

Assessment: There are a total of 1,000 points in this class: 4 in-class reading quizzes worth 12.5 points each (50 points total), two in-class midterm exams worth 250 points each (500 points total) in **Tuesday, October 23 and Thursday, November 15**, and a cumulative final exam that is worth 450 points. **The final exam is Friday, December 14 from 11:30-2:30 pm**

Course Materials

Required Textbook: [Frank A. Sloan](#) and [Chee-Ruey Hsieh](#) “Health Economics” Publisher: MIT Press, 2012. (\$75 on the publisher’s web page)

TED: This is where you access the reading quizzes, the syllabus, additional required articles, problems sets, your grades, a discussion board, etc.

Problem Sets: Posted on Friday and solutions available on TED the following Friday.

Reading Quizzes: There will be five in-class quizzes on the readings (textbook and the starred papers) and four will count towards your grade.

Administrative Issues:

- (1) Exams are closed book: you may not use any notes, electronic devices, books or consult other classmates. If you believe an exam has not been graded properly, you may ask for a re-grade. I will re-grade your entire exam. The re-graded score will be your grade for the exam. You may not ask for another re-grade or go back to your first grade.
- (2) Any student found responsible for violating academic integrity will earn a failing grade for the course. In addition to the academic sanction that I impose, the Council of Deans of Student Affairs will impose a disciplinary penalty. For a review of UCSD policy, please see <http://www-senate.ucsd.edu/manual/appendices/app2.htm>.
- (3) If you have a documented disability, please bring your documentation and come to talk to me as soon as possible so that I can make suitable accommodations for you. If you believe that you may have a disability and will desire accommodation, please register with the Office for Students with Disabilities, Building 202 University Center

Class 1: 9/27 Why devote a whole course to the analysis of one market – the health market?

Textbook Chpt. 1: Introduction and Overview

The Market for Transplant Organs.

Becker, Gary and Julio Elias, “Introducing Incentives in the Market for Live and Cadaveric Organs,” *Journal of Economic Perspectives*, Vol 21. No. 3, Summer 2007, p. 3-24.

Week 1: 10/2

1A. U.S. Health Care System: Institutional Details, Empirical Regularities, and Current Policy Debates. Patient Protection and Affordable Care Act of 2010 (Obamacare).

*The Economic Case for Health Reform. Council of Economic Advisors, June 2009. Focus on pages 1-20.

*Goldhill, D. (2009). "How American Health Care Killed my Father." *The Atlantic*

Week 2: 10/9

2A. Physician's Long Run Supply Decisions: Whether to become a physician, decision on specialization, decision on where to locate (Textbook Chpt 5 through 5.2)

*Chen, Keith and Judith A. Chevalier (2012) "Are Women Overinvesting in Education? Evidence from the Medical Profession" *Journal of Human Capital*, Vol. 6, No. 2, pp. 124-149. Focus on introduction and conclusions (sections I and IX) and tables 2, 3 and 7.

2B: Physician's Short Run Supply Decisions: price to charge and quantity of output to produce. (Textbook Chpt 5, 5.3 to end). Quality will be discussed in week 4.

*Gruber, Jonathan and Maria Owings, "Physician Financial Incentives and Cesarean Section Delivery," *RAND Journal of Economics* (Spring, 1996). Focus on sections 1, 2, and 7 and Figures 2, 3, and 4.

Week 3: 10/16

Chapter 6: Hospitals

*Antwi, Yaa Akosa & Martin S. Gaynor & William B. Vogt, (2009). "A Bargain at Twice the Price? California Hospital Prices in the New Millennium," *Forum for Health Economics & Policy*, Berkeley Electronic Press, vol. 12(1)

*On Top of Tax Breaks, Nonprofit Hospitals Earn Big Profits. *Wall Street Journal* (4/4/2008)

Week 4: 10/23 MIDTERM 1, Tuesday, October 23

Chapter 7: Quality of Care and Medical Malpractice

*McGlynn EA, Asch SM, Adams J, et. al., "The Quality of Health Care Delivered to Adults in the United States." *New England Journal of Medicine*, 2003, 348: p. 2635-45.

Medical Malpractice

*Brennan, Troyen A., Colin M. Sox, Helen R. Burstin, "Relation between Negligent Adverse Events and the Outcomes of Medical-Malpractice Litigation" *New England Journal of Medicine*, 1996; 335:p. 1963-7.

Currie, Janet and Bentley MacLeod (2008), "First Do No Harm? Tort Reform and Birth Outcomes," *Quarterly Journal of Economics*, Vol. 123, No. 2, p. 795-830.

*Becker, Gary S. "How to Put the Right Cap on Punitive Damages" *Business Week*, New York: September 15, 2003.

Providing information about Quality to Consumers: Medical Report Cards

*Dranove, David, Daniel Kessler, Mark McClellan, and Mark Satterthwaite, "Is more Information Better? The Effects of Report Cards on Health Care Providers," *Journal of Political Economy*, 2003, Vol. 111, No. 3: p. 555-588.

Pay for Performance

Mullen, Kathleen J., Richard G. Frank and Meredith B. Rosenthal (2010). "Can you get what you pay for? Pay-for-performance and the quality of healthcare providers," *RAND Journal of Economics*, RAND Corporation, vol. 41(1), pages 64-91.

Week 5: 10/30 Chapter 8 Nurses

*Hirsch, Barry T. and Edward J. Schumacher (2005). "Classic or New Monopsony? Searching for Evidence in Nursing Labor Markets," *Journal of Health Economics*, July 2005

Staiger, Douglas O., Joanne Spetz, and Ciaran S. Phibbs, "Is There Monopsony in the Labor Market? Evidence from a Natural Experiment," *Journal of Labor Economics*, Vol. 28, No. 2.

*Mark, B., D.F. Harless, and J Spetz (2009) "California's Minimum Nurse Staffing Legislation and Nurse Wages" *Health Affairs* 28: W326-W-334.

Week 6: 11/6 Chapter 9: The Pharmaceutical Industry

A. R&D and Incentives to Innovate

*Weisbrod, Burton A., "Solving the Drug Dilemma" *Washington Post*, Op.Ed., August 22, 2003, A21

*Kremer, M. (2002). "Pharmaceuticals and the Developing World," *Journal of Economics Perspectives* 16, p19-33.

B. The FDA and Drug Safety and Efficacy

*Becker, Gary S. "New Drugs Cut Costs and Medicare Can Help" *Business Week*, New York: March 22, 2004.

*Becker, Gary S. "Get the FDA Out of the Way, and Drug Prices Will Drop" *Business Week*, New York: September 16, 2002.

C. Vaccines

*Barder, Owen, Michael Kremer, and Heidi Williams, "Advance Market Commitments: A Policy to Stimulate Investment in Vaccines for Neglected Diseases" *Economists' Voice*, *Economists' Voice*, www.bepress.com/ev, February, 2006

Finkelstein, Amy, "Static and Dynamic Effects of Health Policy: Evidence from the Vaccine Industry" 2004, *Quarterly Journal of Economics* 119 (2): 527-564

Berndt, E.R., R. Glennerster, M.R. Kremer, J. Lee, R. Levine, G. Weizäcker, and H. Williams, "Advance Market Commitments for Vaccines Against Neglected Diseases: Estimating Costs and Effectiveness," *Health Economics*. 16: 2007, pp. 491-511.

Week 7: 11/13 Midterm 2, Thursday, November 15
Chapter 10 Supply of Private Health Insurance

Week 8: 11/20 No Class Thursday, Thanksgiving Holiday
Chapter 10 Supply of Private Health Insurance (continued)

*Aizer, Anna, Janet Currie, and Enrico Moretti (2007), “Does Managed Care Hurt Health? Evidence from Medicaid Mothers.” *Review of Economics and Statistics*, 89(3): 385–399.

Week 9: 11/27

Chapters 14 and 15: Cost Effectiveness and Cost Benefit Analysis

Week 10: 12/4 National Health Reform (PPACA), Massachusetts’ Experience with Health Reform, and an Alternative Reform Proposal

*Does Massachusetts’ Health Care Reform Point to Success with National Reform? *Journal of Policy Analysis and Management*, Vol. 30, No. 1, 177–195 (2011). A point-counter –point article by Jon Gruber and Douglas Holtz-Eakin.

*Capretta, James C. and Robert Moffit, (2012) “How to Replace Obamacare” *National Affairs*.

Final Exam: Friday, December 14, 11:30-2:30pm