAYS

The graded assignments will include three short (no more than 350 words) written comments on a selected topic from the lecture assigned for that class day. The purpose of these exercises is to give students practice applying their new knowledge and analytic thinking of health care markets to current topics/policies and to help teach students how to effectively and efficiently communicate this thinking to others. Each essay is worth 5% of the total course grade.

2. IN-CLASS TEAM EXERCISE

Each team will evaluate a case taking an assigned (health care organization or market) perspective. Teams will prepare a PowerPoint presentation and give a brief oral presentation to the class providing their perspective on the case related to specific questions raised in each case assignment.

Teams will have in-class time to work on the case during the week before the class presentation. Each member of a team will get the same grade, and each case will represent 5% of the total course grade. (For instructions on how to access these cases, see “Required Reading and Supplementary Material”).

The cases are:

- a. Case 1: E-Cigarettes: Marketing Versus Public Health (Harvard Business Review Study, 2014)
- b. Case 2: Health Care Reform. Examination of the 2019 Report from Urban Institute and Commonwealth Fund
- c. Case 3: California Health Care Markets (Berkeley Healthcare Forum)

3. ARTICLE SUMMARIES

Each weekly class meeting has assigned reading. Two of the class readings each week are assigned an asterisk (*) indicating that those two articles will have cold-call team presentations. Any team may be called on to present a summary of either asterisked article. If called on, the team will designate one team member to summarize the article. Sample questions to assist in identifying how to summarize an article will be posted on Blackboard.

These article summaries (by the team) will be worth 15% of the total course grade (with the full team being assigned the same grade). However, a team grade will be reduced if one team member is always the person providing the article summary for the team.

At the midpoint and end of the semester, each individual will complete a confidential peer evaluation survey, documenting the contributions of their team members. If several members of a team indicate that an individual has not contributed their fair share, that individual will have his/her article summary grade reduced by a half letter grade lower than the team. This policy holds true for both evaluation checkpoints. In other words, an individual with low peer scores at both the midpoint and end-of-semester survey will receive a full letter grade lower on article summaries than other members of the team.

4. MIDTERM EXAM

A midterm exam, worth 20% of the total course grade, will be administered on **Tuesday, March 16nd from 6:00 to 7:30 p.m. PST**. Students who will be unable to take the exam on this date and time should contact the instructor by the third week of class to make other arrangements.

5. FINAL EXAM

A final exam, worth 30% of the total course grade, will be administered on **May 11th from 6:00 p.m. to 8:00 p.m. PST**. Students who will be unable to take the exam on this date and time should contact the instructor by the seventh week of class to make other arrangements. According to [USC policy](#), instructors are not authorized to allow students to omit or take early a final exam.

6. PARTICIPATION (AND EXPECTATIONS FOR SYNCHRONOUS SESSIONS)

Attendance with live videos on is *expected*. In order to ensure privacy, students may wish to use virtual backgrounds and earphones or headsets to improve audio quality. If a student has special circumstances that make video camera participation difficult, accommodations are available by contacting the instructor. Further, if synchronous sessions take place in the student's time zone outside of 7:00 a.m. to 10:00 p.m., accommodations are also available by contacting the instructor.

Students are also expected to view the recorded lectures before each synchronous class session.

In addition to these baselines, participation will be measured by your active in-class engagement and discussion. Exceptional participation can benefit students on the margin between two half grades (e.g., strong performance can push a marginal B to a B+).

USC GRADING POLICY

Satisfactory performance in this class requires that you read all materials assigned for each class session prior to the class meeting days listed on the syllabus; effectively participate in your team discussions and presentations, as well as the class discussions; analyze all assigned problems and case studies with sufficient preparation to engage in critical thought and discussion; and make oral and written presentations of cases and problems.

As per USC and Price School guidelines, course grades sufficient for minimum passing of the MHA capstone will be letter grades of A for work of excellent quality, B for work of good quality.

GRADE	CRITERIA
A	Work of excellent quality
B	Work of good quality
C	Minimum passing for graduate credit
D	Failed in courses for graduate credit
F	Failed

Course-specific Policies

- All students are required to consult Blackboard and email regularly for class updates.
- Turn in all work in 12-point Times New Roman, single spaced, one-inch margins.

POLICY ON LATE AND MISSED SUBMISSIONS AND PRESENTATIONS

- Students who have reason to need to extra time for submission of an assignment should contact the instructor in advance of the deadline.
- Any essay received within one week past the due date will receive a 20% deduction. After the one-week due date, these assignments will not be accepted and will automatically receive no credit. Received means submitted through Turnitin.
- Students who miss a graded presentation (or the preparation of that presentation) will receive a 40% deduction from the team's score on that presentation (or no score if both weeks are missed). The instructor will consider excused absences discussed in advance.

INTERNET ETIQUETTE

It is critical that students familiarize themselves with respectful online communication for use during and between class sessions (including on the discussion board and using the chat function of Zoom) and practice these communication norms. Students can find the class Discussion Norms document in the Syllabus area of Blackboard.

SYNCHRONOUS SESSION RECORDING NOTICE

Per USC policy, synchronous sessions will be recorded and provided to all students asynchronously.

Sharing of course materials outside of the learning environment

Students are reminded that USC policy prohibits sharing of any synchronous and asynchronous course content outside of the learning environment:

Distribution or use of notes or recordings based on university classes or lectures without the express permission of the instructor for purposes other than individual or group study is a violation of the USC Student Conduct Code. This includes, but is not limited to, providing materials for distribution by services publishing class notes. This restriction on unauthorized use also applies to all information, which had been distributed to students or in any way had been displayed for use in relationship to the class, whether obtained in class, via email, on the Internet or via any other media.

COURSE OUTLINE

DATE	TOPIC
Week #1: 1/19	<p style="text-align: center;">INTRODUCTION AND ROLE OF GOVERNMENT</p> <p>A. What is the US Health Spending Problem? (Cutler, HA, 2018) B. The Role of Market Forces in U.S. Health Care (Chernew, NEJM 2020) C. Economics of Healthcare (Mankiw, 2017)</p>
Week #2: 1/26	<p style="text-align: center;">RATIONING OF CARE</p> <p>A. What is Cost-Effectiveness Analysis? Pages 341-350 (MedPAC Report to Congress, 2018)—note that page number correspond to report, not pdf B. What is “Affordable Health Care” (Penn LDI, 2018)* C. Fair Allocation of Scarce Medical Resources in the Time of Covid-19 (Emanuel et al., 2020).*</p> <p>Short Essay One Assigned. Due Monday, 2/1</p>
Week #3: 2/2	<p style="text-align: center;">DEMAND FOR HEALTH</p> <p>A. Mortality and Morbidity in the 21st century (Case and Deaton, read the report and watch the video) B. An Ounce of Prevention (Newhouse, NBER Working Paper, 2020)* C. In Focus: Using Behavioral Economics to Advance Population Health and Improve the Quality of Health Care Services (Hotsetter and Klein, Commonwealth, 2013)*</p> <p>In Class: Preparation for Team Exercise One (Tobacco)</p>
Week #4: 2/9	<p style="text-align: center;">SOCIAL DETERMINANTS OF HEALTH</p> <p>A. Beyond Health Care: The Role of Social Determinants in Promoting Health and Health Equity (Artiga and Hinton, KFF, 2018) B. Closing the Gap in a Generation: Health Equity Through Action on the Social Determinants of Health (Marmot et al., Lancet, 2008)* C. Meeting Individual Social Needs Falls Short Of Addressing Social Determinants Of Health Health Affairs (Castrucci and Auerbach, Jan 16, 2019)*</p> <p>In Class: Presentation Team Exercise One (Tobacco)</p>

<p>Week #5: 2/16</p>	<p style="text-align: center;">HEALTH INSURANCE</p> <p>A. Special Treatment—The Story of Medicare’s ESRD Entitlement (Retting, NEJM Perspective, 2011) B. The Real Reason the U.S. has Employer Based Health Insurance (Carroll, 2017)* C. The Oregon Experiment – Medicaid’s Effects on Clinical Outcomes (Baicker et al., NEJM 2013)*</p> <p>Short Essay Two. Due Monday 2/22</p>
<p>Week #6: 2/23</p>	<p style="text-align: center;">HEALTH INSURANCE REFORM</p> <p>A. The Affordable Care Act’s Effects on Patients, Providers and the Economy: What We’ve Learned So Far (Gruber and Sommers, JPAM, June 2019)* B. Changes in Enrollment in the Individual Health Insurance Market Through Early 2019 (Fehr et al., KFF, 2019) C. The effects of the affordable care act on the near elderly: Evidence for health insurance coverage and labor market outcomes (Duggan, Goda and Li, 2020)*</p> <p>In-Class: Preparation for Team Exercise Two (Health Care Reform)</p>
<p>Week #7: 3/2</p>	<p style="text-align: center;">HEALTH WORKFORCE: PHYSICIAN SUPPLY</p> <p>A. Physician Induced Demand (Johnson, Encyclopedia of Health Economics, 2014)* B. Physician Labor Supply (Fang and Rizzo, Encyclopedia of Health Economics, 2014)* C. Changes in Hospital–Physician Affiliations in U.S. Hospitals and Their Effect on Quality of Care (Scott et al., Annals of Internal Medicine, 2017)</p> <p>In-Class: Presentation Team Exercise Two (Health Care Reform)</p>
<p>Week #8: 3/9</p>	<p style="text-align: center;">HEALTH WORKFORCE: NON-PHYSICIAN SUPPLY</p> <p>A. Market for Professional Nurses in the US (Buerhaus and Auerbach, 2014) B. Expanding the Role of Advanced Nurse Practitioners — Risks and Rewards (Iglehart, NEJM 2013) C. Long-Term Care: Who Gets It, Who Provides It, Who Pays, and How Much? (Kaye et al., HA 2010)</p> <p>Midterm Review</p>
<p>Week #9: 3/16</p>	<p style="text-align: center;">MIDTERM EXAM (1.5 HOURS) 6:00 P.M. – 7:30 P.M. PST</p>
<p>Week #10: 3/23</p>	<p style="text-align: center;">WELLNESS DAY! (No Class)</p>

<p>Week #11: 3/30</p>	<p style="text-align: center;">HOSPITALS</p> <p>A. Hospital Markets in the United States, 2007-2017 (Johnson and Frakt, 2020). B. Measuring Efficiency: The Association of Hospital Costs and Quality of Care (Jha et al., HA 2009)* C. The Price Ain't Right? Hospital Prices and Health Spending on the Privately Insured (Cooper et al., Health Care Pricing Project, 2015)*</p> <p><i>A helpful resource with background information is: 50 Things to Know About the Hospital Industry (Becker Review, 2017)</i></p>
<p>Week #12: 4/6</p>	<p style="text-align: center;">COMPETITION</p> <p>A. Physician Practice Competition and Prices Paid by Private Insurers for Office Visits (Baker et al., JAMA, 2012) B. Change in Hospital-Physician Affiliation in US Hospitals and Their Effect on Quality of Care (Scott et al., Annals of Internal Medicine, 2017) C. Seeking Lower Prices Where Providers are Consolidated: An Examination of Market and Policy Strategies (Ginsburg and Pawlson, HA, 2004)</p> <p>Short Essay Three. Due Monday 4/12</p>
<p>Week #13: 4/13</p>	<p style="text-align: center;">PROVIDER PAYMENT</p> <p>A. How Medicare Sets Hospital Prices: A Primer (Reinhardt, NYT Blog, 2010) B. Higher Fees Paid to US Physicians Drive Higher Spending for Physician Services Compared to Other Countries (Laugesen and Glied, HA, 2011) * C. The Effect of Pay-For Performance in Hospitals: Lessons for Quality Improvement (Werner et al., 2011)*</p> <p>In Class: Preparation Team Exercise Three (CA Markets)</p>
<p>Week #14: 4/20</p>	<p style="text-align: center;">PROVIDER PAYMENT REFORM</p> <p>A. Understanding The Latest ACO "Savings": Curb Your Enthusiasm And Sharpen Your Pencils—Part 1 – USC Schaeffer (McWilliams and Chen, HA Blog, 2020)* B. A Guide to Physician-Focused Alternative Payment Models (Miller and Marks, AMA 2016) C. The Impact of Bundled Payment on Health Care Spending, Utilization and Quality: A Systematic Review (Agarwal et al., HA, 2020)*</p> <p>In Class: Presentation Team Exercise Three (CA Markets)</p>

<p>Week #15: 4/27</p>	<p style="text-align: center;">PHARMACEUTICALS</p> <p>A. Pharmaceutical Industry Profits and Research and Development (Frank and Ginsburg, HA, 2017)*</p> <p>B. Prescription Drug Advertising and Drug Utilization: The Role of Medicare Part D (Alpert et al., 2017)</p> <p>C. How The ACA Reframed The Prescription Drug Market And Set The Stage For Current Reform Efforts (Conti et al., HA, 2020)*</p> <p>Final Exam Review</p>
<p>Final Exam 5/11</p>	<p style="text-align: center;">FINAL EXAM (2 HOURS) 6:00 PM – 8:00 PM PST</p>

STATEMENT ON ACADEMIC CONDUCT AND SUPPORT SYSTEMS

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 SCampus in Part B, Section 11, “Behavior Violating University Standards” 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, policy.usc.edu/scientific-misconduct.

Diversity Statement:

Our classroom offers an environment where individuals of varying opinions, experiences, and backgrounds are able to learn without fear of being silenced. Inclusion authentically brings traditionally excluded individuals and/or groups into processes, activities, and decision/policy making. We will hold one another accountable for maintaining the goals of respect for divergent opinions, experiences, and backgrounds.

Support Systems:

Student Health Counseling Services - (213) 740-7711 – 24/7 on call

engemannshc.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call

suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-4900 – 24/7 on call

engemannshc.usc.edu/rsvp

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office of Equity and Diversity (OED) | Title IX - (213) 740-5086

equity.usc.edu, titleix.usc.edu

Information about how to get help or help a survivor of harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants. The university prohibits discrimination or harassment based on the following protected characteristics: race, color, national origin, ancestry, religion, sex, gender, gender identity, gender expression, sexual orientation, age, physical disability, medical condition, mental disability, marital status, pregnancy, veteran status, genetic information, and any other characteristic which may be specified in applicable laws and governmental regulations.

Bias Assessment Response and Support - (213) 740-2421
studentaffairs.usc.edu/bias-assessment-response-support

Avenue to report incidents of bias, hate crimes, and microaggressions for appropriate investigation and response.

The Office of Disability Services and Programs - (213) 740-0776
dsp.usc.edu

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

USC Support and Advocacy - (213) 821-4710
studentaffairs.usc.edu/ssa

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity at USC - (213) 740-2101
diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call
dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call
dps.usc.edu

Non-emergency assistance or information.