Course Objective: This is a course in Health Economics that applies the tools of Microeconomic Theory to examine the market behavior of consumers and firms in the health care sector. The focus is on analyzing the economic fundamentals behind the actions and reactions of the players in the health care market. The emphasis will be on acquiring a tool kit that will enable a structured and analytical examination of the issues rather than a review of the issues per se. On the demand side the course will analyze the economic factors affecting medical care utilization. The role of health insurance will be explored in detail. The course will examine the supply of health insurance and the rising costs of medical care. The growth of the managed care industry will be studied, as will the economic issues underlying the operation and performance of hospitals and group practices. In conclusion the role of the physician will be analyzed through an economic lens. The course will also analyze the reasons the health care industry is susceptible to so much regulation and the consequences of that regulation.

Prerequisites: Economics 101, Mathematics 115, Economics 290, or permission of instructor.


Lectures: It is expected that students come to class and participate. Excessive absences may negatively affect the final grade, but attendance with earnest participation will be rewarded.

Paper: Students will write a research proposal consisting of the following: a relevant question to be answered, a literature review summarizing the main results in the economics literature, available data for answering of the question, a proposal for how the student would go about answering the proposed question (both theoretically and empirically), and policy implications for potential findings. Papers should be 10-15 pages in length. Each student will present his or her paper near the end of the course. A rough draft of the paper, which will be graded, is due November 19th. The final draft is due December 3rd. For additional details regarding the paper, refer to the research proposal assignment document in my faculty folder.
Homework: From time to time, students will be asked to do assignments, such as work problems, present an article, or debate a topic. Instructions will be given when assignments are handed out.

Grading: Final grades for the course will be based on the paper (30%), a midterm exam (30%), homework (10%) and the final exam (30%).

Tentative Course Schedule

Week of: Chapter, Topic

August 25: Chapter 1, Introduction & Health Care in the USA
August 30: Chapter 3, Characteristics of the Health Care Sector
September 8: Chapter 2, Changes in Medical Prices
September 13: Chapter 4, The Demand for Medical Care
September 20: Chapter 5 & Appendix 14, The Elasticity of Demand for Medical Care & The Value of Life
September 27: Chapter 6 & Chapter 7, Physicians as Laborers & Entrepreneurs
October 4: Chapter 13, Medical Malpractice
October 11: Midterm Exam
October 20: Chapter 10, Demand for Health Insurance & Income Taxes and Health Insurance
October 25: Chapter 11, Managed Care
November 3: Chapter 12, The Role of Government & Medicare and Medicaid
November 1: Chapter 8, Hospital Regulation
November 8: Chapter 15, Pharmaceutical Regulation
November 15: Chapter 14, Externalities in Health and Medical Care
November 29: Chapter 16, Medical Care Around the World
December 6: Presentations
December 14 (1-3:30pm): Final Exam