

UNIVERSITY OF SOUTHERN CALIFORNIA

Sacramento Center

PPD 514

Economic Concepts Applied to Health

October 27-30 and November 17-20, 2011

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COURSE SYLLABUS

The objectives of this course are to enable the student to:

1. understand the methods and problem-solving skills used by economists in analyzing problems and issues involving the health sector;
2. become familiar with the major sources of data used by health economists; and
3. analyze current health care policy debates from an economist's perspective.

The goal of this course is not to train future health economists, but to provide economic tools useful to health administrators, public administrators and public-policy analysts. Although it is assumed the student has recently completed an introductory economics course and has a general familiarity with statistical methods, the basic microeconomic principles used in this course will be reviewed each session, prior to discussion of their application to health care issues. As most economics courses tend to build on concepts already learned, students are encouraged to ask questions, and not assume they will be able to understand new material without fully understanding current and past material. This course will be more oriented to public policy than to applying economic principles to management issues, although the student is free to pursue the latter through the required term project, discussed below.

Course Format

Henry Zaretsky is a health economist, with considerable experience in public policy and analysis of health-economic issues. He is a former director of the California Office of Statewide Health Planning and Development, and is currently head of his own health-care consulting firm. Economic concepts from basic microeconomics will be reviewed first, followed by a discussion of their applicability to health care issues. In addition, particular economic issues drawn from the instructor's actual experience will be dealt with in depth.

Schedule

This Fall 2011 class is scheduled in Sacramento using an intensive format. As such, it is necessary to study in advance of the first series of classes. Classes will meet from 9:00 AM to 5:00 PM each day. The lunch hour will be scheduled by consensus each day. If students who are traveling want to leave early on Sunday (October 30), there will be an option to extend class hours past 5:00 PM on the other days, or to have nightly homework assignments, again, through consensus. Given the length of each session, there will be considerable opportunity for class participation, and small group projects will be presented each day. There also will be short quizzes each day.

Requirements and Grading

Course requirements are as follows:

1. Assigned readings
2. Class participation (10%)
3. Group projects (15%)
4. Quizzes (20%)
5. Final exam (30%)
6. Term paper (25%)

All assigned readings must be completed in advance of the applicable scheduled class. Some of the readings require more background in economics, statistics and mathematics than is expected for this course. In those cases, do your best to understand the particular issue, the general approach used by the author, the data sources, the results and the applicability to other health care issues. Don't agonize over the math, unless that is your interest. You are encouraged to ask questions if you don't understand some of the concepts and to contact the instructor, preferably via E-mail, if questions arise between sessions.

Class participation is essential, above and beyond assigned group presentations. This will count for 10% of your grade.

PowerPoint presentations pertaining to each textbook chapter will be posted on Blackboard. Please bring a printout of each slide to class for ease in taking notes.

Group projects will be assigned at two levels. First, each day, short group projects will be assigned for presentation later that day, and/or early the next day. You will not be assigned "homework" to do during the evenings within blocks of sessions. At the close of the first block of sessions (October 30), each group will be asked to prepare a presentation on several related articles in the Reader and a textbook chapter assigned for the next block. Students within each group will be expected to coordinate their presentations (through E-mail) during the period between blocks. These projects combined will count for 15% of your grade.

Quizzes will be given throughout the course, sometimes several times a day. As you

study the textbook, you are expected to answer the Review Questions at the end of each chapter. Students will be called on at random to discuss various questions.

A take-home final exam, which will be a combination of multiple-choice and essay questions, will be assigned at the end of the session. It will be due on December 5, in hard-copy form at the Sacramento Center. A penalty of one grade point will be assessed for each day delay. Also, please E-mail the instructor a copy. This counts for 30 percent of your grade.

A term paper is required. This is intended to provide the opportunity to study a particular health issue in depth, demonstrate your ability to apply economic principles to health issues, and become familiar with the health economics literature. Potential topics will be discussed throughout the October session. These topics will draw from current issues being debated in Congress or the State Legislature, other issues in the news media, or an applicable issue you are dealing with in your job. By the last day of the first block of sessions (October 30), you are encouraged discuss your proposed topic in class. The paper should be eight to 10 pages in length (double-spaced), excluding drawings or exhibits. It should include a minimum of six sources drawn from the health-economics literature. News or magazine articles can also be cited, but do not count toward the six-article minimum. At least half the sources should come from material not included in the Reader (you are welcome to make a case for a lower proportion of outside articles, but please do so prior to submitting the final paper). Internet sources, other than data, should be kept to a minimum (i.e., no more than a few) and should be fully cited so they can be readily checked. Sometimes, merely being careless in citing (or not citing) sources, and failure to quote properly, can constitute plagiarism. Be careful; ask the instructor if you have any questions. Papers will be marked down for improper citing. The term paper (in hard copy form) must also be received by December 5. Also E-mail the instructor a copy. The term paper accounts for 25% of your grade.

Assignment to bring to first class. You are given a short written assignment to bring to the first class. It will be graded, and given the weight of three quizzes. For this assignment, please prepare a review (approximately two-to-three pages) of Atul Gawande, "The Cost Conundrum: What a Texas Town Can Teach Us about Health Care," The New Yorker, June 1, 2009, which is in the Reader. The review should consist of two parts: (1) a summary of the major points in bullet format; and (2) how, if at all, this type of information would influence your future role as a health administrator or policy maker in a community with relatively high utilization rates. Please note that in copying articles for inclusion in the Reader, pages that contained advertisements only were not copied.

Assigned Readings

Required textbook: Paul J. Feldstein, *Health Care Economics*, 7th Edition, Delmar, 2011.

There is also a course Reader, containing copies of articles that comprise the assigned readings. The list of articles in the Reader is posted on Blackboard.

Required Textbook Readings

October 27-30

I. Introduction

A. Introduction to The Economics Of Medical Care

1. Chapter 1
2. Chapter 2
3. Chapter 5
4. Chapter 19

B. The Production of Health

Chapter 4

II. Demand for Medical Care Services

A. Chapter 6

B. Chapter 7

III. The Supply of Medical Care

A. Chapter 8

IV. Market Competition

A. Market Competition in Medical Care

Chapter 9 (General)

B. The Market for Health Insurance

Chapter 10

November 17-20

A. Chapter 11 (Physicians)

B. Chapter 12 (Hospitals)

V. The Pharmaceutical Industry

A. Chapter 13

- VI. Manpower
 - A. Health Manpower Shortages and Surpluses
Chapter 14
 - B. The Market for Physician Manpower
Chapter 15

- VII. National Health Insurance
 - A. Chapter 18

Supplemental Readings

October 27-30

- I. Introduction
 - A. Reader articles listed under “Overview.”
 - B. Reader articles listed under “Production of Health.”
- II. The Demand for Medical Care Services
Reader articles listed under “Demand for Health Care/Health Insurance.”
- III. The Supply of Medical Care
Reader articles listed under “Supply.”
- IV. Market Competition
Reader articles listed under “Competition/Antitrust.”

November 17-20

- V. Pharmacy
Reader articles listed under “Pharmacy”
- VI. Manpower
 - 1. Jonathan P. Weiner, “Prepaid Group Practice Staffing and U.S. Physician Supply: Lessons for Workforce Policy,” Health Affairs - Web Exclusive, February 2004, W4-43-59.

VII. The Role of Government

Reader articles listed under “Health Policy/Regulation.”