Health Economics and Public Policy

This course analyzes the economics of health care in the United States with particular attention to the role of government. The first part of the course examines the demand for health care and the structure and consequences of public and private health insurance. The second part of the course examines the supply of health care, including professional training, licensure, specialization and compensation, hospital competition and finance and the determinants and consequences of technical change in medicine. The course concludes with an examination of recent health care reform in the United States.

Required readings are in bold. The text is Phelps, Health Economics, 6th Ed. The Phelps text can be purchased at the Campus Bookstore, the Seminary Coop Bookstore or online, including as an e-book. The text is expensive; the 5th edition is available at a much lower cost and is acceptable. The text is also on reserve at Regenstein. Required journal articles on the reading list are available online via Web of Science.

Course Requirements: The course will require 2 problem sets (20% each), a critique of either a health economics workshop presentation or a health economics news article (15%) and a final examination (45%).

The critique assignment is to be 1-4 pages long (double spaced) and can be EITHER of the following:

1. A summary/critique of a presentation in the health economics workshop which summarizes the presentation and describes the connections of the concepts in the presentation to the concepts discussed in class. It must describe the underlying health economics models presented and their connection to those discussed in class.
2. A summary/critique of a news article on the topic of health care from a major news source, connecting the concepts and topics in the article to concepts discussed in class. It must describe the underlying health economics models presented and their connection to those discussed in class.
Because the answers to the problem sets will be discussed in the Answer Review sessions, problem set answers will be accepted only up to class time on their due date. In order to avoid lost papers, problem sets must only be turned in directly to gradescope.

The TAs for this course will be Yalun Su (yalunsu@uchicago.edu) and Olivia Olvera (olivia9olvera@uchicago.edu). Allison Paulson (apaulson@uchicago.edu) will serve as a grader. An additional TA may be added if available.

- Please send direct emails to Yalun and Olivia, instead of using the messaging function in Canvas.
- For regrade requests, please submit your request in gradescope along with your additional comments. Please do not email the course TA or grader.

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**Critical Dates**

Problem set 1: Distribution Date: Tuesday 4/12, Due Date: Tuesday 4/26.

Problem set 2: Distribution Date: Tuesday 5/10, Due Date: Tuesday 5/24.

Critique assignment: Due Date: Tuesday 5/24 (If you are graduating this quarter, we strongly encourage you to submit this assignment by 5/20.)

Final Exam: Thursday 2:00 PM - 3:20 PM, May 26 (in-class final exam)


Details at [https://chess.uchicago.edu/events/health-economics-workshop/](https://chess.uchicago.edu/events/health-economics-workshop/) Links to an external site.

**TA Office Hours**

- Fridays 10:30 - 11:30 AM, via Zoom (Links to an external site.) starting in week 3.
- Additional office hours via Zoom (Links to an external site.)
  - 4/15 (Friday), 9:30-10:30 AM via Zoom --- The first half-hour will cover some math review for problem set 1 and will be recorded, and the second half-hour is an open Q&A session w/o recording
  - 4/22 (Friday), 9:30-10:30 AM via Zoom --- Open Q&A session w/o recording
  - 5/13 (Friday), 9:30-10:30 AM via Zoom --- The first half-hour will cover some additional hints for problem set 2 and will be recorded. The second half-hour is an open Q&A session w/o recording.
  - 5/20 (Friday), 9:30-10:30 AM via Zoom --- Open Q&A session w/o recording
Additional office hours for the final exam:
- 5/24 7-8pm
- 5/25 3-4pm

1. Introduction (Tuesday, 3/29)

- Phelps, Chapters 1
2. The Demand for Health and Medical Care (Thursday, 3/31)

- Phelps, Chapters 2, 3, 4

3. The Value of Saving a Life (Tuesday, 4/5)


4. Insurance and the Demand for Health Care (Thursday, 4/7, Tuesday 4/12)

- Phelps, Chapter 5
5. **The Demand for Insurance and the Structure of Private Insurance Markets** (Thursday, 4/14, Tuesday 4/19)
   - Phelps, Chapters 10 and 11

6. **Agency Issues and the Supply of Physician Services** (Thursday 4/21)
   - Phelps, Chapters 6, 7 and 13

7. **Supply of Physicians** (Tuesday 4/26)
8. **Physician Payment Reform: The Resource-Based Relative Value Scale** (Tuesday, 4/26)

9. **Physician Workforce Reform: The Push for Generalists and Opportunities for Delivery Redesign** (Thursday, 4/28)

10. **Hospital Organization and Economic Behavior** (Tuesday, 5/3)
    - Phelps, Chapters 8 and 9
• Harris, Jeffrey. The Internal Organization of Hospitals: Some Economic Implications, Bell Journal of Economics 1977; 8:467-482.

11. Competition and Managed Care (Thursday, 5/5)
• Phelps, Chapter 11

12. Prospective Payment (Tuesday, 5/10)
• Phelps, Chapters 12 and 16

13. Regulation and the Supply of New Drugs (Thursday, 5/12)
• Phelps, Chapter 15
14. **Diffusion of Medical Innovations** (Thursday, 5/12)


15. **Small Area Variations Studies** (Tuesday, 5/17)

- Phelps, Chapter 3 (pp. 78-101) and 4 (pp. 165-173)

16. **Decision Analysis and the Assessment of Medical Effectiveness** (Thursday, 5/19, HEW 3:30-5, Tuesday, 5/24)

17. Access to Health Care (Tuesday, 5/24, Thursday, 5/26)

- Phelps, Chapter 12
- Kaiser Family Foundation. Key Facts about the Uninsured. Access at: https://www.kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/ (Links to an external site.)

18. Public Policies for Health Care Reform: Historical and Current Perspectives (Thursday, 5/26)

- Phelps, Chapter 16
- Kaiser Family Foundation health reform webpage: http://kff.org/health-reform/ (Links to an external site.)