

Health Economics
HPAM-GP 4831-001
Professor Sherry Glied
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Office Hours: As posted on Wagner Website ♦ Office Location: Puck, Room 2100

Class will meet 4:55PM - 6:35PM on the following days:
March 24, March 31, **April 6**, April 14, April 21, April 28, May 5
Bldg: 25 West 4th Room:C-20

Syllabus

The purpose of this course is to further extend students' understanding of health economics and its application to US health policy and management issues.

Academic Integrity: Students are reminded that they have signed an Academic Oath at NYU Wagner and they are bound by this oath and the principles of the academic code of the school. More details can be found here: <http://wagner.nyu.edu/current/policies/>

Late Assignment Policy: Extensions will be granted *only in case of emergency*, out of respect to those who abide by deadlines despite equally hectic schedules. Late submissions without extensions will be penalized 10% per 24-hour period.

Students with disabilities: Any students requiring accommodations should contact me to make proper arrangements. Please be prepared to share your documentation from the NYU disabilities office regarding appropriate accommodations.

Prerequisites: Microeconomics, Statistics I, Health Econ I; Proficiency in Excel expected.

Required Text:

Title Health Economics
Authors [Jay Bhattacharya](#), [Peter Tu](#), [Timothy Hyde](#)
Publisher Palgrave Macmillan, 2013
ISBN 113702996X, 9781137029966

Requirements:

- Please do all required readings before class and be prepared to discuss the policy reading assigned each week.
- Three 2-3 page papers (25% of grade each)
- Final exam – (25% of grade) – online – week of May 5

Assignments: All papers are to be submitted as an MSWord document attachment to iveliz.vazquez@nyu.edu with **subject: HPAM-GP 4831**. (Be sure your name is on the document file name.)

Competencies and Grades:

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 demographics and their impact on decisions.]

- 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.

Grading:

Assignments 1 and 2 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]

Session 1 (March 24): Health care supply

Readings:

Text Chapter 5

Glied, Sherry, Ashwin Prabhu, and Norman Edelman. "The Cost of Primary Care Doctors." *Frontiers in Health Policy Research*, -
<http://www.degruyter.com/view/j/fhep.2009.12.1/fhep.2009.12.1.1140/fhep.2009.12.1.1140.xml>

McClellan, M. (2011). Reforming Payments to Healthcare Providers: The Key to Slowing Healthcare Cost Growth While Improving Quality? *The Journal of Economic Perspectives*, 25(2), 69-92.

Clemens, Jeffrey, and Joshua D. Gottlieb. 2014. "Do Physicians' Financial Incentives Affect Medical Treatment and Patient Health?" *American Economic Review*, 104(4): 1320-49.
<http://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.104.4.1320>

Policy/management issue: Primary care shortage

<http://www.usatoday.com/story/news/politics/2014/06/29/primary-care-shortage-health/11101265/>



Session 2 (March 31): Industrial organization/non-profits/competition

Readings:

Text Chapter 6

Stiglitz, Economics. Norton: 1993- CH.22 "The Role of Uncertainty." 576-584

Solberg, EJ. Microeconomics for Business Decisions. Heath: 1992- CH.14 "Game Theory and Strategic Decisions."; 624-635

Propper, C.& Leckie, G. (2011). Increasing Competition between Providers in Health Care Markets: The Economic Evidence. in S.Glied & P.C. Smith, *Oxford Handbook of Health Economics* (671-687). USA: Oxford University Press.

White, C. (2013) Contrary to Cost-Shift Theory, Lower Medicare Hospital Payment Rates for Inpatient Care Lead to Lower Private Payment Rates. *Health Affairs* May, 5935-943.
<http://content.healthaffairs.org/citmgr?gca=healthaff%3B32%2F5%2F935>

Policy/Management issue: Vertical Integration

Assignment 1: Electronic Health Records – **due April 6, 2015 before class starts***

Write a 2-3 page memorandum analysing how electronic health records will affect the industrial organization of the health care system. Are electronic health records the GPS of medicine? Do patterns of participation in EHRs support your hypothesis? See <http://www.cdc.gov/nchs/data/databriefs/db129.pdf> and related briefs for data.

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Session 3: REMINDER: This session is taking place on **Monday, April 6th** in Silver, Room 403—
not Tuesday, April 7th

Behavioral economics/addiction – **Assignment 1 due**

Readings:

Text Chapter 4, 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.

Policy issue: Graphic warning labels RIA [to be updated]



Session 4 (April 14): Rx/Regulation

Readings:

Text Chapter 12

Lakdawalla, DN, DP Goldman, PC Michaud, N Sood, R Lempert, Z Cong, H de Vries, I Guttierrez. (2009) US Pharmaceutical Policy in a Global Marketplace. *Health Affairs* 28: 1, w138-w150. <http://content.healthaffairs.org/content/28/1/w138.full.pdf+html>

Sertkaya et al. (2014) http://aspe.hhs.gov/sp/reports/2014/ClinicalTrials/rpt_erg.pdf
Executive Summary

Policy issue: Sovaldi revisited

<http://www.medicaldaily.com/pricey-sovaldi-ends-being-cost-effective-hep-c-treatment-prisoners-bitter-pill-swallow-307540>

Assignment 2: FDA- **due April 21, 2015 before class starts***

Joseph E. Stiglitz, “Prizes, Not Patents”, PAECON. net, issue no. 42, 18 May 2007, pp. 48-49, <http://www.paecon.net/PAEReview/issue42/Stiglitz42.pdf>

Bain and Co.

http://www.bain.com/Images/BAIN_BRIEF_A_new_pharma_launch_paradigm.pdf

Joseph Stiglitz recommends that, at least in some cases, we should move from patents to prizes. Use the theories and evidence from class and the information in the Bain and Co. study to identify a situation where you might (or might not) want to use a prize instead of a patent.

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Session 5 (April 21): Quality -- **Assignment 2 due**

Fisher, Elliot S., David E. Wennberg, Thérèse A. Stukel, and Daniel J. Gottlieb
Variations In The Longitudinal Efficiency Of Academic Medical Centers *Health Affairs* Web
Exclusive, October 7, 2004

Malpractice

Waxman, D. MD Greenberg, MS Ridgely, AL Kellermann, P Heaton. The Effect of
Malpractice Reform on Emergency Department Care. *N Engl J Med* 2014; 371:1518-1525,
October 16, 2014

Kessler, DP. Evaluating the Medical Malpractice System and Options for Reform. *The
Journal of Economic Perspectives*, Vol. 25, No. 2 (Spring 2011), pp. 93-110

Quality

Pashigian, BP. Price Theory and Applications. McGraw Hill..... 531-547

Christianson, Jon B. and Douglas Conrad: Provider Payment and Incentives in Oxford
Handbook of Health Economics

Ryan, A. M. & Blustein, J. (2011). The Effect of the MassHealth Hospital Pay-for-
Performance Program on Quality. *Health Services Research*, 712–728.



Session 6 (April 28): Equity/taxes/Medicare

Readings:

Text—Chapter 18, 19

Cutler, D., Lleras-Muney A. & Vogl, T (2011). Socioeconomic Status and Health:
Dimensions and Mechanisms in S. Glied & P.C. Smith, *Oxford Handbook of Health
Economics* (124-163). USA: Oxford University Press.

Sheiner, L., (2011) Intergenerational Aspects of Health Care Spending in S.Glied & P.C.
Smith, *Oxford Handbook of Health Economics* (870-889). USA: Oxford University Press.

Deaton, Angus, “Policy Implications of the Gradient of Health and Wealth”, *Health Affairs*.
March/April 2002; 13-30

Reinhardt, U. Does the Aging of the Population Really Drive the Demand for Health Care?
Health Affairs November 2003 22: 627-639
<http://content.healthaffairs.org/content/22/6/27.full.pdf+html>

Policy issue: Medicaid expansion

Finkelstein, A. et al. (2012). The Oregon Health Insurance Experiment: Evidence from the First Year. *The Quarterly Journal of Economics*, 127(3), 1057-1106.

Baicker, K., Taubman, S. L., Allen, H. L., Bernstein, M., Gruber, J. H., Newhouse, J. P., et al. (2013). The Oregon Experiment — Effects Of Medicaid On Clinical Outcomes. *New England Journal of Medicine*, 368(18), 1713-1722.

Assignment 3: Medicare- **due May 5, 2015 before class starts***

One proposal for Medicare reform involves changing Medicare from a defined benefit program (one that promises beneficiaries a certain level of health care) to a defined contribution program (one that promises beneficiaries a fixed amount of money to spend on health insurance premiums). See, for example, <http://www.csmonitor.com/USA/DC-Decoder/2013/0402/Medicare-Could-Rep.-Paul-Ryan-s-reform-plan-work>.

Focusing on one aspect of equity (income/race/intergenerational etc.), argue for or against the defined contribution proposal. Use the data in the Census releases <https://www.census.gov/newsroom/releases/archives/population/cb12-243.html> and <https://www.census.gov/population/projections/data/national/2012.html> to support your argument.

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Session 7 (May 5): Cost growth/technology/ behavioral health -- assignment 3 due

Readings:

Chapter 13

Chandra, A. & Skinner, J. (2012). Technology Growth and Expenditure Growth in Health Care, *Journal of Economic Literature*, 50(3), 645–680.

Chernew, M. & Dustin, M. (2011). Health Care Cost Growth. in S.Glied & P.C. Smith, *Oxford Handbook of Health Economics* (308-328). USA: Oxford University Press.

Policy issue: Technology adoption

Barbash, G.I. , Friedman, B., Glied, S.A., & Steiner C.A. (2014) Factors Associated With Adoption of Robotic Surgical Technology in US Hospitals and Relationship to Radical Prostatectomy Procedure Volume. *Annals of Surgery*, 259 (1). 1–6.