

Econ 339 - Section 001
Health Economics
FALL 2014

Instructor: Dr. Juergen Jung, Stephens Hall 101K, Office phone: (410) 704-3551 (Economics Department: 410-704-2959), email: jjung@towson.edu

Time and Location: Tuesday / Thursday 9:30 a.m. - 10:45 p.m., Stephens Hall 115.

Office Hours: Stephens Hall 101K

Tuesday	11:00 p.m. - 12:00 p.m.
Thursday	4:00 p.m. - 5:00 p.m.

Course Website: <http://pages.towson.edu/jjung/teaching.htm>

Required Reading will be posted on the class website.

Required Textbook: Bhattacharya, Jay, Timothy Hyde, and Peter Tu (2014), *Health Economics*, 1st edition, Palgrave Macmillan. Textbook rental websites, might carry the book as well. You will need the book as many reading assignments are chapters from the book.

Requirements: You are expected to know basic economics. Drawing graphs and using a few equations to explain concepts should not be a new methodology for you. Also, words like scarcity, elasticity, marginal costs, marginal benefits, opportunity costs, supply, demand, and market equilibrium should be familiar. Econ 201 (Microeconomics) and basic algebra.

Grading: There will be regular reading and some homework problem assignments, a presentation of an existing published research paper, two midterm exams, and a final exam. They will count toward the course grade as follows:

Homework assignments	10%
Reading assignments	10%
Presentation of one research paper	10%
Midterm exam 1	20%
Midterm exam 2	20%
Final	30%

The grading scale is:

92 – 100	A
90 – < 92	A–
88 – < 90	B+
82 – < 88	B
80 – < 82	B–
78 – < 80	C+
71 – < 78	C
68 – < 71	D+
60 – < 68	D
< 60	F

Exams:

	Date	Time	Room
Midterm 1	Thursday, October 2	in class	Classroom
Midterm 2	Tuesday, November 4	in class	Classroom
Final	Tuesday, December 16	10:15 a.m. - 12:15 p.m.	Classroom

In general, make-up exams will NOT be given. You can miss one midterm unexcused. In this case the final will count for 50 percent of your grade. You can only miss one midterm exam. You must not miss the final exam. You must not miss both midterms.

No Cell-Phone/iPad/Laptop Policy: When you come to class please turn off your cell phone/iPad/laptop and store it in your bag. If you use your cell phone/iPad/laptop in class it will negatively impact your grade.

Reading Assignments: Reading assignments will usually be chapters in our textbook but could also be articles that I will post on the website. In order to get full points for the reading assignments you will need to go on Blackboard and answer a small number of multiple choice or fill in the blank questions that are directly related to the reading material. These questions will be graded!

Presentation of Research Paper: You are required to hand in presentation slides of a research paper at a specific due date that I will announce in class. You can choose articles from the following sources. All articles need to be pre-approved by me.

- Journal of Health Economics, <http://www.sciencedirect.com/science/journal/01676296>
- Health Economics, <http://www3.interscience.wiley.com/journal/5749/home>
- International Journal of Health Care Finance and Economics, <http://www.springer.com/economics/policy/journal/10754>
- The European Journal of Health Economics, <http://www.springer.com/economics/policy/journal/10198>

If you want to use an article from a different source, you need my approval.

- Presentations are scheduled during the last couple of weeks of the semester. The exact dates will be announced in class.

Grade Insurance: Everybody can have a bad day, especially during exam days. You have the option to “insure” your midterm grade against such a bad day by paying an insurance premium in the form of extra credit work. Here’s how it works. During the first 12 weeks of the semester you have the option to submit a one paragraph summary of a health economics related current newspaper article that is more recent than **June 2014** that you post in form of a blog entry at: <http://juergenjung.blogspot.com>

Don’t forget to add the link to the original article at the end of your summary paragraph as well as your full name, so I can record who “paid the premium” in any given week. The insurance

insures you against the worst grade out of the two midterm exams in this class. Here's an example how grade insurance works.

Assume that at the end of the semester you have the following grades: On midterm 1 you made 80 out of 100, on midterm 2 you made 53 out of 100. So clearly the low score on midterm 2 is an outlier because you had a bad day. If you paid all twelve installments of your insurance, the lowest score of either one of the midterms will be raised to the higher score of the other midterm. So the score of Midterm 2 changes from 53 to 80. If you didn't pay all 12 installments of the premium, but let's say, only 8 then your score will only be raised by a fraction of the distance to the higher score. In the above example, the insurance would raise the point score of Midterm 2 from 53 to:

$$53 + \frac{8}{12} \times \overbrace{(80 - 53)}^{\text{grade distance}} = 71.$$

If you only submitted 3 installments, then your midterm 2 grade would be: $53 + \frac{3}{12} \times (80 - 53) = 59.75$.

The due dates of the premiums are posted on <http://juergenjung.blogspot.com> so if you'd like to participate please make sure you don't miss the due dates. No late submissions will be accepted. Grade insurance is good for students who have a lot of catching up to do and who may not yet be up to speed when midterm 1 happens.

Student Evaluations: Student evaluations of this course play a crucial role in my delivery. This semester, all course evaluations will be administered online during the last two weeks of the course. You will receive an email with a link to the website with directions on how to access the survey. It is vitally important that you complete the survey as I use the results to modify the course and assess my teaching and the University uses the results to address technology and facility needs. You can be assured that your responses will be confidential as the results will be transmitted to me after the grading period and they will not include any identifying information.

Et Cetera: Students may not repeat a course more than once without prior permission of the Academic Standards Committee.

Students with Disabilities: In accordance with university policy, if you have a documented disability and require accommodations to obtain equal access in this course, please contact me at the beginning of the semester (first three weeks!!) and when given an assignment for which an accommodation is required. Students with disabilities must verify their eligibility through the Office of Disability Support Services (AD 232).

Course Withdrawal: Please note that the last day to drop the class is **Wednesday, November 5**. Students dropping on or before this date will receive a "W" on their official transcript. Withdrawal after that date will require an assignment of a letter grade for the course.

Academic Integrity: All students are expected to abide by Towson University's policy on academic integrity. The policy is available online: <http://wwwnew.towson.edu/provost/resources/studentacademic.asp>. I will pursue the maximum allowable penalty for any violation of academic honesty or integrity.

Description of the Course

As per the course catalog: “Analysis of the economic organization of the health care sector of the U.S. economy; alternative health care delivery systems and methods of financing health care services; current issues in health economics.” The prerequisites are: Econ 201 and basic algebra.

The list of topics that one can consider in a health economics course is long and scarcity of time necessitates selections from this list. We will spend the first part of the course establishing the economic “way of thinking” about health and health care. Next we will move on to examine the vital role that information (or lack thereof) plays and its implications for insurance markets and the managed care system. We will also look at social insurance and the government’s role in health care markets. Next we will study some issues in various industries (e.g., pharmaceuticals and hospitals). Time permitting, we will study some special topics.

By the end of the course, you should be able to effectively apply economic tools and reasoning to better understand health care issues.

Material: Tentative Outline [Subject to change]

1. Introduction
2. Cost benefit analysis (Chapter 14)
3. Demand
 - (a) The health production function (Chapter 2)
 - (b) The Grossman health capital model (Chapter 3-4)
4. Health Insurance
 - (a) Insurance markets (Chapters 7)
 - (b) Decision-making under uncertainty (Chapter 7)
 - (c) Causes and consequences of employer-based private health insurance (Chapter 18)
 - (d) Managed care (Chapter 18)
5. The Government’s Role
 - (a) Social insurance (Chapter 17)
 - (b) Comparative health systems (Chapters 15)
 - (c) Health care reform (Chapter 18)
6. Special Topics if time allows.
 - (a) Economics of Obesity (Chapter 22)
 - (b) HIV/Aids