COURSE OBJECTIVES

This course provides an overview of the core microeconomic theories and concepts needed to understand health and health care issues in both the developed and developing world. It describes how the markets for health and health services are different from other goods, with a particular emphasis on the role of government and market failure. In addition it discusses the theoretical and empirical aspects of key health economics issues, including the demand for health and health services, supply side concerns, health insurance, the provision of public goods, and related topics. The course encourages students to fundamentally and rigorously examine the role of the market for the provision of health and health services and how public policy can influence these markets.

PREREQUISITES

P11.1018 Microeconomics for Public Management, Planning and Policy Analysis
P11.1011 Statistical Methods for Public, Nonprofit and Health Management

Students must have a working knowledge of basic economic and statistical concepts such as supply-demand analysis, elasticity, economic surplus analysis, decision-making by firms under perfect and imperfect competition, hypothesis testing and multivariable regression. Students are also expected to have a basic understanding of the U.S. health care delivery system.

BLACKBOARD AND EMAIL

All course materials will be posted on the Blackboard site for this class. Students can login to Blackboard at http://classes.nyu.edu/ using your NYU net ID and password. Some class announcements will be distributed via e-mail (as well as posted on Blackboard), thus, it is important to actively use your NYU e-mail account, or have appropriate forwarding set up on NYUHome (https://home.nyu.edu/).

READINGS


**Health Care Economics References**


**Other Required Readings**

All other readings are posted on Blackboard.

**COURSE REQUIREMENTS**

**Readings**

Before each class, students should complete the readings for that week and be prepared to summarize and discuss them in class.

**Assignments/Exams**

Two take home assignments and a final take-home will focus on problem solving with questions that involve quantitative and graphical analysis, interpretation, and writing (essay questions). Exam questions could anything from multiple choice responses to open-ended, essay questions. Both exams will be closed note and closed book. Both topics in lectures covered in lecture and/or readings are “fair game” for the tests. We won’t have an extensive review, but will talk about the exams in class before each one.

**Class Participation**

Participation and discussion are expected. Throughout the semester, discussion questions and newspaper articles may be distributed in class or posted on Blackboard, and students will be encouraged to comment on them in class or in discussion forums on Blackboard.

**Grading**

Overall course grades will be based on the following weights:

- 25% take-home assignment 1
- 25% take-home assignment 2
- 40% take-home final exam
- 10% class participation

**ACADEMIC INTEGRITY**

As members of the NYU Wagner community, we are all expected to adhere to the highest standards of intellectual and academic integrity. Wagner, as a community, has adopted a disciplinary process, which is available at [http://www.nyu.edu/wagner/current/policies/](http://www.nyu.edu/wagner/current/policies/). It is important that all Wagner students are aware of both the type of activities that qualify as infractions and the consequences of
You are encouraged to review the academic code as soon as possible and to use it as a resource to guide you academically and professionally.

### COURSE SCHEDULE

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<tr>
<th>Date</th>
<th>Topic</th>
<th>Readings (Assignments)</th>
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| September 6| **Introduction to Health Economics, Principles, and Overview of the Course**; What does it take for a market to function; special characteristics of health care; Tools of economic analysis What the course builds on; How the Material is Presented; What the course is NOT Economic Evaluation and Methods of Health Economics | Required:  
- Folland, chapter 1.  
Read for big picture:  
Review:  
- Folland, chapters 2 and 3.  
| September 13| **The Production of Health**  
The health production function; An overview of historical declines in mortality; The contributions of income, health services, education, and other factors to health; Long-run effects of health; The social determinants of health | Required:  
- Folland, chapter 5.  
Assignment 1 posted |
| September 20| **Why does the government become involved in health?**  
Review of perfect competition; Current condition of health care market(s); What does this mean?; Imperfect Competition; Government involvement; public goods, externalities | Required:  
- Folland, Chapter 19.  
- Cutler, Healthcare and the Public Sector pages: 1-10; 25-33; 72-78; 82-88 (http://www.nber.org/papers/w8802.pdf?new_window=1)  
Assignment 1 due at beginning of class |
| September 27| **Demand for Health Care**  
Demand for health care; elasticities of demand, price and income; Grossman model of demand for health and health insurance; addiction. | Required:  
- Folland, Chapters 7 and 9.  
| October 4  | **The Demand for Health Insurance (and Supply too)**  
Uncertainty and risk, choice under | Required:  
- Folland, Chapters 8 and 11.  
- Manning W et al., “Health Insurance and
uncertainty, adverse selection, moral hazard, demand for insurance; Risk adjustment; Death Spiral;


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<tr>
<th>Date</th>
<th>Assignment/Reading</th>
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<tr>
<td>October 11</td>
<td><strong>NO CLASS (Columbus Day)</strong></td>
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<td>October 18</td>
<td><strong>Provider-side Issues and Incentives</strong></td>
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<td>Principal-agent relationship; supplier-induced demand; pay for performance</td>
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<td>Folland ch. 10</td>
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<td>Felt-Lisk et al. “Making Pay-for-Performance Work in Medicaid.” Health Affairs June 2007</td>
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<td>Rosenthal MB et al., “Paying for Quality: Providers’ Incentives For Quality Improvement” Health Affairs, 2004</td>
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<td>October 25</td>
<td><strong>Comparing Other Health Care Delivery Systems to the U.S.</strong></td>
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<td>Lessons for ongoing health care reform, comparative effectiveness, rationing</td>
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<td>Folland Ch. 22</td>
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<td><a href="http://www.newyorker.com/reporting/2009/06/01/090601fa_fact_gawande?currentPage=all">Final Exam posted (due 5pm November 1)</a></td>
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