

San José State University
Department of Economics
Econ 170: Health Economics
Spring 2022

Course and Contact Information

Instructor:	Dr. Fahmida Fakhruddin
Telephone:	Email is preferred
Email:	fahmida.fakhruddin@sjsu.edu (Remember to write “Econ 170 or something similar, together with the topic of the email)
Virtual Office Hours:	After class or by appointment
Class Days/Time:	Tuesday & Thursday/ 12 pm -1:15 pm
Classroom:	Zoom Class Meeting
Prerequisites:	Economics 001B, 101 <i>Economics 3 is recommended but not required</i>

Catalog Description

Introduction to the application of economics to healthcare and medical care issues including demand and supply of healthcare, health insurance, health quality and safety, and the role of regulations within a healthcare system.

Course Learning Outcomes (CLO)

Upon successful completion of this course, students will be able to:

1. Understand the “uniqueness” of the problems faced in the economics of healthcare.
2. Analyze the provision of health services, goods, and insurance using economic analysis.
3. Explain the current institutional and regulatory structure of the US healthcare system.
4. Assess the benefits and limitations of common approaches to address health care issues.

Course Description

ECON 170 is an upper division course on economics of healthcare provision and payment. Health economics is one of the growing fields of microeconomics. In the last 30 years, some of the most controversial public policies contemplated by state and federal governments have involved issues that have been analyzed by health economists. This course uses microeconomic analysis to analyze the complexities of the demand and provision of healthcare services and goods.

We will learn about U.S. health care system and key economic concepts that health economists

use for analyzing health care markets. The goal of this course is threefold. First, is to better understand the economic theory of health and health care. Second is to learn about the specific institutional details and policies relevant to those markets. Third, is to learn how to evaluate and interpret empirical findings in health economics. So, students need to read intensively and be comfortable with basic statistical/econometric concepts.

No Required Textbook

Other Required Book/ Readings

These readings will be available on canvas.

Health Economics News and Blogs:

[The Health Care Economist](#)

[The Incidental Economist](#)

MYSJSU Messaging and Canvas

Course materials such as syllabus, handouts, grades, messages regarding the class can be found on [Canvas Learning Management System course login website](#). You are responsible for regularly checking with the messaging system through [MySJSU](#) to learn of any updates. See [University Policy F13-2](#) for more details.

Library Liaison

Christa Bailey, christa.bailey@sjsu.edu

Class Philosophy

Some of you start classes feeling isolated and lost but not in our class! This class is a community and each of you is part of the community. We all have the same objective: to learn. This class is designed to have you learn in community with your peers. When you're a member of a community, you can rely upon others for help and support when you need it, but you must also be willing to step up and contribute regularly, as well! Let's work together to make this semester awesome for everyone!

Course Expectations and Requirements

As this class is a four-unit class, successful students should expect to spend about 180 hours (normally twelve hours per week or three hours per unit per week) throughout the semester, including reading, preparing for class, attending class, participating in course activities, and so on. *More details can be found from [University Syllabus Policy S16-9](#).*

We will use **zoom** for regular class meeting. You need to use canvas to complete all the course activities. It is expected that you will attend classes two times per week, participate in class discussions, finish assigned readings before class each week, turn in problem sets/paper on time, and take both midterm and final exam.

If you feel you are lost or experience any difficulty in this course, please do not hesitate to come to me for help. Please remember that I am just an email away. I am always happy to clarify difficult concepts, resolve any lingering confusion, or otherwise assist you in making this course fun and productive.

Zoom Class Protocol

Use of Camera in Class

I would encourage students to turn on their cameras in Zoom meetings and office hours. If you turn off your video, please have a profile picture that is you. Please use your real name to log in for entry to zoom. Attendance will be taken in every class. I would love to see your beautiful face at least some of the time during our zoom class meetings. Please contact me as soon as possible if you have any concern about appearing on camera yourself.

Recording Zoom Classes

This course or portions of this course (i.e., lectures, discussions, student presentations) will be recorded for instructional or educational purposes. The recordings will only be shared with students enrolled in the class through Canvas. Students are permitted to only view the recordings, not download the videos. The recordings will be deleted at the end of the semester. If, however, you would prefer to remain anonymous during these recordings, then please contact me about possible accommodations (e.g., temporarily turning off identifying information from the Zoom session, including student name and picture, prior to recording). Students are not allowed to record without my permission. Students are prohibited from recording class activities (including class lectures, office hours, advising sessions, etc.), distributing class recordings, or posting class recordings. Materials created by the instructor for the course (syllabi, lectures and lecture notes, presentations, etc.) are copyrighted by the instructor. This university policy (S12-7) is in place to protect the privacy of students in the course, as well as to maintain academic integrity through reducing the instances of cheating. Students who record, distribute, or post these materials will be referred to the Student Conduct and Ethical Development office. Unauthorized recording may violate university and state law. It is the responsibility of students that require special accommodations or assistive technology due to a disability to notify the instructor.

Zoom Classroom Etiquette

To ensure each member of our course feels included and welcomed, all of us will abide by a few key rules of etiquette. First and foremost, we will treat each other with dignity and respect, while acknowledging that each of us is unique and has different views and opinions about topics. Diversity strengthens our learning community.

- **Mute Your Microphone:** To help keep background noise to a minimum, make sure you mute

your microphone when you are not speaking.

- **Be Mindful of Background Noise and Distractions:** Find a quiet place to “attend” class, to the greatest extent possible.
 - Avoid video setups where people may be walking behind you, people talking/making noise, etc.
 - Avoid activities that could create additional noise, such as shuffling papers, listening to music in the background, etc.
- **Position Your Camera Properly:** Be sure your webcam is in a stable position and focused at eye level.
- **Limit Your Distractions/Avoid Multitasking:** You can make it easier to focus on the meeting by turning off notifications, closing or minimizing running apps, and putting your smartphone away (unless you are using it to access Zoom).
- **Use Appropriate Virtual Backgrounds:** If using a virtual background, it should be appropriate and professional and should NOT suggest or include content that is objectively offensive or demeaning.

Course Assignments and Grading

Your grade will depend on the following assignments:

Problem Sets	15%
Term Paper	20%
Class Attendance and Participation	15%
Midterm	20%
Final Exam	30%

Converting number grades to letter grades:

97-100	A plus	93-96	A	90-92	A minus
87-89	B plus	83-86	B	80-82	B minus
77-79	C plus	73-76	C	70-72	C minus
67-69	D plus	63-66	D	60-62	D minus
<60	F				

I totally understand the stress of getting good grades. To avoid this stress, please try to do your work on time. If you need help on an assignment, don't wait . Contact me or one of your peers as soon as you can. No worries, we all will work together for your success in this class.

Problem Sets

Three problem sets will be given during the semester to help you understand the economic tools and techniques used to study health care. The problem sets will be based on the material discussed in class and in the readings. You can work with your peers on the problem sets, but you must turn in your own answers. More details will be given with each problem set as it is assigned.

Term Paper

Each student will choose a health, health policy, or health-related subject upon instructor's approval to write a term paper with a maximum of 12 pages of text, double spaced. The purpose of this paper is to get each of you to engage with a current health/ health policy issue by using online health economics resources and the assigned readings. More detail information will be provided and be available on canvas.

Class Attendance and Participation

Attendance and active participation in class are expected and required. Learning material is directly correlated with attending class. Also, the more you attend, the better you will perform on tests.

Class discussion is important for both individual and collective learning. Your active participation is as critical for your learning as mere attendance is. Each of you will be randomly asked to answer a question based on health economics news/policy you read, either from one of the news/blogs cited in the syllabus or from the assigned reading articles. You will be graded based on your effort not for answering/solving a question correctly.

Online Midterm and Final

The midterm and final exam will cover material presented in class as well as material from assigned readings. The questions will be similar to problem set questions. The final exam will be comprehensive. All exams will be closed book and closed note.

Proctoring Software and Exams

Exams will be proctored in this course through Respondus Monitor and LockDown Browser. Please note it is the instructor's discretion to determine the method of proctoring. If cheating is suspected the proctored videos may be used for further inspection and may become part of the student's disciplinary record. Note that the proctoring software does not determine whether academic misconduct occurred, but does determine whether something irregular occurred that may require further investigation. Students are encouraged to contact the instructor if unexpected interruptions (from a parent or roommate, for example) occur during an exam.

Online Exams Testing Environment: Setup

- No earbuds, headphones, or headsets visible.
- The environment is free of other people besides the student taking the test.
- If students need scratch paper for the test, they should present the front and back of a blank scratch paper to the camera before the test.
- No other browser or windows besides Canvas opened.
- A workplace that is clear of clutter (i.e., reference materials, notes, textbooks, cellphone, tablets, smart watches, monitors, keyboards, gaming consoles, etc.)

- Well-lit environment. Can see the students' eyes and their whole face. Avoid having backlight from a window or other light source opposite the camera.
- Personal calculators - indicate if permitted.

Testing Environment: Scan

Before students can access the test questions, they are expected to conduct a scan around their testing environment to verify that there are no materials that would give the student an unfair advantage during the test. The scan will include:

- the desk/work-space
- a complete view of the computer including USB ports and power cord connections
- a 360-degree view of the complete room

Students must:

- Remain in the testing environment throughout the duration of the test.
- Keep full face, hands, workspace including desk, keyboard, monitor, and scratch paper, in full view of the webcam.

Technical difficulties

Internet connection issues:

Canvas autosaves responses a few times per minute as long as there is an internet connection. If your internet connection is lost, Canvas will warn you but allow you to continue working on your exam. A brief loss of internet connection is unlikely to cause you to lose your work. However, a longer loss of connectivity or weak/unstable connection may jeopardize your exam.

Other technical difficulties:

Immediately email the instructor a current copy of the state of your exam and explain the problem you are facing. Your instructor may not be able to respond immediately or provide technical support. However, the copy of your exam and email will provide a record of the situation. Contact the SJSU technical support for Canvas:

Technical Support for Canvas

Email: ecampus@sjsu.edu

Phone: (408) 924-2337

<https://www.sjsu.edu/ecampus/support/>

If possible, complete your exam in the remaining allotted time, offline if necessary. Email your exam to your instructor within the allotted time or soon after.

Communication Policy

What You Can Expect From Me

I will be an active participant in this course and will be with you on the journey through the entire semester. You can expect that I will:

- Communicate with you at least 3 times per week, via Announcements, Canvas Inbox messages, grading feedback, and/or class meeting
- Respond to all student questions within 24 hours
- Provide grades within 1 week of the due date

Late Policy

Plan on submitting work on time.

You are expected to submit assignments on or before the assigned due date. To receive an extension, you are responsible for notifying me of your situation prior to a due date and receiving an email from me with an agreed upon extension. Assignments submitted after the deadline may receive a 5% grade point deduction for each day following the due date and time.

Don't want the penalty?

Please contact me to propose a solution and negotiate with me.

University Policies

Per [University Policy S16-9](#), relevant information to all courses, such as academic integrity, accommodations, dropping and adding, consent for recording of class, etc. is available on Office of Graduate and Undergraduate Programs' [Syllabus Information web page](#).

Course Schedule and Readings ECON 170/ Health Economics, Spring 2022

The schedule is subject to change with fair notice in class and on Canvas

Week	Date	Topics	Readings
1	1/ 27	Overview	Eli P. Fenichel, "Economic considerations for social distancing and behavioral based policies during an epidemic", <i>Journal of Health Economics</i> , 32(2013): 440-451. Martin Karlsson, Therese Nilsson, Stefan Pichler, "The impact of the 1918 Spanish flu epidemic on economic performance in Sweden: An investigation into the consequences of an

			extraordinary mortality shock”, <i>Journal of Health Economics</i> , 36(2014): 1-19.
2	2/1, 2/3	<p>The Economic Way of thinking about Health</p> <p>Health Care Spending: Some Facts</p> <p>Demand for Health and Health Care</p>	<p>Fuchs, “Economics, Values, and Health Care Reform,” <i>American Economic Review</i> 86 (March, 1996), 1-24</p> <p>Aaron, H. and P. Ginsburg. 2009. “Is Health Spending Excessive? If So, What Can We Do About it?” <i>Health Affairs</i>, 28(5): 1260-1275.</p> <p>Daniel Howdon, Nigel Rice, “Health care expenditures, age, proximity to death and morbidity: Implications for an ageing population”, <i>Journal of Health Economics</i>, 57(2018): 60-74</p> <p>Gawande, A. “The Cost Conundrum” <i>The New Yorker</i>, June 2009.</p>
3	2/8, 2/10	<p>Demand for Health Insurance: Introduction and Moral Hazard</p>	<p>Manning, Willard; Newhouse, Joseph; Naidu, Duan; Keeler, Emmett; and Leibowitz, Arleen. “Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment.” <i>American Economic Review</i> 77 (June, 1987): 251-277.</p> <p>Marcus Dillender, “Do more health insurance options lead to higher wages? Evidence from states extending dependent coverage,” <i>Journal of Health Economics</i>, 36 (2014): 84-97.</p> <p>Gladwell, M. “The Moral Hazard Myth,” <i>The New Yorker</i>, August 2005.</p>
4	2/15, 2/17	<p>Demand for Health Insurance: Adverse Selection</p>	<p>Paul Krugman, “Health Economics 101”, <i>The New York Times</i>, November 14, 2005.</p> <p>Gruber, Jonathan, “Why We Need the Individual Mandate,” <i>Center for American Progress Report</i>, April 8, 2010.</p>
5	2/22, 2/24	<p>Demand for Health</p>	<p>Handel, B. “Adverse Selection and Inertia in</p>

		<p>Insurance: Adverse Selection</p> <p>Social Insurance: Medicaid and Medicare</p>	<p>Health Insurance Markets: When Nudging Hurts,” <i>American Economic Review</i> 103 (December, 2013): 2643-2682.</p> <p>Iglehart (1999) “The American Health Care System: Medicaid,” <i>The New England Journal of Medicine</i> 340(5): 403-8</p>
6	3/1, 3/3	<p>Social Insurance: Medicaid and Medicare</p> <p>Problem Set 1 Uninsurance and the Affordable Care Act</p>	<p>Iglehart (1999) “The American Health Care System: Medicare,” <i>The New England Journal of Medicine</i> 340(4): 327-32</p> <p>Baicker, Katherine, et al., “The Oregon Experiment- The effects of Medicaid on Clinical Outcomes”, <i>The New England Journal of Medicine</i>, May 2, 2013.</p> <p>Molly Freaun, Jonathan Gruber, Benjamin D. Sommers, “ Premium subsidies, the mandate, and Medicaid expansion: Coverage effects of the Affordable Care”, <i>Journal of Health Economics</i>, 53(2017): 72-86.</p> <p>Baicker, Katherine and Chandra, Amitabh, 2008. “Myths and Misconceptions about U.S. Health Insurance,” <i>Health Affairs</i>, Web Exclusive: w533-w543.</p> <p>Gruber, Jonathan, 2008. “Covering the Uninsured in the United States,” <i>Journal of Economic Literature</i>, 46(3): 571-606.</p> <p>Kaiser Family Foundation, April 2013. “Summary of the Affordable Care Act”</p> <p>Kleinke, J.D. “The Conservative Case for Obamacare,” New York Times, September 2012.</p> <p>Cutler, D. “The Economics of the Affordable Care Act,” New York Times, August, 2013.</p>

			<p>Sommers, B, G. Kenney and AM Epstein. 2014. New Evidence on The Affordable Care Act: Coverage Impacts Of Early Medicaid Expansions <i>Health Affairs</i>, 33(1): 78-87.</p> <p>David Cutler (2010) “How Health Care Reform Must Bend the Cost Curve” <i>Health Affairs</i> 29(6): 1131-35.</p> <p>Douglas Holtz-Eakin and Michael J. Ramlet (2010) “Health Care Reform is Likely to Widen Federal Budget Deficits, Not Reduce Them” <i>Health Affairs</i> 29(6):1136-41.</p> <p>30 Economists: We Need the Individual Mandate, Health Insurance, July 2013</p> <p>“Young, Fit, and Uninterested,” The Economist, January 2014.</p>
7	3/8, 3/10	<p>Uninsurance and the American Health Care Act of 2017</p> <p>Term Paper Topic due</p>	<p>Kaiser Family Foundation, May 2017. “Summary of the American Health Care Act”</p> <p>Rand Health Care, “The Future of U.S. Health Care: Replace or revise the Affordable Care Act”</p>
8	3/15, 3/17	<p>Unhealthy Behavior: Evidence and Policy Issues</p>	<p>Lakdawalla, Philipson, and Bhattacharya (2005) “Welfare-Enhancing Technological Change and the Growth of Obesity” <i>American Economic Review</i> 95(2):253-7.</p> <p>Bhattacharya J and Sood N (2010) “Who Pays for Obesity” <i>Journal of Economic Perspectives</i></p>
9	3/22, 3/24	<p>Delivery of Health Care: The Labor Market for Physicians</p> <p>Review for Midterm</p> <p>Midterm</p>	
10	3/29, 3/31	<p>SPRING RECESS- No Class</p>	
11	4/5, 4/7	<p>Delivery of Health Care: The Hospital Industry</p>	
12	4/12, 4/14	<p>Why are costs so High?</p>	<p>Read introduction: Cutler, D. and M. McClellan.</p>

		Technology Growth and Innovation Population Aging Problem Set 2	“Is Technological Change in Medicine Worth It?” Health Affairs Sept/Oct. 2001.
13	4/19, 4/21	Why are costs so High? Physician Decision Making Organizational Management and Efficiency	Gawende, A. “Big Med” New Yorker, August 2012. Cutler, D. “Where are the Health Care Entrepreneurs? The Failure of Organizational Innovation in Health Care,” NBER working paper no. 16030, May, 2010. Gawende, A. “The Checklist” New Yorker, May 2010.
14	4/26, 4/28	Pharmaceutical Markets and Innovation	Lakdawalla, D. et al. “U.S. Pharmaceutical Policy in a Global Marketplace,” Health Affairs, 2009. Joseph A. DiMasi, Henry G. Grabowski, Ronald W. Hansen, “Innovation in the pharmaceutical industry: New estimates of R&D costs”, <i>Journal of Health Economics</i> , 57(2016): 20-33.
15	5/3, 5/5	International Health Care Systems and Alternative Design	“The U.S. Health System in Perspective: A Comparison of Twelve Industrialized Nations,” The Commonwealth Fund, July 2011.
16	5/10, 5/12	International Health Care Systems and Comparison to U.S. Health Economics and Policy: Past, Present, Future Review for Final Problem Set 3 Final Paper Due	
17	5/24	Final Exam, Tuesday 05/24/2022	9:45 am to 12 pm