

Economics 4350  
The Economics of Health and Medical Care  
Professor James Henderson

## **Spring 2004 Course Syllabus**

### ***Prerequisites:***

Knowledge of microeconomic theory is expected prior to enrollment in this course. Taking Economics 1305 or 2306 may satisfy this prerequisite.

### ***Goals and Objectives:***

The primary goals of this course are to enable the student to:

1. Recognize the relevance of economics to health and medical care and apply economic principles to related health issues.
2. Understand the mechanisms of the health care delivery system within the broad social, political, and economic contexts.
3. Explore the changing nature of health and medical care and the implications for medical practice, medical education and research, and health policy.
4. Analyze public policy in health and medical care from an economic perspective.

### ***Course Requirements:***

In addition to a mid-term exam and a comprehensive final exam, students will be required to write two (2) critical review papers of published research in health economics and participate in one of the structured discussions scheduled throughout the semester. Course grading will be as follows:

Midterm exam	25 percent
Critical reviews (2)	30 percent
Structured discussion	5 percent
Structured discussion essay	5 percent
Class participation	5 percent
Final examination	30 percent

- Midterm exam – The midterm exam is a traditional in-class exam using short-answer and essay format.
- Critical review papers – you will be required to write two critical reviews of two different journal articles. The body of your papers should be 1,000 to 1,500 words (or approximately 3-5 pages, 12 point type, and double-spaced). More details are provided below.
- Structured discussion and essay – On six occasions the class will be assigned a discussion topic that can easily be translated into a specific pro-or-con format. Students are required to participate in one of these discussions. Information on preparing for your discussion is provided below, including dates and topics.
- Class participation – class attendance (especially attendance on structured discussion days) and participation during daily discussions will be recorded.
- Final examination – a comprehensive final examination will be based on a posted list of questions available on the class blackboard 2 weeks before the final exam.

### *Writing a critical review of a journal article*

Your goal in this assignment is to write a paper that can be understood by the typical student in this class. Your grade will be determined by how well you accomplish the assigned tasks. More specifically, I am looking for:

- **style and presentation** that is clear, well-organized, and free from misspellings, grammatical errors, faulty punctuation, and other mechanical problems that obscure the meaning (20 percent);
- an **internal structure** that is consistent with the article you are reviewing. This will likely include information provided in the article: an introduction, a purpose statement, a discussion of the previous research in the topic area, a clear statement of the testable hypotheses and issues, and a summary-conclusion that includes a statement of the current status of the issue and implications for the future (20 percent).
- **content** consistent with the paper's internal structure, providing a clear statement of the principle issues, methodology, and other pertinent details presented in the article (60 percent);

Steps in conducting a critical review of an article. Organize your evaluation as follows:

1. What is the principle issue examined in the article? Is it clearly presented and well motivated?
2. Comment on the methodology used in the study. Was the sample selection appropriate? How well did the authors control for confounding factors?
3. Describe the statistical analysis used in the study. Were the results well explained?
4. Were the article's main conclusions supported by the statistical analysis? What additional analysis might have been done to improve the results?

### *Preparing for the structured discussion*

Structured discussions are an important part of getting students to think about important policy issues in health economics.

- Each student is required to formally participate in one discussion. Decide which issue you want to discuss and sign up.
- In preparing for the big day, each student should prepare five pro and five con arguments on the discussion topic. Each argument must be supported with evidence comprised of an economic theory, a concept, or a study. These arguments/evidence papers are due the class meeting before the discussion.
- On the class meeting before the discussion, students will be divided into two groups. Each group is assigned either the pro or con side of the argument. Groups are encouraged to meet prior to the discussion to choose their strongest arguments and strategies for presentation.
- For the first 50 minutes of class, taking turns each side presents an argument with its supporting evidence. If time permits a challenge from the alternate side and even a short rebuttal will be allowed. Repeat the process with pro and con alternating. A record will be kept of the entire discussion.
- Dropping the assigned advocacy roles, during the remaining time the entire class should examine the arguments, express opinions, and reflect on the issues. You will be graded on the quality of your written arguments and your participation in the discussion.
- In addition, you must write a 3-5 page essay incorporating your personal thoughts on the subject discussed. You may choose either side in the argument and incorporate the evidence gathered and presented. This essay is due one week after the date of the discussion.

### ***Structured discussion topics***

1. The United States system of health care delivery spends entirely too much money on medical care for the quality provided.
2. High and persistent numbers of uninsured Americans is an indictment against the US health care system. Policy makers should do whatever it takes to make sure every American has affordable health insurance.
3. The incentive structure created by capitation and withholds puts too much pressure on providers to reduce costs (and in turn quality) of medical care. Therefore, risk-sharing contracts should be illegal.
4. Many of the resources used to provide end-of-life care to the elderly are wasted and should therefore be rationed.
5. The United States should control pharmaceutical prices more strictly through a network of price and spending controls.
6. Medicare cannot be salvaged by simply adding benefits and services (e.g., a prescription drug benefit) – it should be completely overhauled using market principles. Maintaining the current government-run program guarantees failure.

### ***Required Texts:***

James W. Henderson, *Health Economics and Policy*, 2<sup>nd</sup> edition, South-Western College Publishing, 2002.

### ***Attendance Policy:***

The university policy regarding class attendance applies to this course:

*To earn credit in a course the student must...attend at least 75% of all class meetings. Any University-related activity necessitating an absence from class shall count as an absence when determining whether a student has attended the required 75% of class meetings.*

### ***Important dates to remember:***

#### February 10

Courses dropped after this day recorded as W or WF, according to the report of the professor

#### March 18

Courses dropped after this date will be recorded as failed.

### ***Office:***

Room 366, Hankamer School of Business

Hours: 2:00 pm to 4:00 pm Tuesday, Thursday, and Friday

No office hours on Monday and Wednesday

All other times by appointment only.

Phone: 710-4139

Email: [Jim\\_Henderson@Baylor.edu](mailto:Jim_Henderson@Baylor.edu)

**Course Schedule and Readings** (Revised):

All readings are required. A schedule of class discussions and associated readings is attached. The serious student will undertake all readings prior to the corresponding class discussion. This is imperative for meaningful class discussions.

<b>Date</b>	<b>Topic of discussion</b>	<b>Assignments</b>	<b>Reading</b>
Jan 13	What is health economics?		1
15	The medical care cost problem		
20	Using economics in health care		2
22	Analyzing medical care markets		3
27	Demand for health and medical care		4
29	The theory of private insurance		
Feb 3	<i>US medical care spending</i>	Structured Discussion 1	5
5	Health insurance access and affordability		
10	Economic evaluation in health care		Handout
12	Cost-effectiveness analysis		
17	<i>Insuring the uninsured</i>	Structured Discussion 2	
19	Cost-savings and managed care		6
24	Market for physicians' services		7
26	<i>Risk-sharing contracts</i>	Structured Discussion 3	
Mar 2	Study day		
4	<b>Mid-term exam</b>	1 <sup>st</sup> critical review paper due	1-7
9	Market for hospital services		8
11	Confounding issues: Social issues		9
16	Spring break		
18	Spring break		
23	Confounding issues: Aging population		10
25	<i>Rationing care to the elderly</i>	Structured Discussion 4	
30	Confounding issues: Legal system		11
Apr 1	Confounding issues: Technology		12
6	Government's role in improving access	2 <sup>nd</sup> critical review paper due	13
8	<i>Drug price controls</i>	Structured Discussion 5	
13	Strategies to control costs		14
15	International comparisons		15
20	<i>Medicare reform</i>	Structured Discussion 6	
22	Diadelosa		
27	Policy options: Single payer, MSA, managed competition		16
29	Shifting responsibilities		16
Mon, May 10 <sup>th</sup>	<b>Final Exam</b> —9-11 am		