

The assignments and readings are from a previous Quarter.
They are subject to change – use as an example ONLY.

HSMGMT 514 B & C

Health Economics

**University of Washington
School of Public Health
Executive Health Management Administration Program**

Instructor: Brian W. Bresnahan, Ph.D.
325 Ninth Ave.
Box 359736
Seattle, WA 98104-2499

(206) 744-1805 (phone)
bres@uw.edu

Office hours: By appointment

Course objectives:

After this course, the student will be able to:

- Competently discuss key economic concepts and the analytical tools used to assess human economic behavior in general.
- Understand and apply microeconomic principles to analyze the major issues of the health care sector.
- Understand the key institutional and market factors that affect the incentives of the stakeholders in the key health care markets.
- Understand both the perspective and limits of economic analysis applied to health care.
- Gain historical economic perspective on the evolution of major health policy issues.

General description of the course

This course, offered by the School of Public Health, explores the application of microeconomic principles to understand the nature of health care markets and systems. Economic models and analytic tools are used to explore a wide range of health sector activities and policy issues. This course is intended to be a rigorous analysis at the level of intermediate microeconomics, coupled with a review of key econometric and empirical analyses.

The course is run using a combination of in-person lecture/seminar didactic sessions and telephone or web-based sessions between on-site course dates. The onsite class and team meeting sessions require substantial student input throughout the educational sessions. Monthly web-based

conferences will be held to provide additional lecture material, allow for open discussion and question and answer sessions, as well as to discuss course projects.

A case-study approach and team-based assignments will be used to investigate and explore economic concepts in healthcare. In addition, the course, with monthly onsite sessions, requires independent work during the four-week interim periods between onsite meetings. Students are expected and encouraged to use examples from their real-world work environment to facilitate their learning experience and ability to apply their coursework to their daily work lives.

Students are expected to have completed their monthly assignments by beginning of the onsite course sessions. They are expected to have read the assigned readings and completed the monthly homework assignments, as well as to participate in class discussions. Participants are expected to take this course for credit.

Grading will be based on student performance using the grading system for graduate students published in the 2002 - 2004 University of Washington General Catalog for Graduate and Professional Students, p. 13.

Final course grades will follow the Department of Health Services grading policy. See <http://depts.washington.edu/hserv/grading>

Course Readings:

Course Textbook: Paul J. Feldstein
Health Policy Issues: An Economic Perspective, 4th Edition, 2007

List of Key Economic Concepts and Principles to Be Covered:

- Positive/behavioral vs. normative economics
- Welfare economics (vs. extra-welfarism)
- Efficiency; Technical, cost, and economic; x-inefficiency; dynamic vs. static efficiency
- Opportunity cost
- Efficiency vs. equity
- Health vs. medical care
- Health-- unique/merit good; normal vs. superior good
- Health production function; consumption vs. investment; human capital; health capital; household production
- Economies of scale vs. economies of scope
- Economic rents; dissipation of rents
- Private goods vs. public goods; externalities; intellectual property; global public goods
- Experience goods; post-experience goods
- Optimal Insurance; uncertainty; moral hazard; adverse selection; information asymmetry;
- Self-insurance; self-protection; experience vs. community rating; risk adjustment; managed competition; tax subsidies
- Copayments; coinsurance; flat indemnity; deductibles; out-of-pocket limits
- Demand; consumer surplus; supplier-induced demand; deadweight loss
- Supply; producer surplus
- Marginal costs and marginal benefits
- Cost function
- Equilibrium; market equilibrium

- Elasticity—price, cross-price, income
- Price discrimination
- Free vs. administered pricing (DRGs, RBRVS)
- Income and substitution effects
- Perfect competition
- Market failure
- Monopoly
- Oligopoly
- Cartels
- Monopolistic competition
- Market concentration
- Labor markets
- Capital markets
- Economic regulation; licensure; certification
- Political economy; Theory of interest groups
- Cost-effectiveness analysis; cost-utility; cost-benefit

A. Writing Assignments

B. Group Projects

DISABILITY ACCOMMODATIONS

If you would like to request academic accommodations due to a disability, please contact Disabled Student Services, 448 Schmitz, 543-8924 (V/TDD). If you have a letter from Disabled Student Services indicating you have a disability that requires academic accommodations, please present the letter to me so we can discuss the accommodations you might need for class.