

## **NEKG61: Health Economics**

### **Syllabus Fall 2016**

**Course organizer:** Jan Bietenbeck

Office: Alfa 1 building, room 4107

Office hours: Mondays from 14:00–15:00h

Email: [jan.bietenbeck@nek.lu.se](mailto:jan.bietenbeck@nek.lu.se) (please include 'NEKG61' in the subject of all emails!)

**Second main lecturer:** Ulf Gerdtham

Email: [ulf.gerdtham@nek.lu.se](mailto:ulf.gerdtham@nek.lu.se)

**Teaching assistant:** Thomas Hofmarcher

Email: [thomas.hofmarcher@nek.lu.se](mailto:thomas.hofmarcher@nek.lu.se)

#### **Course content**

This course provides an introduction to economic analysis in health care. Topics covered include demand for health and health care, the physician-patient relationship, health care labor markets, demand for health insurance, and equity in access to and financing of health care. Illustrations are taken from both the Swedish and the international context. In terms of methodology, the course mainly draws on concepts from theoretical microeconomics, although some empirical studies will also be discussed.

#### **Course organization**

The course comprises 15 lectures and 3 exercise sessions. The lectures introduce relevant microeconomic methods and discuss applications associated with a particular topic in health economics. The exercise sessions discuss analytical problems which are related to the material covered in the lectures. Lecture slides, analytical exercises, and all other materials will be posted on Live@Lund in due time. Please make sure to check the Live@Lund page regularly for announcements and potential updates to this syllabus and the course schedule.

## **Examination and grading**

Students can obtain a maximum of 100 points: 10 points for the solutions to analytical problems (*home assignment*) to be handed in and 90 points for the final exam. The overall grade for the course is obtained as follows: A = 85–100 points, B = 75–84 points, C = 65–74 points, D = 55–64 points, E = 50–54 points, and F (fail) = 0–49 points.

Analytical problems (*home assignment*): one week before each of the first two exercise sessions, an analytical problem set will be posted on Live@Lund. Students are supposed to solve these problem sets at home and hand in their solutions at the beginning of the corresponding exercise session (if you cannot attend the session, please put your solutions into Jan Bietenbeck's mailbox in the Alfa 1 building before the session). Students are allowed to (but do not have to) work in pairs, and only one solution per student pair needs to be handed in. The solutions will be graded on the following discrete scale: 0 points for no or late submissions or for very poor performance; 2.5 points for sincere effort but incorrect or incomplete solutions; and 5 points for well-developed and correct solutions. Thus, a maximum of 10 points can be obtained from the two solutions combined. Note that there is no possibility to make up for failing to hand in a solution or for handing it in late. Finally, the third exercise session will discuss last year's final exam. The exam will also be posted on Live@Lund one week before, but not solution has to be handed in.

Final exam: this consists of a mix of essay questions and analytical problems similar to those discussed in the exercise sessions. The exam covers everything discussed in the lectures and the exercise sessions as well as in the course literature.

Further information: partial grades for the final exam as well as the solutions to the analytical exercises count for the academic year 2016/2017 only. Students who fail to pass the course during this year and who want to have another try will have to re-take the whole course during the following academic year.

## **Course literature**

The main textbook for this course is 'Economic Analysis in Health Care', second edition, by Stephen Morris, Nancy Devlin, David Parkin, and Anne Spencer (from now on: MDPS). The

relevant parts of the book for each lecture are indicated below. For some lectures, additional academic articles and readings constitute part of the required literature; these articles will be uploaded on Live@Lund in due time. The list below distinguishes between required readings, which you are expected to have read for the exam, and further optional readings<sup>1</sup>, which constitute useful background reading for some of the topics covered in the lectures but not in the textbook, and which you do not necessarily have to read for the exam.

Please note that this literature list will be updated during the course, so keep checking back for relevant announcements on Live@Lund!

<b>Lecture</b>	<b>Literature</b>
Lecture 1	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 1</li> <li>• Arrow, K. J. (1963). Uncertainty and the welfare economics of medical care. <i>The American Economic Review</i>, 53(5), 941–973. <i>Note: you can skip the appendix to this paper.</i></li> </ul>
Lecture 2	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapters 2.1–2.3 and 2.5–2.7</li> </ul> <p><u>Further optional readings:</u></p> <ul style="list-style-type: none"> <li>• Aron-dine, A., Einav, L., &amp; Finkelstein, A. (2012). The Rand Health Insurance Experiment: Three Decades Later. <i>Journal of Economic Perspectives</i>, 27(1), 197–222.</li> <li>• Gruber, J., &amp; Owings, M. (1996). Physician financial incentives and cesarean section delivery. <i>The Rand Journal of Economics</i>, 27(1), 99–123.</li> <li>• Gruber, J., Kim, J., &amp; Mayzlin, D. (1999). Physician fees and procedure intensity: The case of cesarean delivery. <i>Journal of Health Economics</i>, 18, 473–490.</li> </ul>
Lecture 3	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 3</li> <li>• Cutler, D., Deaton, A., &amp; Lleras-Muney, A. (2006). The Determinants of Mortality. <i>Journal of Economic Perspectives</i>, 20(3), 97–120.</li> <li>• Wagstaff, A. (1986). The demand for health: theory and applications. <i>Journal of Epidemiology &amp; Community Health</i>, 40(1), 1–11.</li> </ul> <p><u>Further optional readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 2.4</li> </ul>

1 Some of the further optional readings are quite technical in parts, but usually the introduction and the graphs and tables reveal the main message of these papers.

Lecture 4	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 4</li> </ul> <p><u>Further optional readings:</u></p> <ul style="list-style-type: none"> <li>• Bloom, N., Propper, C., Seiler, S., &amp; Reenen, J. Van. (2015). The Impact of Competition on Management Quality: Evidence from Public Hospitals. <i>The Review of Economic Studies</i> , 82(2), 457–489.</li> </ul>
Lecture 5	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 5</li> </ul> <p><u>Further optional readings:</u></p> <ul style="list-style-type: none"> <li>• pp.429-440 in Bhattacharya, J., Hyde, T., &amp; Tu, P. (2014). Health Economics. New York: Palgrave Macmillan (<i>on Live@Lund</i>)</li> </ul>
Lecture 6	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 7</li> </ul> <p><u>Further optional readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 6.6</li> </ul>
Lecture 7	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 8.1-8.2, 8.4, 8.6.2 (<i>cobweb model</i>), 8.7</li> </ul>
Lecture 8	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 6.1-6.3</li> </ul>
Lecture 9	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 9</li> </ul>
Lecture 10	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 10</li> </ul>
Lecture 11	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 11</li> </ul>
Lecture 12	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 12</li> </ul>
Lecture 13	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• MDPS chapter 13</li> </ul>
Lecture 14	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• lecture slides</li> </ul>
Lecture 15	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> <li>• lecture slides</li> <li>• Newhouse, J. P. (1992). Medical care costs: how much welfare loss?. <i>The Journal of Economic Perspectives</i>, 6(3), 3-21.</li> </ul>

**Schedule** (Please check the course page on [Live@Lund](mailto:Live@Lund) regularly for updates!)

Instructors: Jan Bietenbeck (JB), Ulf Gerdtham (UG), Thomas Hofmarcher (TH)

<b>Date</b>	<b>Time</b>	<b>Room</b>	<b>Content</b>
Mon 10/31	10:00 – 12:00	EC1:135	Lecture 1 / Lecture 2 (JB)
Wed 11/02	10:00 – 12:00	EC2:069	Lecture 2 / Lecture 3 (JB)
Mon 11/07	10:00 – 12:00	EC1:135	Lecture 3 (JB)
Wed 11/09	12:00 – 14:00	EC2:069	Lecture 4 (JB)
Thu 11/10	08:00 – 10:00	EC1:135	Lecture 5 (JB)
Mon 11/14	10:00 – 12:00	EC1:135	Lecture 6 (JB)
Thu 11/17	10:00 – 12:00	EC1:135	Lecture 7 (JB)
Mon 11/21	10:00 – 12:00	EC1:135	Lecture 8 (UG)
Wed 11/23	12:00 – 14:00	EC1:137	Lecture 9 (UG)
Thu 11/24	08:00 – 10:00	EC1:136	Exercise session 1 (TH)
Mon 11/28	14:00 – 16:00	EC1:136	Lecture 10 (UG)
Thu 12/01	08:00 – 10:00	EC1:135	Lecture 11 (UG)
Mon 12/05	14:00 – 16:00	EC1:137	Lecture 12 (UG)
Wed 12/07	16:00 – 18:00	EC1:136	Lecture 13 (UG)
Thu 12/08	14:00 – 16:00	EC1:135	Exercise session 2 (TH)
Mon 12/12	10:00 – 12:00	EC1:135	Lecture 14 (guest lecture by Ulf Persson from IHE)
Wed 12/14	12:00 – 14:00	EC1:135	Lecture 15 (JB)
Thu 12/15	12:00 – 14:00	EC1:135	Exercise session 3 (TH)
Tue 12/20	14:00 – 19:00	MA 8	Final exam
~ Feb 2017	TBD	TBD	First retake exam
~ Aug 2017	TBD	TBD	Second retake exam