



NYU

**ROBERT F. WAGNER GRADUATE
SCHOOL OF PUBLIC SERVICE**

HPAM-GP 4831-001

Topics in Domestic Health Policy

Spring 2024

Instructor Information

- Sherry Glied
- Email: sg162@nyu.edu
- Office Hours: By appointment.

Course Information

- Class Meeting Times: Monday 4:55 – 6:35 pm
- Class Location: 70 Washington Sq S (Bobst) Room LL145

Course Description

This course will further extend students' understanding of how microeconomics can help to understand health and health care issues.

Course and Learning Objectives

This course will address the following CAHME competencies:

- The ability to understand how policy and delivery processes work, and to consider the demographic, cultural, political and regulatory factors involved in and influencing health policy and management decision-making.
[This competency will be assessed through Assignment 3, which focuses on changing industrial structure.]

- The ability to synthesize evidence, and apply statistical financial, economic and cost-effectiveness tools/techniques in organizational analysis.
[This competency will be assessed through Assignments 1, 2, and 3, which require students to apply statistical and economic techniques.]
- The ability to present convincingly to individuals and groups the evidence to support a point of view, position or recommendation.
[This competency will be assessed through Assignments 1, 2, and 3, in which students will be required to support a policy or management position.]
- The ability to communicate and interact productively (via listening, speaking and writing) on matters of healthcare with a diverse and changing industry, work force and citizenry.
[This competency will be assessed through Assignments 1, 2, and 3, in which students will be required to write policy and management memos.]

Assignments, exams, and class participation in the course will assess progress against these competencies, and no student will receive a B or higher without demonstration of satisfactory progress towards mastery of each competency.

Learning Assessment Table

Assignments, exams, and discussion board participation in the course will assess progress against these competencies, and no student will receive a B or higher without demonstration of satisfactory progress towards mastery of each competency. Expected levels of competency are denoted below:

Level of Competency

In addition, the level of competency expected to be achieved should be denoted, according to the following key:

[1] = Basic: Foundational understanding of knowledge/skill/competency

[2] = Intermediate: Student demonstrates greater depth of understanding of this knowledge/skill/competency and can use this ability to analyze a problem

[3] = Advanced: Student demonstrates expertise in this knowledge/skill/competency and can use this ability to evaluate, judge, and synthesize information

Learning Assessment Table

Program Competency	Corresponding Course Learning Objective	Corresponding Assignment Title (Memo, Team Paper, Exam, etc.)	Denote Level of Competency Expected to Achieve via the Assignment (basic = 1, intermediate = 2, advanced = 3)
The ability to understand how policy and delivery processes work, and to consider the demographic, cultural, political and regulatory factors involved in and influencing health policy and management decision-making.	Be able to apply economic theories to understanding the organization of the health care system, health behaviors, and the impact of policy.	Assignment #1, #2, #3	3, 2, 2
The ability to synthesize evidence, and apply statistical financial, economic and cost-effectiveness tools/techniques in organizational analysis	Become familiar with the techniques health economists use to assess policy effects.	Assignment	2
The ability to present convincingly to individuals and groups the evidence to support a point of view, position or recommendation.	Be able to use evidence to make policy recommendations.	Assignment #1,2,3	2, 2, 3

Course Readings

This course uses some textbook chapters (available at the library), and supplemental journal readings.

- Bhattacharya, Jay., Timothy Hyde, & Peter Tu, Health Economics. New York: Palgrave Macmillan, 2014.

Assessment Assignments and Evaluation

Individual Assessment

- Homework Assignments (60% of grade - 20% each):
Three homework assignments will assess your ability to understand course material as well as related research evidence, and to analyze content in order to make evidence-based decisions and recommendations. These homework assignments also ask you to use written communication skills to present your findings and recommendations.
- Four Discussion Boards (16% of grade - 4% each)
- Final Examination (24% of grade)

Assignment Instructions

All papers are to be submitted via the NYU Classes course site as WORD documents at least 1 hour before the start of class on their due date (3:55 pm). Be sure your name is part of the document file name.

Grading

Assignments 1, 2, and 3 will ask you to examine a policy/management issue and to use data to support your answer. Each paper will be graded out of 50. In your response, you should:

- (1) Compose a clear, coherent, concise argument [20 points]
- (2) Apply theories learned in class [10 points]
- (3) Relate your analysis to at least one idea mentioned in the readings [5 points]
- (4) Analyze evidence accurately [5 points]
- (5) Use evidence to support your argument [10 points]

Detailed Course Overview

Lecture 1: Health Care Professionals (March 25)

Learning Objectives

LO1: Describe the economics of firm behavior.

LO2: Analyze workforce policy choices using the theory of human capital investment.

LO3: Analyze the econometrics of professional earnings to set appropriate payment rates.

LO4: Calculate economic profit.

Resources

- Read Flipped Lecture 1.
- **Watch:** Human Capital Investment (5:57) | Transcript
Citation: Glied, Sherry. "Human Capital Investment." Lecture, NYU Wagner, 2023.
- **Watch:** The Tradeoff Between Fun and Wages: No Such Thing as a Free Lunch (2:56) | Video is Closed Captioned
Citation: Marginal Revolution University. "[The Tradeoff Between Fun and Wages: No Such Thing As a Free Lunch](#)." YouTube, April 7, 2015. Video, 2:56.
- Bhattacharya, Jay, Timothy Hyde, & Peter Tu, Health Economics. New York: Palgrave Macmillan, 2014. Chapter 5, pages 83-88 only
- Ketel, Nadine, Edwin Leuven, Hessel Oosterbeek, and Bas van der Klaauw. "The Returns to Medical School: Evidence from Admission Lotteries." American Economic Journal: Applied Economics, 8, no. 2 (2016): 225-232, conclusion, and figures only.
- Goldin, Claudia, and Lawrence F. Katz. "[The Cost of Workplace Flexibility for High-Powered Professionals](#)." The ANNALS of the American Academy of Political and Social Science, 638 (2011), 45-67.
- [Vickrey auction](#)
- [Residency Match Program](#)

In preparation for class, read Chan & Chen (Even-numbered groups) or Doyle, Ewer, & Wagner (Odd-numbered groups).

1. What is the main finding of the article?
 2. Is it consistent with human capital theory?
 3. Given the evidence before you, do you find it convincing?
- Chan Jr, D. C., & Chen, Y. (2022). The Productivity of Professions: Evidence from the Emergency Department (No. w30608). National Bureau of Economic Research. Selected pages: 1-9 and figure 3
 - Doyle Jr, Joseph J., Steven M. Ewer, and Todd H. Wagner. "Returns to physician human capital: Evidence from patients randomized to physician teams." *Journal of health economics* 29, no. 6 (2010): 866-882. Selected sections 1 -3.5, 5-5.2, Table 3, Table 5.

Discussion Board #1: Due before lecture 2.

Are US doctors overpaid?

Post for or against relying on class discussion and material in Kravitz and Gross and Laugesen. First in your group to go picks pro or con. Respond by making the opposite argument of the person who posted before you.

Kravitz, Richard L.. "[Physician Incomes in the Twenty-First Century: Time for a New Social Contract.](#)" *Journal of General Internal Medicine*, 29, (2014): 1425-1426.

Gross, Tal, & Miriam J. Laugesen. "The Price of Health Care: Why is the United States an Outlier?" *Journal of Health Politics, Policy, and Law*, 43, no. 5 (2018): 775-778 only.

Lecture 2: Hospitals and Vertical Integration (April 1)

Learning Objectives

LO1: Analyze the economics of the boundaries of the firm and vertical integration.

LO2: Distinguish between non-profit and for-profit hospitals from both financial and economic perspectives.

Resources

- **Watch:** Theory of the Firm (6:25) | Transcript
Citation: Glied, Sherry. "Theory of the Firm." Lecture, NYU Wagner, 2023.
- **Watch:** Asset Specificity (3:45) | Transcript
Citation: Glied, Sherry. "Asset Specificity." Lecture, NYU Wagner, 2023.

- **Read:** Everything You Need to Know about Renting a Chair in a Barbershop **Citation:** Barber License. "[Everything You Need to Know about Renting a Chair in a Barbershop](#)." 2023,
- **Read:** The Medical Civil Rights Movement and Access to Health Care **Citation:** Hoffman, Beatrix. "[The Medical Civil Rights Movement and Access to Healthcare](#)." National Library of Medicine Blog. January 14, 2016.
- **Watch:** Non-Profit Form (7:21) | Transcript **Citation:** Glied, Sherry. "Non-Profit Form." Lecture, NYU Wagner, 2023.
- Bhattacharya, Jay, Timothy Hyde, & Peter Tu, Health Economics. New York: Palgrave Macmillan, 2014. Chapter 6 – Skip Section 6.3 for now.
- Baker, George P. and Thomas N. Hubbard. "Contractibility and Asset Ownership: On-Board Computers and Governance in U.S. Trucking." The Quarterly Journal of Economics, 11, no. 4 (2004): 1443-1479. Read only the introduction.
- "Coase call: The theory of the firm." The Economist, 29 July 2017: 59.
- [Accountable Care Organizations May Have Difficulty Avoiding The Failures Of Integrated Delivery Networks Of The 1990s](#). Lawton R. Burns and Mark V. Pauly. Health Affairs 2012 31:11, 2407-2416-- focus on abstract, intro, conclusion
- McWilliams, J. Michael, Laura A. Hatfield, Bruce E. Landon, Pasha Hamed, and Michael E. Chernew. "Medicare spending after 3 years of the Medicare Shared Savings Program." New England Journal of Medicine 379, no. 12 (2018): 1139-1149. -- focus on abstract, intro, conclusion

Assignment 1: Write a 2-3-page (max 600 words) memorandum analysing how electronic health records will affect the industrial organization of the health care system. Are electronic health records the GPS of medicine? Be sure to consider Coase's theories about the organization of firms in your analysis. Provide evidence in support of your hypothesis from this week's readings. Due before Lecture 3.

Lecture 3: Quality (April 8)

Learning Objectives

LO1: Explain variations in quality in the U.S. health care system.

LO2: Compare alternative strategies for improving quality, including the advantages and disadvantages of various competitive and regulatory strategies.

Resources

- Bhattacharya, Jay, Timothy Hyde, & Peter Tu, Health Economics. New York: Palgrave Macmillan, 2014. Chapter 5, pages 92-93 only
- Christianson, Jon B., and Douglas Conrad. "Provider payment and incentives." In Oxford Handbook of Health Economics, edited by Sherry Glied and Peter C. Smith. Oxford, UK: Oxford University Press, 2011. (SKIM)
- Mukamel, Dana B., Simon F. Haeder, and David. L. Weimer. "Top-down and bottom-up approaches to health care quality: The impacts of regulation and report cards." Annual Review of Public Health 35 (2014): 477-497.
- Klein, Benjamin. [Brand Names](#).

Discussion Board #2: Due before lecture 4.

See the attached article from the NYTimes – Callimachi, Rukmini. "In New York, the Trump Brand is Costing some Condo Owners." Feb. 18, 2024

Can you think of a similar situation occurring in the health care context? Describe one you've seen or make one up. How does it relate to the issue of quality? What problems does it suggest in using brand names as a signal of quality? Discuss.

Lecture 4: Prescription Drugs (April 15)

Learning Objectives:

LO1: Understand the economics of innovation.

LO2: Be familiar with the pros and cons of alternative policy strategies for addressing pharmaceutical prices.

Resources

- Text Chapter 12
- Lakdawalla, DN, DP Goldman, PC Michaud, N Sood, R Lempert, Z Cong, H de Vries, I Gutierrez. (2009) [US Pharmaceutical Policy in a Global Marketplace](#). Health Affairs 28: 1, w138-w150.

- Sertkaya et al. (2014) [executive summary](#)
- Grabowski, Henry G., Joseph A. DiMasi, and Genia Long. "The roles of patents and research and development incentives in biopharmaceutical innovation." Health Affairs 34, no. 2 (2015): 302-310.
- Dubois, Pierre, Olivier De Mouzon, Fiona Scott-Morton, and Paul Seabright. "[Market size and pharmaceutical innovation.](#)" The RAND Journal of Economics 46, no. 4 (2015): 844-848.
- [How Drug Prices Work](#)
- [Price Controls in the Pharmaceutical Industry](#) -- international reference pricing

Prepare for lecture 4 in-class discussion:

In preparation for our in-class discussion, please watch the [video](#) (you can watch it at double speed if you'd like).

Next, please pull the two or three articles listed under your name. Read them ahead of class and be prepared for a discussion.

Debate 1:

Group 1

Abe Sinay-Smith
Charlotte Borgers

[Hatch Amendment Would Delay Generic Competition And Increase Drug Costs](#)

[Hatch Amendment Would Preserve Balanced Incentives For Pharmaceutical Innovation And Drug Affordability](#)

Debate 2:

Group 2

Afreen Khimani
Wawa Kulatnam

[On Drug Prices, Pharmacy Benefit Managers Are Not The Problem: A Response To Michael Carrier](#)
[A Six-Step Solution To The PBM Problem](#)

Debate Group 3:

Patty Paguia
Ryan Carney

[A Shortfall In Innovation Is The Cause Of High Drug Prices](#)
[International Pricing Index: Outsourcing Negotiations Will Continue The US Drug Cost Crisis](#)

Debate Group 4:

Kevin Wright
Yonathan Debessai

[Assessing The Effects of A Rebate Rollback On Drug Prices And Spending](#)
[Safe Harbor Sunshine And Flat Fees: Vital Steps Towards Smarter Drug Spending](#)

Assignment 2: Joseph Stiglitz recommends that, at least in some cases, we should move from patents to prizes. Using the theories and evidence from class, the information in the Bain and Co. study, and the article by Sampat and Shadlen to discuss whether you might (or might not) want to use a prize, advance purchase agreement, or patent for a Covid-19 therapeutic treatment. (maximum 600 words). Due before Lecture 5.

- FDA – Joseph E. Stiglitz, “[Prizes, Not Patents](#)”, PAECON. net, issue no. 42, 18 May 2007, pp. 48-49.
- [Bain and Co.](#)
- Sampat, Bhaven and Kenneth Shandlen, “[The Covid-19 Innovation System](#)”

Lecture 5: Smoking (April 22)

Learning Objectives:

LO1: Be able to apply behavioral economics concepts to the study of health issues.

LO2: Know how to use a social welfare framework to assess health behaviors.

- Text Chapter 24
- Manning, W. & Keeler, E. (1989). The Taxes of Sin: Do Smokers and Drinkers Pay their Way. *Journal of the American Medical Association*, 261(11), 1604-1609.
- Kenkel, D. & Sindelar, J. (2011). Economics of Health Behaviors and Addictions: Contemporary Issues and Policy Implications in S.Glied & P.C. Smith, Oxford Handbook of Health Economics (206-231). USA: Oxford University Press.
- Cutler, David M., Amber I. Jessup, Donald S. Kenkel, and Martha A. Starr. "Economic approaches to estimating benefits of regulations affecting addictive goods." *American journal of preventive medicine* 50, no. 5 (2016): S20-S26.
- Saffer, Henry, D. Dench, D Dave, &M. Grossman. E-cigarettes and Adult Smoking. NBER Working Paper No. 24212. January 2018.
- [WHO technical manual on tobacco tax policy and administration](#). Geneva: World Health Organization; 2021, Chapter 2, sections 2.1 to 2.2.1, Pages 11-29 only
- [WHO report on the global tobacco epidemic](#); 2023: Executive Summary
- Watch the [video](#)

Guest lecturer: Rajeev Cherukapalli

Optional readings:

- U.S. National Cancer Institute and World Health Organization. [The Economics of Tobacco and Tobacco Control](#). National Cancer Institute Tobacco Control Monograph 21. NIH Publication No. 16-CA-8029A. Bethesda, MD: U.S. Department of Health and Human Services, National Institutes of Health, National Cancer Institute; and Geneva, CH: World Health Organization; 2016.
- DeCicca, P., Kenkel, D., & Lovenheim, M. F. (2022). [The Economics of Tobacco Regulation: A Comprehensive Review](#). *Journal of economic literature*, 60(3), 883–970.

Discussion Board # 3 – Due before lecture 6

Your group has been asked to prepare a regulatory impact assessment of regulations to prohibit the sale of flavored e-cigarettes.

What information would you want to collect?

- a) What are the topics you'd want to list under benefits and costs? (First response adds one benefit and one cost; each further response adds another benefit or cost)
- b) For each topic you add, what information would you need to estimate the costs/benefits?
- c) Suggest an additional source for a cost or benefit added by a classmate.

Lecture 6: Costs (April 29)

Learning Objectives

LO1: Evaluate theories of rising health care costs to determine cost reduction methods.

LO2: Analyze alternative policy instruments in order to choose the best one(s) for reducing costs.

LO3: Describe cost-shift arguments.

Resources

- Text Chapter 6.3
- Chandra, A., & Skinner, J. (2012). Technology growth and expenditure growth in health care. *Journal of Economic Literature*, 50(3), 645–680. Read only p.645-650, bottom of 661-675.
- White, C. (2013). Contrary to cost-shift theory, lower Medicare hospital payment rates for inpatient care lead to lower private payment rates. *Health Affairs*, 32(5), 935-943.
- Glied, Sherry. "Waste and Inefficiency: Management and Policy." *The Journal of Health Administration Education* 38, no. 3 (2021): 655.
- Cutler, David M., and Mark McClellan. "Is technological change in medicine worth it?." *Health affairs* 20, no. 5 (2001): 11-29.
- Gaynor, Martin. *Antitrust Applied: Hospital Consolidation Concerns and Solutions*. Testimony to the Committee on the Judiciary; Subcommittee on Competition Policy, Antitrust, and Consumer Rights; U.S. Senate, May 19, 2021.

Assignment 3: Due before lecture 7.

- Kanter, Rosabeth Moss, and Tuna Cem Hayirli. CVS Health: Prescription for Transformation. Harvard Business School. (April 2022)
- American Antitrust Institute. Competitive and Consumer Concerns Raised by the CVS- Aetna Merger. March 26, 2018
- Orszag, Peter, and Rahul Rekhi. "The economic case for vertical integration in health care." NEJM Catalyst Innovations in Care Delivery 1, no. 3 (2020).

You have been asked to provide an economic argument for (Group 1) or against (Group 2) the CVS/Aetna merger. Drawing on the case study, the readings from this week and from earlier this term, and your own insights, prepare:

1. A memo of 250-500 words (a) arguing succinctly in favor of your position and (b) critiquing at least one of the potential arguments against it.
2. Two well-designed powerpoint slides summarizing your argument and your critique. Email these to me by noon on Monday so they can be presented in the next class.

Lecture 7: Equity (May 6)

Learning Objectives

LO1: Recognize the challenges of defining equity in the health care context

LO2: Analyze studies on the effects of insurance expansion

LO3: Assess the performance of diverse health care systems

Resources

- Schelling, T. (1981). [Economic Reasoning and the Ethics of Policy](#).
- Zewde, Naomi, and Christopher Wimer. "[Antipoverty impact of Medicaid growing with state expansions over time](#)." Health Affairs 38, no. 1 (2019): 132-138.
- Garber and Skinner (2008) "Is American Health Care Uniquely Inefficient?" Journal of Economic Perspectives 22(4): 27-50.
- Levy, Helen, and David Meltzer. "The impact of health insurance on health." Annu. Rev. Public Health 29 (2008): 399-409.
- Miller, Sarah, Norman Johnson, and Laura R. Wherry. "Medicaid and mortality: new evidence from linked survey and administrative data." The Quarterly Journal of Economics 136, no. 3 (2021): 1783-1829. Selected pages 1783-1787, 1797-1807, 1817-1824.

- Glied, Sherry. "Reinhardt lecture 2021: Health care prices as signals." *Health Services Research* 56, no. 6 (2021): 1087.
- Mccubbin, Janet. "Health Insurance And Mortality: Experimental Evidence From Taxpayer Outreach Jacob Goldin Ithai Z. Lurie." *The Quarterly Journal of Economics* 1 (2021): 49. Selected pages: 1-5, 11-12, 24-27 (and all figures)

Discussion Board #4: Due May 11

- Watch the [video](#)
- Write a 2-paragraph post explaining how you would rate the US health care system on efficiency and equity grounds? Reference at least two speakers in the video. Debate your findings with those of another group member.

Course Site

All announcements, resources, and assignments will be delivered through the Brightspace Course site. The instructor may modify assignments, due dates, and other aspects of the course as we go through the term with advance notice provided as soon as possible through the course website.

FINAL EXAM posted online by 12:00pm on May 9 (THURSDAY)
FINAL EXAM due back by 11:00pm on May 12 (SUNDAY)

Academic Integrity

Academic integrity is a vital component of Wagner and NYU. All students enrolled in this class are required to read and abide by [Wagner's Academic Code](#). All Wagner students have already read and signed the [Wagner Academic Oath](#). Plagiarism of any form will not be tolerated and students in this class are expected to report violations to me. If any student in this class is unsure about what is expected of you and how to abide by the academic code, you should consult with me.

Henry and Lucy Moses Center for Students with Disabilities at NYU

Academic accommodations are available for students with disabilities. Please visit the [Moses Center for Students with Disabilities \(CSD\) website](#) and click on the Reasonable Accommodations and How to Register tab or call or email CSD at (212-998-4980 or mosecsd@nyu.edu) for information. Students who are requesting academic accommodations are strongly advised to reach out to the Moses Center as early as possible in the semester for assistance.

NYU's Calendar Policy on Religious Holidays

[NYU's Calendar Policy on Religious Holidays](#) states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations.

Please notify me in advance of religious holidays coinciding with assignment due dates and exams to schedule mutually acceptable alternatives.

Class Policies

Attendance

You should attend all live sessions. Any absence must be explained and justified beforehand; your grade will be lowered if you do not do so.

Late assignments

Extensions will be granted only in case of an emergency, out of respect for those who abide by deadlines despite hectic schedules. Late submissions without prior permission will be penalized by $\frac{1}{2}$ a letter grade per day (e.g., B+ to B).