

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 to 6:35pm on seven Mondays:
March 27, April 3, April 10 (online), April 17, April 24, May 1, May 8

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 NYUWagner 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.

Requirements:

- Please do all required readings before class and be prepared to discuss the policy reading assigned each week.
- Three 2-3 page papers (23% of grade each)
- Final exam – (25% of grade) – online – week of May 1
- Weekly preparatory problems – 6% of grade (graded as complete/incomplete)

Required text:

Title	Health Economics
Authors	Jay Bhattacharya , Peter Tu , Timothy Hyde
Publisher	Palgrave Macmillan, 2013
ISBN	113702996X, 9781137029966

Assignments: All papers are to be submitted via the NYU Classes course site *before* the start of class on their due date. *Be sure your name is part of 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 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 27 – Physicians

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>

Ketel, Nadine, Edwin Leuven, Hessel Oosterbeek, and Bas van der Klaauwa. "The Returns to Medical School: Evidence from Admission Lotteries." *American Economic Journal: Applied Economics* 8, no. 2 (2016): 225-254.

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

USA today: Supply won't meet growing demand for primary care
<http://www.usatoday.com/story/news/politics/2014/06/29/primary-care-shortage-health/11101265/>

Gudbranson E, Glickman A, Emanuel EJ. Reassessing the Data on Whether a Physician Shortage Exists. *JAMA*. Published online March 20, 2017. doi:10.1001/jama.2017.2609
http://jamanetwork.com/journals/jama/fullarticle/2613209?utm_medium=alert&utm_source=JAMA_PublishAheadofPrint&utm_campaign=20-03-2017

Session 2 – April 3 -- Hospitals

Text Chapter 6

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

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

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>

Scheffler, Richard M., Daniel R. Arnold, Brent D. Fulton, and Sherry A. Glied. "Differing Impacts Of Market Concentration On Affordable Care Act Marketplace Premiums." *Health Affairs* 35, no. 5 (2016): 880-888.

Assignment 1: Electronic Health Records – due April 10 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.

Session 3 – April 10 – Smoking

****NOTE: SESSION 3 WILL BE ONLINE via NYU Classes SITE****

Assignment 1 due before class begins-must be submitted via NYU Classes site.

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.

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.

Session 4 --April 17 –Hospitals continued and Rx

Assignment 1 returned; Assignment 2 handed out

Text Chapter 6, 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.

<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

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.

Policy issue: Sovaldi revisited

Pricey Sovaldi Ends Up Being Cost-Effective Hep C Treatment For Prisoners: A Bitter Pill To Swallow? <http://www.medicaldaily.com/pricey-sovaldi-ends-being-cost-effective-hep-c-treatment-prisoners-bitter-pill-swallow-307540>

Assignment 2 – due April 24 before class begins

FDA -

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. Using 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.

Session 5 -- April 24 – Quality

Assignment 2 due before class begins-must be submitted via NYU Classes site

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

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

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

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.

Session 6 -- April 28 – Equity/Taxes/Medicare – possible guest speaker

Text—Chapter 18, 19

Fleischacker, S. (2004). A Short History of Distributive Justice. Cambridge, MA: Harvard University Press. Pgs.125-133

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 – due May 8 before beginning of class

Medicare – 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 both cost containment and 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.

Session 7--May 8- Costs – Cost growth/technology

Assignment 3 due before class starts- must be submitted via NYU Classes site.

Chapter 13

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.

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.

Geruso, M. and T. Layton. Upcoding: Evidence from Medicare on Squishy Risk Adjustment. <http://www.nber.org/papers/w21222> Sections 1 and 8 only

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.