Prerequisites
There are no formal prerequisites for PA 864, though a course in Microeconomics is strongly suggested. Students will also benefit from being comfortable with basic concepts in statistics.

Learning Objectives
Students will further develop
*An appreciation and ability to utilize an economic approach in evaluating health related policies and decision making processes, in particular applying the concepts of opportunity cost, efficiency, equity, demand/supply analysis, and cost-benefit analysis
*Conceptual tools to consider the impacts of incentives (financial and non-financial) on health related decision making by individuals and providers
*An ability to consider intended and unintended consequences of health policies

Textbook
Required:

Supplemental:
The Economics of Health and Health Care, by Folland, Goodman, and Stano (FGS).

Course Grade:
Class Participation: 20%
Class Presentation: 20%
Weekly Assignments: 20%
Final Paper Project: 40%

Class Presentation and Project: Each student will select a health policy of interest and will construct a 20 minute presentation that surveys the issue from an economic perspective, focusing on economic concepts, economic assessments/evaluations of the policy or related policies, and relevance to the health policy in the state of Wisconsin. The student will also write a 12-15 page (double spaced) paper that includes (1) a
summary of the presentation (2) an executive summary and policy brief of the issue and (3) makes sure to also includes non-economic (political, ethical, etc) considerations of the health policy and (4) outlines specific necessary information/data that would be helpful to evaluate the usefulness of the policy in Wisconsin. **Topic due by Week 9**

**Examples of interest:** Analysis of the use of a city-level soda tax to reduce obesity; Analysis of reducing the blood alcohol content (BAC) level; Analysis of increasing the speed limit on Wisconsin Highways; Analysis of policies to alleviate nursing shortages; Analysis of the use of telemedicine for a specific health service; Analysis of building a hospital in a rural area of Wisconsin; Analysis of the financial and health impacts of Medicaid expansions; Analysis of changes in sex education (or other issue related to teen fertility); A topic on children’s health outcomes.

**Course Schedule** *(Tentative – Subject to change)*

**Week 1 (January 19)—Introduction and Refresher**
- Microeconomics Refresher & How Economists Think about Health and Health Care Concepts: Opportunity Costs, Demand and Supply, Cost-Benefit
- Trends in Health Care Use, Spending and Funding

Reading: **PF** Chapters 1 & 2 & 21
- Portions of Kenneth Arrow’s “Uncertainty and the Welfare Economics of Medical Care,” *American Economic Review* 1963; vol. 53, no. 5, selected pages from 941-973

Supplemental: **FGS** Chapters 1 and 2

Assignment Due: None, get caught up on readings

**Week 2 (January 26)—Micro to Macro: Health Demand, Health Capital, and Population Health**
- Demand for Medical Care
Health Production Functions/Health Capital
Measurement of Health and Disability and the Health Gradient

Reading: BHT Chapter 3 & 4

Supplemental:

Assignment Due: Summarize (<2 pages) one of the supplemental readings and outline three questions about the concepts/claims/or relevance to policy, based on the reading.

Week 3 (February 2) – The Demand for Health Insurance I

Price Elasticities for Health Care Services
RAND Health Insurance Experiment
Expected Value, Risk Aversion, Adverse Selection, and Moral Hazard

Reading:
PF Chapters 3, 5, & 6

Supplemental:
Week 4 (February 9) – Demand for Health Insurance II and Insurance Markets I
   Consumer Risk Preferences
   Risk Spreading and the Supply of Health Insurance
   Employer Sponsored Health Insurance
Reading
   PF Chapters 7, 19, 20
Supplemental
Assignment Due: Go to www.ehealthinsurance.com and simulate buying an insurance policy for yourself. What differences do you notice if you use your home zip code instead of your college zip code? What influenced your decision-making the most? What should influence you, but maybe didn’t? Write a one-page reflection and be prepared to discuss in class.

Week 5 (February 16) – Insurance Markets II
   Forms of Health Insurance Supply
   Managed & Accountable Care Organizations
   Medicare & Medicaid
   Reforms to Expand Insurance Coverage
Reading
   PF Chapters 8, 9, 10
   Gawande A. Piecework, Medicine’s Money Problem, The New Yorker; April 4, 2005. Available at:
   http://www.newyorker.com/archive/2005/04/04/050404fa_fact
Supplemental
Week 6 (February 23) – Affordable Care Act

Readings

Supplemental:


Week 7 (March 1) – Hold for Group Discussion about the ACA

Week 8 (March 8) – Alternatives to the US System

Readings
BHT Chapters 15-17

Supplemental
Sanmartin, Claudia et al., “Comparing Health And Health Care Use In Canada And The United States,” Health Affairs, 2006, 25(4), 1133-1142.

Week 9 (March 15) – How do Physicians Affect Health Care Markets

The Role of Physicians
Physician Agency and Induced Demand
Licensing, Supply and Returns to Education for Physicians
Organization and Competition among Physicians
Projected Shortages in Nursing
Readings: PF Chapters 4, 11, 12 & 23
Assignment: Presentation Topic Submitted to Instructor

No Class: March 22

Week 10 (March 29) — The Role of Hospitals

Hospital Financing and Organization
Competition and Quality among Hospital Types
Quality Improvement Efforts
Medical Malpractice
Readings: PF Chapters 14 and 16

Week 11 (April 5) — Regulation and Innovation
Pharmaceuticals
Government Regulation
Patents, Innovation, and Technological Change
Projections for Future of Health Care Industry
Readings
PF Chapters 25, 26, 28

Week 12 (April 12) — Public Health and Public Goods
Externalities and Public Goods
Alcohol and Cigarette Taxes
Policy Question: Vaccination Exemptions and Sin Taxes
Readings:

**BHT** Chapter 20

Supplemental


**Week 13 (April 19)—Obesity**

Obesity and Policy Responses
Policy Question: Soda Taxes and Access Restrictions

Reading

**BHT** Chapter 22
Fletcher, Frisvold and Tefft, Choices and JPAM papers


Supplemental


**Week 13 (April 26)—Health Policy for Rural Areas**

Shortages, Limited Competition and Economics of Scale

Readings

**BHT** Chapters 5 and 6

**Week 14 (May 6)—Student Presentations**

**Final Paper Due**: May 13 by 5pm, emailed to instructor.