PHW226A: Health Economics
Course Syllabus (Fall 2018)
As of February 19, 2018

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Course Description

This 3-unit online course provides an overview of the United States healthcare system using a microeconomics lens. You will be introduced to microeconomic theory and empirical studies that will deepen your understanding of how consumers, firms, and the government influence healthcare expenditures (including its quantity and prices), healthcare quality, and patient health outcomes. These economic models will enable you to predict how changes in consumer behavior, the industrial organization of firms, and government policies affect healthcare and health outcomes.

Course Goals

By the end of the course, the goal is for students to demonstrate that they have a working understanding of the following:

1. Microeconomic theory and key empirical studies on healthcare and health
2. How health insurance impacts the demand for healthcare and its prices
3. How payment models influence amount of healthcare consumed as well as its price and quality
4. The functioning of key healthcare markets, including healthcare services, health workforce, hospitals, and pharmaceuticals
5. The government’s role in healthcare markets and health and assess its performance
### Instructor Information

**Instructor:** Brent Fulton, Ph.D., MBA  
**Contact information:** fultonb@berkeley.edu  
**Office hours:** TBD

Brent D. Fulton, Ph.D., MBA, is an Assistant Adjunct Professor of Health Economics and Public Policy and Associate Director of the Nicholas C. Petris Center on Health Care Markets and Consumer Welfare, School of Public Health, University of California, Berkeley. His research areas include healthcare market concentration, health insurance markets (rate review regulation, risk adjustment and reinsurance), health reform (accountable care organizations), health workforce (pay for performance and task shifting), cost impact of precision diagnostics, and mental health services (attention-deficit/hyperactivity disorder). Brent’s doctorate is in public policy analysis from Pardee RAND Graduate School and his MBA is from the University of California, Los Angeles.
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Student Resources

School of Public Health Library
http://www.lib.berkeley.edu/libraries/public-health-library

Student Counseling with University Health Services (Phone appointments available)
https://uhs.berkeley.edu/counseling

BCourses 24/7 Technical Support

If you encounter any technical problems with bCourses such as problems opening the course site, accessing quizzes, discussions or submitting assignments or problems with mobile apps contact the Canvas 24/7 support from “Help” inside of any of your bCourses course sites or directly using live chat or phone:

- Live Chat: https://cases.canvaslms.com/apex/liveagentchat
- Phone: 855-308-2758
- Links to download Canvas mobile apps and instructions are on the Student Hub in the Technology Guides.

Broken Links, Missing Course Files

If you find any broken links or missing course files on the bCourses site, please alert your course facilitators and identify the location of the problem on the course site.
Course Format

The course will be taught via asynchronous narrated PowerPoint lectures, guided readings, problem sets, and facilitated discussions. There will be a proctored midterm exam and a group project that will provide an opportunity to apply microeconomic skills to healthcare and health.

Course Schedule Overview

The first three weeks of the course will introduce microeconomic theory and empirical studies that will enable you to apply to healthcare contexts in the latter half of the course. The midterm exam in Week 4 will test that material. The group project has an introductory assignment in Week 1, but the remaining assignments occur in Weeks 5-8 (after the midterm exam), culminating with a final paper and presentation in the final week.

Syllabus/schedule subject to change

Course Textbook

The required course textbook is *The Economics of Health and Health Care*, 8th ed. (2017) by Sherman Folland, Allen C. Goodman, and Miron Stano; New York, NY: Routledge. I selected this textbook because it covers health economics well, plus it includes an introductory chapter on microeconomics that many health economics textbooks do not include (see Chapter 2). Textbook readings are referred to as “FGS” (the authors’ initials).

ISBN: 978-1-315-10178-1 (ebook)
Course Schedule: Lecture Topics, Readings and Assignments

Week 1 (10/22 – 10/28): Course Overview and Microeconomics Introduction

Topic 1.1: Course Overview
- FGS Chapter 1: Introduction
- Moses H, Matheson DH, Dorsey ER, George BP, Sadoff D, Yoshimura S. The anatomy of health care in the United States. *JAMA* 310(18); 2013: 1947-64. (optional)

Topic 1.2: Introduction to Microeconomic Theory
- FGS Chapter 2: Microeconomic Tools for Health Economics
- FGS Chapter 9: Consumer Choice and Demand
- Optional Tutorial Videos
  - Marginal Revolution University. Principles of Microeconomics (see #2 Supply, Demand and Equilibrium and #5 Price System) [http://www.mruniversity.com/courses/principles-economics-microeconomics](http://www.mruniversity.com/courses/principles-economics-microeconomics)

Topic 1.3: Goals of Economic Systems: Efficiency and Equity
- FGS Chapter 4: Economic Efficiency and Cost-Benefit Analysis (section titled “Economic Efficiency,” pp. 82-84)
- FGS Chapter 6: The Production, Cost, and Technology of Health Care
- FGS Chapter 18: Equity, Efficiency, and Need

Topic 1.4: Role of Government in Healthcare: Market Failures and Economic Theory of Regulation
- FGS Chapter 20: Government Intervention in Health Care Markets

Assignments
Pre-lecture Quizzes
Problem Set #1
Group Project Assignment #1: Meet Your Group Members
Week 2 (10/29 – 11/4): Economics of Health Insurance

Topic 2.1: Functions of Health Insurance and its Demand and Supply
- FGS Chapter 8: Demand and Supply of Health Insurance (includes moral hazard)
- FGS Chapter 11: The Organization of Health Insurance Markets (except pp. 267-276, see below)

Topic 2.2: Adverse Selection within Health Insurance
- FGS Chapter 10: Asymmetric Information and Agency (section titled “Asymmetric Information” pp. 243-251)

Topic 3.3: Incidence of a Tax Theory Applied to Employer-Sponsored Health Insurance

Topic 4.4: Target Effectiveness and Target Efficiency Applied to Covering the Uninsured
- FGS Chapter 20: Social Insurance (section titled “Public Insurance and Health,” pp. 528-531)

Assignments
Pre-lecture Quizzes
Problem Set #2

Week 3 (11/5 – 11/11): Economics of Payment Models and Managed Care

Topic 3.1 Economics of Healthcare Payment Models

Topic 3.2: Economics of Managed Care
- FGS Chapter 12: Managed Care

Assignments
Pre-lecture Quizzes
Problem Set #3
Week 4 (11/12 – 11/18): Economics of the Demand for Health

**Topic 4.1: Demand for and Production of Health**
- FGS Chapter 5: Production of Health
- FGS Chapter 7: Demand for Health Capital

**Assignments**
Proctored Midterm Exam

Week 5 (11/19 – 11/25): Markets for Clinician and Hospital Services (Thanksgiving Week)

**Topic 5.1: Markets for the Health Workforce and Medical Education**
- FGS Chapter 10: Asymmetric Information and Agency (section titled “Agency Relationship” pp. 252-253)
- FGS Chapter 16: Health Care Labor Markets and Professional Training

**Topic 5.2: Hospital Markets and Monopoly Power**
- FGS Chapter 14: Hospitals and Long Term Care

**Assignments**
Group Project Assignment #2: Detailed Outline of Paper

Week 6 (11/26 – 12/2): Healthcare Innovation

**Topic 6.1: Innovation in Healthcare**
- FGS Chapter 17: The Pharmaceutical Industry
- Skinner JS, Staiger SO, Fisher ES. Is technological change in medicine always worth it? The case of acute myocardial infarction. *Health Affairs* 25(2); 2006: w34-w47. [http://content.healthaffairs.org/cgi/reprint/25/2/w34](http://content.healthaffairs.org/cgi/reprint/25/2/w34)

**Assignments**
Group Project Assignment #3: Send Draft Paper to Instructor, Course Facilitators and Peer Student Group
Week 7 (12/3 – 12/9): Government-Provided Health Insurance and Healthcare Reform

**Topic 7.1: Government-Provided Health Insurance**
- FGS Chapter 20: Social Insurance
- Altman D, Frist WH. Medicare and Medicaid at 50 years: perspectives of beneficiaries, health care professionals and institutions, and policy makers. *JAMA*; 314(4); 2015: 384-95.

**Topic 7.2: Healthcare Reform**
- FGS Chapter 22: Health System Reform

**Assignments**
- Group Project Assignment #4: Provide Peer Group Feedback

Week 8 (12/10– 12/16): Group Project

No lecture topics or readings

**Assignments**
- Group Project Assignment #5: Project Presentation
- Group Project Assignment #6: Project Paper
- Group Project Assignment #7: Evaluations of Group Members

**Course Requirements**

**Required Course Materials**

**Microphone/headset for your computer**

Videos and other resources are found on weekly course pages. A weekly course reader in pdf format which includes video transcripts and course readings will also be available on the course site for you to download.

During this course, you will be provided with links to PDF files of articles and other materials from the UC Berkeley Library Collection. Please make sure you understand and follow the [University of California Library Conditions of Use](http://guides.lib.berkeley.edu/publichealth/oomph_all).

**Library Resources**

This course has a LibGuide (Library Guide) linked from the bCourses site. SPH Librarians worked with OOMPH faculty to create these "living" repositories of resources to support to each course, and the guides will remain available to you (at [http://guides.lib.berkeley.edu/publichealth/oomph_all](http://guides.lib.berkeley.edu/publichealth/oomph_all)) even after you leave UC Berkeley. These guides will grow and develop with input from OOMPH stakeholders. Student
input is welcome; direct comments to Michael Sholinbeck msholinb@library.berkeley.edu. I am also very interested in how you used the LibGuide for any particular course."

### Completion of Course Modules

Students are expected to complete all modules, including viewing all lectures; completing all required readings and individual activities; and fully participating in class activities.

### Participation in Online Discussions

In each week of the course, there will be a discussion forum on the topics covered in the lectures that week. Each week, a sample question will be posted. Students are encouraged to discuss this question and post other questions or timely news articles. Although this is ungraded, we strongly encourage you to participate so you can take advantage of the interactive components of the course to learn from each other.

### Course Grading

Grading is based on the following sets of assignments:

- **Pre-lecture Quizzes (Weeks 1-3)** (3%)
- **Problem Sets (Weeks 1-3)** (30%)
- **Midterm Exam (Week 4)** (33%)
- **Group Project (Weeks 1 and 5-8)** (34%)

### Pre-Lecture Quizzes

Pre-lecture quizzes are designed so everyone has a basic understanding of the material for the lecture, including basic concepts and definitions, which will be covered quickly in lecture. You should take the quizzes after doing the readings, but before listening to the lectures. The quizzes are posted on the bCourses site and can be taken there. You may take a quiz up to three times, with the goal of everyone obtaining a 100% score. You may take the quizzes with other students, but you must input your own answers to receive credit. The quizzes will occur during the first three weeks of the course, to help you prepare for the midterm exam.

### Problem Sets

Problem sets are designed to demonstrate understanding of economic principles applied to health and healthcare. You may work together on the problem sets, but answers must be in your own words. The problem sets will occur during the first three weeks of the course, to help you prepare for the midterm exam.
Midterm Exam

The proctored midterm exam will occur during the fourth week of the course. Details about the length of the exam and the materials you will be allowed to use during the exam will be posted on the course site.

Group Project

The group project is designed to have you apply microeconomic theory and empirical evidence to predict how different stakeholders will respond to private or public policy changes. This project includes the following milestones in the form of assignments that mostly occur during the second half of the course, culminating with a final 8-page paper and 15-minute presentation during Week 8. The percentages add to the 34%, which is the percentage that the group project counts toward your course grade.

- Assignment #1: Meet Your Group Members (Week 1) (1%)
- Assignment #2: Detailed Outline of Paper (Week 5) (3%)
- Assignment #3: Send Draft Paper to Instructor, Course Facilitators and Peer Student Group (Week 6) (3%)
- Assignment #4: Provide Peer Group Feedback (Week 7) (3%)
- Assignment #5: Project Presentation (Week 8) (4%)
- Assignment #6: Project Paper (Week 8) (15%)
- Assignment #7: Evaluations of Group Members (Week 8) (5%)

Some sample topics that your group might address include the following: discussing how to provide subsidized health insurance to the remaining uninsured in the United States; analyzing the impact of a pay for performance program on patient health, healthcare costs, and healthcare quality; and estimating the impact of a new drug or device on patient health, healthcare costs, and health insurance premiums. The project will be graded based on the process and methods used in your analysis, with little weight given to the precision of your estimates, because we do not want you to spend an undue amount of time searching for data and parameter estimates. We want you to focus on applying microeconomic theory and empirical evidence you have learned in the course to your topic. You will analyze your topic from multiple stakeholders’ perspectives, such as patients, health workers, hospitals, pharmaceutical and medical device firms, insurance firms, and federal, state, and local governments.
Course Communication

We do not anticipate changes to the syllabus and schedule, but if there are changes, we will immediately announce them.

As we move through the course materials, we want to hear how the course is going for you, your questions as well as how your personal and professional experiences add to our conversation. You can learn a lot from discussing the material in this course with each other and we encourage you to take advantage of the interactive components of the course to learn from each other.

Announcements

Announcements will be posted on the home page of the course site. Please check regularly for updates.

Course mail

Course announcements will also be sent out through Canvas’ notification system. The default is to receive announcements via the Course Mail system, so make sure to check your Course Mailbox for message or wherever you receive notifications.

Office hours

Instructions for making an office hours appointment are found on the course site.

Policies

Due Dates

Please check the online course calendar for assignments and dates due, but most assignments are due on Monday at 11:59pm after the prior week.

Late Assignments

Please communicate with instructors using Canvas Course Mail if you will not be able to meet course deadlines ahead of the deadlines.

All assignments are graded on a 100-point scale, but their weight toward the course grade varies by assignment. Twenty points will be deducted for each day (24-hour period) an assignment is late, starting at the time it is due. For example, if you scored a perfect 100 and your assignment was less than 24 hours late, then your score would be reduced to 80. If your assignment or quiz was between 24 and 48 hours late, then your score would be reduced to 60. And, so on.

Disability Support Services

If you need disability-related accommodations in this class contact the UC Berkeley Disabled Students Program ((510) 642-0518 / web site: dsp.berkeley.edu). DSP services include accommodation letters,
assistive technology and access services. An accommodation letter is needed in order for the instructor to grant an accommodation (e.g. extended exam time). Student must be assessed every semester to receive an accommodation letter.

**Accommodation of Religious Creed**

If you need to reschedule a test or examination for religious reasons such as holidays, inform the course instructor by the second week of the course. More information is available in the [Religious Creed Policy](#) page.

**Course Evaluations**

Course evaluations will be posted on the course site on Friday of Week 6 of the course and be available until the start of the final exam period. You will receive notification when evaluations are available. While participation in course evaluations is not graded, it is an important service to the instructor, program and the university. Your responses are anonymous and will not be available to the instructor until after final grades have been submitted. Your feedback is essential for understanding how courses offered by OOMPH can be improved. Thank you in advance for you participation and feedback.

**Netiquette**

In an online environment it is not possible to read your body language, tone of voice, or facial expressions. Therefore, a special set of rules has emerged for online communications, called Netiquette. Here are some basic Netiquette guidelines that should be followed in this course.

− Adhere to the same standards of behavior online that you follow in real life. Never mail or post anything you wouldn’t say to your reader’s face. Do not use ALL CAPS. It gives the impression that you are shouting.
− Before posting to a discussion board, you should read prior messages to get a sense of the flow and language of the discussion. Keep your questions and comments relevant to the topic of the discussion.
− Don’t be afraid to ask questions within the course discussion group, or to share what you know.
− If you post a different viewpoint, first acknowledge what someone else has said. If you disagree with someone, it is better to start a message by briefly restating what the other person has said in your own words. This lets the other person know that you are trying to understand him/her.
− Support the points you make with examples or evidence from lecture, readings and/or from your own professional experience.
− Email messages should be considered private and not shared with others or quoted without permission. However, whatever you post to a newsgroup or discussion board is public. You never know who might read what you posted.
− Consider that a post may be the first – and lasting - impression you make on someone: Make sure your postings contain correct information. Check your spelling. Cite all quotes, references and sources and respect copyright and license agreements.
Expectations of Student Conduct

As members of the academic community, students are responsible for upholding the standards of academic integrity. The basic rules of academic study and inquiry call for honesty in the preparation of papers and assignments, acknowledging sources of ideas, and taking examinations on the foundation of one’s own knowledge.

The Berkeley Campus Regulations Implementing University Policies, which address standards of student conduct, were amended in 1992 and are now published separately as “The Code of Student Conduct.” The complete document is available here: http://students.berkeley.edu/uga/conduct.pdf.

An excerpt from the introductory statement of principles is presented below:

The University of California at Berkeley is committed to providing its students the very best education that is possible within our resources. Thus, we try to attract the finest faculty members, we endeavor to maintain excellent classroom and laboratory facilities, and we support literally hundreds of co-curricular activities that enhance the quality of the Berkeley student’s experience. Yet, for the campus to function as a university community, it is not enough for the faculty and administration to carry out their respective obligations. It is equally important that every student assume his or her individual responsibilities.

Foremost among these, of course, is the student’s responsibility to perform academically to the full extent of his or her ability. In so doing, it is assumed that each student will observe the basic tenets of academic honesty. Therefore, any act of cheating or misrepresenting one’s own or someone else’s academic work will be considered a very serious offense. Intellectual products – including papers, exams, laboratory reports, articles, and books – are the heart and soul of any university’s academic life. We cannot permit them to be willfully compromised or expropriated.

Beyond our expectations of academic honesty – and of equal importance – is the assumption that the Berkeley student will accept his or her civil and civic responsibilities. Simply put, they are the courtesies, considerations, and gestures of respect towards other members of the campus community that allow us all to express our personal freedoms without trampling on those of others.

The University is a fragile organism, requiring for its vitality consensus among its members concerning acceptable standards of conduct. These standards must both underlie and promote a degree of tolerance far greater than that which is exhibited in society at large. For it is not coercive law which restrains our actions, but a common purpose.

That purpose is understood as guaranteeing the right of every Berkeley student to pursue his or her personal path to an education, to ask his or her very own questions, and to express his or her private reflections – in short, to evolve as an individual without undue interference. Any infringement of this
right, whether in the classroom or elsewhere on campus, will be regarded as an offense against the entire campus community.

UCB Code of Student Conduct, 1992, pp. 1 and 2

Academic honesty

The School of Public Health and the University of California, Berkeley place a high value on academic honesty, which prohibits cheating and plagiarism. What is meant by “cheating is usually quite clear cut, but not so for “plagiarism”. The following memo, prepared by Professor William Bicknell at the Boston University School of Public Health for orientation of students, defines plagiarism quite well. Please read this carefully and discuss with your faculty adviser or with Associate Dean of Student Affairs if you have any questions.

“Plagiarism” a memo by Dr. William J. Bicknell: The purpose of this memo is to make clear:

What plagiarism is, how to avoid plagiarism and the consequences of plagiarism

Misunderstanding is widespread about what plagiarism is and whether or not it is a serious offense. It is a serious offense, and should be painstakingly avoided. Acceptable practice on citing sources of information differs as one moves from an academic environment to the world of work. There are also differences in custom between countries and cultures. This memo outlines practices appropriate to a U.S. academic environment.

What is plagiarism? Plagiarism is using someone else’s work, words, or ideas without giving them proper credit. An example of plagiarism, and an example of one acceptable way to avoid it, is shown below under the heading of Attachment 1.

How to avoid Plagiarism. Here are some simple guidelines for avoiding plagiarism:

1. If you use a phrase, sentence or more from any source, you must put them in quotation marks and cite the source in footnote.
2. If you recount someone else’s ideas in your own words (paraphrasing), you must provide a footnote at the end of the passage citing the source of the ideas.
3. If you draw on someone else’s ideas, even though you neither quote nor paraphrase them precisely, one of the following is called for:
   ● A footnote crediting the source of the ideas.
   ● A direct reference to the source within the text (for example, “Seligman has repeatedly made the point that.”, with facts of publication (title, etc.) provided in a footnote or bibliography.

Footnotes should be complete enough to enable the reader to accurately identify your sources. In addition to articles and books, sources may be personal communication, unpublished data, working memos and internal documents. A footnote should cite the author (if no author is named, the organization), as well as the title, date and page number(s). A bibliography, listing your sources but not linking them to specific points in your text, may well be desirable but is not a substitute for footnotes.
**The Consequences of Plagiarism**

The consequences of plagiarism are serious. Students can be expelled and lose all chance of completing their studies. Even if 99 percent of a student’s work has been above reproach, proven plagiarism could easily result in a degree not being granted.

**Summary**

A good paper typically demonstrates grasp of concepts, originality and appropriate attention to detail. The person who reads your paper assumes that the words and ideas originate with you unless you explicitly attribute them to others. Whenever you draw on someone else’s work, it is your obligation to say so. If you do not, you are operating under false pretenses. That is plagiarism.

**Original Source**

‘Tribal pressures affect Kenyans’ behavior more than pronouncements arriving from the national seat of government but what ultimately counts is what an individual perceives as in his or her own best interest. For more than 80 percent of Kenya’s people who live and work on the land, children are seen as essential to survival and status. This is particularly true for women. Children and young adults provide an extra labor needed during peak planting and harvest times when everyone in the household must work long hours every day. For women, children are essential to lessen their heavy workload throughout the year: in a study of the Akamba tribe, three-quarters of the respondents gave this reason for having children.”


**Plagiarism**

Tribal pressures affect the Kenyan woman’s behavior more than pronouncements from the capital. She will perceive what is in her best interest. She sees children as essential to her survival and status. They provide the extra labor needed during peak planning and harvest times when everyone in the family must work for long hours.

**Properly Footnoted Citation**

Why do Kenyans have so many children? Mott and Mott write that “tribal pressures affect Kenyans’ behavior more than pronouncements arriving from the national seat of government but what ultimately counts is what the individual perceives as in his or her own best interest.”¹ They point out that children are seen as necessary for a woman’s livelihood as well as her place in society. Children work on the shamba and assist with all kinds of labor: planting, harvesting, fetching firewood and water.²


² Ibid: 7-8