

Syllabus

Health Economics
94-705/73-228
Heinz College
Carnegie Mellon University
Fall, 2020
Professor Gaynor

1 Basic Information

Class Meetings	T,Th 1:30-2:50pm via Zoom
TA Sessions	F 8:00-9:20am via Zoom
Instructor	Martin Gaynor (mgaynor@cmu.edu)
Office Hours	W, 10:00-11:00am, or by appointment, via Zoom
TAs	Shruthi Venkatesh (shruthiv@cmu.edu)
Grader	Hui Chen Betty Liu (huichenl@andrew.cmu.edu)
Office Hours	Shruthi: TBA
Textbooks	Health Economics, 2nd Edition by Frank A. Sloan and Chee-Ruey Hsieh (referred to as SH in the course schedule below) You can buy or rent this from the publisher (there are a # of options (https://mitpress.mit.edu/books/health-economics-second-edition)). You can also rent or purchase it via Amazon, or other sellers.
Website	Go to http://andrew.cmu.edu/canvas and navigate to course site from there.

2 Course Description

The purpose of this course is to introduce the student to the methods of health economics and demonstrate how these methods can be applied to analyze issues in health policy and management. This course will teach the student to use economic analysis to understand critical issues in health care and health policy.

We will address issues such as the following:

- What factors best explain the level and rate of growth of U.S. health expenditures?
- Does the historical high rate of growth of U.S. health care expenditures make U.S. firms less competitive in international markets?
- What are patterns of health, and disparities of health, in the US?
- What are likely causes of health disparities, and how might they be addressed?
- What are some of the likely consequences (intended and unintended) of Federal health care reform?
- What are the impacts of health care consolidation?
- What are the impacts of the Covid-19 pandemic? What are policies to deal with various aspects of epidemics/pandemics?
- What is required for the ACA's health insurance exchanges to work well?

Upon successful completion of this course a student will be able to:

- Identify the flow of resources in the U.S. health care system, how purchasers pay for their services, and how providers obtain their revenues.
- Understand the value of health and health care.
- Evaluate how health care resources should be allocated.
- Describe the structure of the health insurance industry, explain the incentives facing insurers, understand the strategies they use to compete and their impacts on social welfare.
- Understand the demand for medical care, and what role providers play in shaping this demand.
- Explain how competition works in health care.

3 Prerequisites

Reasonable proficiency with basic economics, statistics, graphs, and basic algebra. For example, in economics, you should be comfortable with demand and supply, elasticity, and imperfect competition. In statistics you should know probability, hypothesis testing, and regression. Successful completion of courses in microeconomics and statistics will usually suffice. See me if you are unsure if you have adequate preparation.

4 Evaluation

The course grade will be based on the following: three equally weighted take-home examinations (25% each), and homework (25%).

Homework assignments are due at the beginning of class on the day specified. The assignments will be posted on the course website 1 week before the due date. Late assignments will receive no credit. They may be corrected at the discretion of the TA. The lowest homework score will not count towards the course grade (including late or missed assignments).

The exams will be posted by 12:00am (midnight) on the day indicated and will be due by 11:59pm on the day indicated.

All homeworks and exams will be posted on Canvas and will be turned in via Gradescope. The Dean's guideline for grades in this class is a class average of 3.33–3.42 (B++).

5 Technology Requirements

This is a remote class, therefore all students will need a device that connects to the internet, and a good internet connection. Please let me know if you have any issues with either a device or connectivity.

6 The Use of Technology During Class

As stated above, this course requires the use of technology to attend class. Research has shown that divided attention is detrimental to learning, so I encourage you to close any windows not directly related to what we are doing while you are in class. Please turn off your phone notifications and limit other likely sources of technology disruption, so you can fully engage with the material, each other, and me. This will create a better and more productive learning environment for you.

7 Lectures and TA Sessions

All class lectures and TA sessions will be on Zoom, and will be recorded.

- The Zoom links for lectures and TA sessions will be posted on Canvas. I suggest you copy and paste these into a calendar on whichever device you'll be using to participate in lectures and TA sessions.

- Make sure to join the Zoom sessions a few minutes before they're due to begin. This gives you time in case you have any issues connecting.
- All lectures and TA sessions will be recorded. Links to the recordings will be posted on Canvas.
- It is nearly inevitable that there will be connection problems at some point during the semester.
 - If the connection is poor (slow or frozen) try turning off the video. That may help.
 - If everything is frozen:
 - * Wait a couple of minutes - sometimes the connection comes back.
 - * If that doesn't happen, leave the Zoom meeting and then try to rejoin.
 - If you leave a meeting or lose the connection and you are not able to rejoin, try turning off your wireless connection, then turning it back on, and then trying to rejoin.
 - Don't worry if you can't connect or rejoin - the session is being recorded. You will be able to view it later.
 - If I have a connection problem I will do my best to reconnect and continue with the lecture. Please be patient - this may take a few minutes.
 - If I am unable to reconnect (or connect in the first place) I will record the lecture on my own and post the recording to Canvas.
- In our class, we will be using Zoom for synchronous (same time) sessions. The link is available on Canvas.

Please make sure that your Internet connection and equipment are set up to use Zoom and able to share audio and video during class meetings. Let me know if there is a gap in your technology set-up as soon as possible, and we can see about finding solutions.

Sharing video: In this course, being able to see one another helps to facilitate a better learning environment and promote more engaging discussions. Therefore, our default will be to expect students to have their cameras on during lectures and discussions. However, I also completely understand there may be reasons students would not want to have their cameras on. If you have any concerns about sharing your video, please email me as soon as possible [insert email] and we can discuss possible adjustments. Note: You may use a background image in your video if you wish; just check in advance that this works with your device(s) and internet bandwidth.

During our class meetings, please keep your mic muted unless you are sharing with the class or your breakout group.

If you have a question or want to answer a question, please use the chat or the "raise hand" feature (available when the participant list is pulled up). I will be monitoring these channels in order to call on students to contribute.

Our synchronous meetings will sometimes involve breakout room discussions, and those will work better if everyone in your small group has their camera turned on. During large group debriefs, you may keep your video off.

8 Missing Class

Attendance in class is expected. Students sometime miss class during the semester due to illness, religious holidays, family events, or other reasons. I am not concerned if you miss one or two classes during the course of the semester. If you miss more than one or two classes, please let me know. I suggest you arrange with a fellow student to obtain notes for any lectures you miss. Feel free to contact me or the TAs if you'd like help catching up.

9 Academic Honesty

Academic honesty will be defined and dealt with according to Heinz and CMU protocol. The homework assignments are to be done individually, without consulting or working with anyone else. The debate assignments are group projects. Students will work with others in their assigned teams.

10 Accommodations for Students with Disabilities

If you have a disability and are registered with the Office of Disability Resources, I encourage you to use their online system to notify me of your accommodations and discuss your needs with me as early in the semester as possible. I will work with you to ensure that accommodations are provided as appropriate. If you suspect that you may have a disability and would benefit from accommodations but are not yet registered with the Office of Disability Resources, I encourage you to contact them at access@andrew.cmu.edu.

11 Statement of Support for Students' Health & Wellbeing

This semester is unlike any other. We are all under a lot of stress and uncertainty at this time. Attending Zoom classes all day can take its toll on our mental health. Make sure to move regularly, eat well, and reach out to your support system or me mgaynor@cmu.edu if you need to. We can all benefit from support in times of stress, and this semester is no exception. Take care of yourself. Do your best to maintain a healthy lifestyle this semester by eating well, exercising, avoiding drugs and alcohol, getting enough sleep and taking some time to relax. This will help you achieve your goals and cope with stress. If you or anyone you know experiences any academic stress, difficult life events, or feelings like anxiety or depression, we strongly encourage you to seek support. Counseling and Psychological Services (CaPS) is here to help: call 412-268-2922 and visit

<http://www.cmu.edu/counseling/>. Consider reaching out to a friend, faculty or family member you trust for help getting connected to the support that can help.

If you or someone you know is feeling suicidal or in danger of self-harm, call someone immediately, day or night:

CaPS: 412-268-2922 Re:solve Crisis Network: 888-796-8226 If the situation is life threatening, call the police On campus: CMU Police: 412-268-2323 Off campus: 911

12 Statement on Diversity and Inclusivity

My goal is that this class be a productive and positive learning experience for all students, that students' learning needs be addressed both in and out of class, and that the diversity that students bring to this class be viewed as a resource, strength and benefit. It is my intent to present materials and activities that are respectful of diversity: gender, sexuality, disability, age, socioeconomic status, ethnicity, race, and culture. Your suggestions are encouraged and appreciated. Please let me know ways to improve the effectiveness of the course for you personally or for other students or student groups. In addition, if any of our class meetings conflict with your religious events, please let me know so that we can make arrangements for you.

13 How to Succeed in this Class

There are a number of things that you can do that will help you succeed in this class.

- Attend the lectures at the assigned class time.
- Review the lecture slides and your notes within 24 hours of a lecture.
- Attend the TA sessions.
- Review the week's material from lecture before the TA session, and identify questions you have, so you can ask them during the TA session.
- Work problems. Economics is best learned by working problems. The homework is designed to help you learn the material. In addition, it gives you practice with the kind of problems that will appear on the exams.
- Do not limit yourself to the homework problems. The textbook has questions at the back of every chapter. Feel free to ask me or the TA for suggestions of problems to work. In addition, the text has worked problems in each chapter, and many examples throughout.
- Rather than simply reading the textbook, sit down with a pad of paper and a pen or pencil and write things out as you read/review them in the textbook. You will learn things better and more effectively than if you simply read the material.
- Write down things you don't understand and questions that you have. This will help you focus and make the best use of the TA sessions and office hours.

- Review the answers to homeworks and exams, even if you received a high score. Sit down with paper and pencil and work through them.
- Don't hesitate to ask for help. Go to the TA sessions with questions or things you can't figure out. Come to my office hours or the TA's office hours. Make an appointment to see me or the TA if you need more time or if the office hours don't work for you.

14 Draft Schedule

The class schedule below is tentative and will not be followed exactly.

Date	Topic	Reading	Assignment
Week 1			
9/1, 3	Introduction	SH, Ch.1	
	Health Care Costs: U.S., International	Hartman et al. <i>Health Affairs</i> , v.39, no. 1, 2020 (On Canvas)	
		Kronick, Covid and Health Spending, <i>Health Affairs</i> (On Canvas)	
		Organization for Economic Cooperation and Development, Health Statistics, http://www.oecd.org/els/health-systems/health-data.htm	
		Newhouse <i>Journal of Economic Perspectives</i> , v.6, no. 3, 1992 (On Canvas)	
9/4	TA Session		
Week 2			
9/8, 10 9/11	Costs, cont'd. TA Session		

Date	Topic	Reading	Assignment
Week 3			
9/15, 17	Health	<p>“Health, United States” (National Center for Health Statistics, https://www.cdc.gov/nchs/has/index.htm)</p> <p>Organization for Economic Cooperation and Development, Health Statistics, http://www.oecd.org/els/health-systems/health-data.htm</p> <p>Gapminder World, http://bit.ly/2L4s1S0</p>	
9/18	TA Session		HW1 due
Week 4			
9/22, 24	Cost-Benefit/Cost-Effectiveness Analysis	<p>SH, Chs. 14,15</p> <p>Cutler and McClellan, “Is Technological Change In Medicine Worth It?” (On Canvas)</p>	
9/25	TA Session		HW2 due
Week 5			
9/29, 10/1	Health Production	SH, Ch. 2	

Date	Topic	Reading	Assignment
		Fuchs, "Tale of Two States," (On Canvas)	
10/2	TA Session		HW3 due
Week 6			
10/6 10/8	Demand for Health Care	SH, Ch. 3	Exam 1 Posted Exam 1 Due
10/9	TA Session		
Week 7			
10/13, 15	Demand for Health Care, cont'd.		
10/16	TA Session		HW4 due
Week 8			
10/20, 22	Demand for Health Insurance	SH, Ch. 4	
10/23	Mid-Semester Break - No TA Session		
Week 9			
10/27, 29 10/30	Supply of Health Insurance TA Session	SH, Ch. 10	
Week 10			
11/3 11/3, 5	Election Day Medicare & Medicaid	SH, Ch. 12.3,12.4	
11/6	TA Session		HW5 due
Week 11			

Date	Topic	Reading	Assignment
11/10	Market for Physician Services	SH, Ch. 5	Exam 2 Posted
11/12			Exam 2 Due
11/3	TA Session		
Week 12			
11/17, 19	Market for Physician Services, cont'd.	SH, Ch. 5	
11/20	TA Session		HW6 due
Week 13			
11/24	Hospitals	SH, Ch. 6 Gaynor, Mostashari, & Ginsburg "Making Health Care Markets Work" JAMA (on Canvas)	
11/26	No Class - Thanksgiving Break		
11/27	No TA Session - Thanksgiving Break		
Week 14			
12/1, 3	Hospitals, cont'd.	SH, Ch. 6	
12/4	TA Session		HW8 due
Week 15			
12/8, 10	Health Reform	Democrats' positions on Medicare for All: https://www.washingtonpost.com/graphics/politics/policy-2020/medicare-for-all/	

Date	Topic	Reading	Assignment
12/11	TA Session	<p data-bbox="813 310 1117 575">https://www.vox.com/2018/12/13/18103087/medicare-for-all-explained-single-payer-health-care-sanders-jayapal</p> <p data-bbox="813 653 1127 917">(Some) Republican Positions: Capretta, “Controlling Costs is Health Care’s Defining Issue” Real Clear Policy (on Canvas)</p> <p data-bbox="813 961 1127 1188">Antos & Capretta “The Health Reforms the GOP Should Embrace (But Probably Won’t)” New York Times (on Canvas)</p>	HW9 due
12/9-13	Exam 3, Days posted and due TBA		