HEALTH ECONOMICS I: THE ECONOMICS OF HEALTH CARE SUPPLY
ECONOMICS 9610-005
CRN 88679
FALL 2014

Time:   Tuesday and Thursday, 2:30pm-3:45pm
Room:   Classroom South, room 407
Professor:  Jim Marton
Office:  Andrew Young School of Policy Studies 531
Phone:  404-413-0256
E-mail:  marton@gsu.edu
Office hours:  Tuesday and Thursday, 3:45pm – 4:30pm and by appointment

Course Description:
The field of health economics can be broadly described as consisting of two parts: 1) the “demand side,” or factors influencing individuals’ demand for health and medical care, and 2) the “supply side,” or factors influencing health care providers’ supply of medical services. This course focuses on the supply side of the field, divided into eight segments: 1) An overview of the field of health economics that focuses on what makes health economics a distinct field and where health economists typically work, 2) the transformation of medical care into health, 3) the market for physician care, 4) the market for hospital care, 5) the market for health insurance, 6) public health insurance, 7) private health insurance, and 8) health care reform and the Affordable Care Act (ACA).

Course Objectives:
By the end of the semester, students should be able to:
1) Describe makes health economics different than other fields.
2) Summarize what we know (and don’t know) about how medical care is turned into health and assess the policy implications of this information.
3) Explain the basic institutional structure of the market for physician care.
4) Explain the basic institutional structure of the market for hospital care.
5) Identify the economic motivation for purchasing health insurance and differentiate between the challenges that arise from adverse selection and moral hazard.
6) Summarize the basic institutional structure of the market for public health insurance, including Medicaid, Medicare, and CHIP.
7) Summarize the basic institutional structure of the market for private health insurance, including an examination of the motivation for employer-provided health insurance in the United States.
8) Analyze the main economic and policy principles that the ACA is based upon.
9) Write a paper which identifies three open questions in the health economics “supply side” literature and proposes a well-reasoned strategy for answering at least one of those questions.

Suggested Texts:
Prerequisite:
ECON 9010, B- and ECON 9030, B- or consent of instructor

Course Format:
Most class meetings will begin with a lecture based on the corresponding readings, and end with more detailed open discussions of two academic journal articles. As I discuss below, students are going to volunteer to lead the discussion of the journal articles in most cases in order to encourage participation and sharpen your presentation skills. I will take the lead on some of the articles myself.

Grading:
Paper 30%
Final Exam 40%
Class Participation / Presentations 30%

Paper:
Each student will write a literature review paper on a health economics topic of his/her choice, subject to my approval. There is no specific page requirement. 10 double spaced pages might be a good target, but an efficiently-written paper could be shorter, while a student wishing to use the paper as a springboard to a dissertation may choose to write more. The paper will mostly consist of discussions of prior research, but should end with discussions of three open questions in the literature plus a proposed strategy for answering at least one of these questions. The paper is due on the last day of fall classes, December 8.

Final Exam:
You will have an in class final (no make ups). Its design will mimic my portion of the health field comprehensive exam.

Class Participation / Presentations:
Class attendance and active participation is expected and is worth 30% of your grade. I expect each student to take the lead in discussing 1 or 2 of the papers on the reading list during the semester. This means making up PowerPoint slides and coordinating your presentation with me. I will ask for volunteers each week for the upcoming week’s papers.

Academic Honesty:
Students are expected to abide by GSU’s Policy on Academic Honesty (Section 409), available at http://www2.gsu.edu/~wwfhb/sec409.html.
**Reading List:**
The “required” readings, which consist of one “overview reading” (typically a literature review) and two journal articles for each class meeting, are in bold. The other readings are “optional,” meaning that I will touch on them in the lectures but not discuss them as extensively as the required readings. Evidence of repeatedly coming to class not prepared to discuss the required readings will count against your participation score, but this will not be the case for the optional readings. In other words, you may use the optional readings however you wish – perhaps to further investigate particular topics that you find interesting.

**Evaluation:**
Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State. Upon completing the course, please take time to fill out the online course evaluation.

**Disabilities:**
Students who wish to request accommodation for a disability may do so by registering with the Office of Disability Services. Students may only be accommodated upon issuance by the Office of Disability Services of a signed Accommodation Plan and are responsible for providing a copy of that plan to instructors of all classes in which an accommodation is sought.
I. Overview of the Field

Overview Readings


Journal Articles


II. The Transformation of Medical Care into Health

Overview Readings


Journal Articles


Dartmouth Atlas of Health Care Website: http://www.dartmouthatlas.org/


**III. The Market for Physician Care**

*Overview Readings*


*Journal Articles*


**IV. The Market for Hospital Care**

*Overview Readings*


*Journal Articles*


**V. Health Insurance Basics (I and II)**

*Overview Readings*


*Journal Articles*


VI. Public Health Insurance – Medicare, Medicaid, CHIP (I and II)

Overview Readings


Journal Articles


Marton, James, Aaron Yelowitz, and Jeff Talbert (2012). “A Tale of Two Cities? The Heterogeneous Impact of Medicaid Managed Care, GSU working paper.

**VII. Private Health Insurance**

*Overview Readings*


*Journal Articles*


VIII. Health Care Reform

Overview Readings


Journal Articles


<table>
<thead>
<tr>
<th>Dates</th>
<th>Topic</th>
<th>Overview Reading</th>
<th>Journal Article 1</th>
<th>Journal Article 2</th>
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<tbody>
<tr>
<td>Aug. 28 (R)</td>
<td>I. Overview of the Field</td>
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<td>Sept. 4 (R)</td>
<td>II. Transforming Medical Care into Health</td>
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<td>Sept. 11 (R)</td>
<td>III. Market for Physician Care</td>
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<td>Sept. 18 (R)</td>
<td>IV. Market for Hospital Care</td>
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<td>Sept. 25 (R)</td>
<td>V. Health Insurance Basics I</td>
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<td>Oct. 2 (R)</td>
<td>V. Health Insurance Basics II</td>
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<td>Oct. 7 (T)</td>
<td>DR. MARTON AT NSSA</td>
<td>Possible job market presentation</td>
<td>Yanling Qi</td>
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<td>Oct. 9 (R)</td>
<td>catch up day for sections I-V</td>
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<td>Oct. 14 (T)</td>
<td>AHEC conference discussion</td>
<td>Powell and Goldman (2013)</td>
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<td>Xilin Zhou</td>
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<td>Oct. 16 (R)</td>
<td>DR. MARTON AT AHEC</td>
<td>Possible job market presentation</td>
<td>Xilin Zhou</td>
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<td>Oct. 21 (T)</td>
<td>SHESG conference discussion</td>
<td>Ayyagari and He (2014)</td>
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<td>Mariétou Ouayogodé</td>
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<tr>
<td>Oct. 23 (R)</td>
<td>DR. MARTON AT SHESG</td>
<td>Possible job market presentation</td>
<td>Mariétou Ouayogodé</td>
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<td>Oct. 30 (R)</td>
<td>VI. Public Health Insurance I</td>
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<td>Marton and Woodbury (2013)</td>
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<td>Nov. 6 (R)</td>
<td>VI. Public Health Insurance II</td>
<td>(APPAM presentation dry run)</td>
<td>Marton and Kenney (2014)</td>
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<td>Nov. 13 (R)</td>
<td>VII. Private Health Insurance I</td>
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<td>Autor et al. (2012)</td>
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<td>Nov. 20 (R)</td>
<td>VII. Private Health Insurance II</td>
<td>(SEA presentation dry run)</td>
<td>Marton and Yelowitz (2014b)</td>
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<td>Nov. 25 (T)</td>
<td>THANKSGIVING BREAK</td>
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<td>Nov. 27 (R)</td>
<td>THANKSGIVING BREAK</td>
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<td>Dec. 4 (R)</td>
<td>VIII. Health Care Reform</td>
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The course syllabus provides a general plan for the course; deviations may be necessary.