Syllabus for ECNS 310
Health Economics
University of Montana
Spring 2017

Instructor: Ranjan Shrestha
Office: 405 Liberal Arts
Class Meeting: TR, 2:00pm – 3:20pm, LA 201
Office Hours: TR 3:30pm – 4:30 pm or by appointment
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Course Description

This is a course in applied microeconomics that focuses on health care markets and how they differ from other markets. The economics of the health care sector and its players requires special analysis due to the presence of uncertainty, asymmetric information, government involvement and externalities. Furthermore, we need to understand two interrelated markets, one for medical care and one for health insurance, which in turn directly affects the demand for medical care. Another key feature of health care markets is the active role played by the government through licensure of health professionals and the provision of insurance and financial aid to various segments of the population. We will discuss key features of various government health programs in the US such as Medicare and Medicaid. Finally, we will take a comparative look at the health care systems in various industrialized countries and the issues related to health care reform in the US.

Prerequisites

Students should have a firm grasp of microeconomic concepts at the level of Principles of Microeconomics (ECNS 201). The economic models introduced in this course will be at the intermediate level.

Course Material

Exam Schedule and Grading Policy

<table>
<thead>
<tr>
<th>Item</th>
<th>Date</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Midterm 1</td>
<td>Thursday, February 23</td>
<td>25%</td>
</tr>
<tr>
<td>Midterm 2</td>
<td>Thursday, April 6</td>
<td>25%</td>
</tr>
<tr>
<td>Final</td>
<td>Wednesday, May 10</td>
<td>35%</td>
</tr>
<tr>
<td>Quizzes</td>
<td>See Course Schedule</td>
<td>15%</td>
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The dates of the exams and quizzes are set provisionally and are subject to change. It is your responsibility to learn about the revised dates and times in case you miss the class in which they are announced. All exams will be based on lectures. Anything we discuss in class, whether or not it is in the text, is fair game for exams.

The final exam will be comprehensive, while the coverage for each midterm will be announced before the exam. The exams will consist of multiple choice questions, short essay/graphical analysis questions, and computation problems.

The last date for students to withdraw from the course on Cyberbear without having to petition for late withdrawal is February 10.

An approximate indicator of grades is A or A- for the top 15%, B+, B or B- for the next 40%, C+, C or C- for the next 30%, and D+, D or E for the remainder of the class.

Attendance and Participation

1. While attendance is not regularly checked, it is important for you to attend class since lectures may go beyond the scope of the textbook for certain topics if necessary. Furthermore, you are responsible for all announcements made in class and class lectures sometimes involve working through problems.

2. Active class participation will be appreciated and will be positively reflected on your grade in the event that you are on the borderline between grades.

Learning Outcomes

Students who successfully complete ECNS 310 will have:

1. An understanding of health care institutions and systems within the United States and throughout the world.

2. An understanding of the demand for health services and health insurance.

3. The ability to apply basic cost-benefit analysis in dealing with health care issues.

4. A thorough understanding of the issues involved in the production of health care and how it is affected by (a) government involvement and policies, (b) pharmaceutical companies, and (c) different insurance programs.
5. An understanding of physician behavior models and their influence on health care delivery.

6. An understanding of special considerations that must be incorporated into the analysis of long-term care versus immediate or short-term care.

Supplemental Reading List


## Tentative Course Schedule

<table>
<thead>
<tr>
<th>Week</th>
<th>Quizzes</th>
<th>Chapters to Read</th>
</tr>
</thead>
</table>
| 1    |         | Chapter 1: Introduction  
|      |         | Chapters 2,3: Microeconomic and Statistical Tools for Health Economics |
| 2    |         | Chapter 5: Production of Health |
| 3    | Quiz1   | Chapter 6: The Production, Cost, and Technology of Health Care  
|      | Thursday, Feb 9 | Chapter 7: Demand for Health Capital |
| 4    |         | Chapters 8,9: Demand for Supply of Health Insurance; Consumer Choice and Demand |
| 5    |         | **Midterm 1: Thursday, February 26** |
| 6    |         | Chapter 10: Asymmetric Information and Agency |
| 7    |         | Chapter 11: The Organization of Health Insurance Markets  
|      |         | Chapters 12, 13: Managed Care; Nonprofit Firms |
| 8    | Quiz 2  | Chapter 14: Hospitals and Long-Term Care  
|      | Thursday, Mar 16 | |
| 9    |         | **Spring Break** |
| 10   |         | Chapter 15: The Physician’s Practice |
| 11   |         | **Midterm 2: Thursday, April 6** |
| 12   |         | Chapter 16: Health Care Labor Markets and Professional Training  
|      |         | Chapter 18: Equity, Efficiency, and Need |
| 13   |         | Chapter 19: Government Intervention in Health Care Markets |
|      |         | Chapter 20: Government Regulation: Principal Regulatory Mechanisms |
| 14   | Quiz 3  | Chapter 21: Social Insurance  
|      | Tuesday, Apr 25 | |
| 15   |         | Chapters 22, 23: Comparative Health Care Systems; Health System Reform |
|      |         | **Final: Wednesday, May 10**  
|      |         | 1:10 – 3:10pm |

I will try to follow the course schedule closely. However, deviations from the schedule are possible and I will adjust speed and coverage of materials as we proceed. The main purpose of the course schedule is to guide you as to what we will cover.
General Remarks

If you have any difficulty in following the lectures, let me know immediately and we will try to work something out. Economics is not an easy subject for most people, and it has a logical structure that requires you to understand everything clearly from the very beginning. You should make good use of office hours to help clear any difficulties you are facing with the concepts discussed in class.

All students must practice academic honesty. Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. All students need to be familiar with the Student Conduct Code. The Code is available for review online at http://life.umt.edu/vpsa/student_conduct.php

Procedures for Accommodating Disabilities

If you are a student with a disability and wish to discuss reasonable modifications for this course, contact me privately to discuss the specific modifications you wish to request. Please be advised I may request that you provide a letter from Disability Services for Students verifying your right to reasonable modifications. If you have not yet contacted Disability Services, located in Lommasson Center 154, please do so in order to verify your disability and to coordinate your reasonable modifications. For more information, visit the Disability Services website at http://www.umt.edu/disability.