

NEKG61: Health Economics

Syllabus Fall 2018

Lecturer: Jan Bietenbeck

Office: Alfa 1 building, room 4084

Office hours: Tuesdays from 14:30 – 15:30h

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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 updates to this syllabus and the course schedule.**

Examination and grading

Students can obtain a maximum of 100 points for the course: 10 points for the solutions to analytical problems (*home assignments*) 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 assignments*): 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, where the correct solutions will be discussed.¹ Students are allowed to (but do not have to) work in pairs, and only one solution per student pair needs to be handed in. **Please do not forget to put your name(s) on the solution.** The assignments 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 assignments combined. **Note that there is no possibility to make up for failing to hand in an assignment or for handing it in late.** Finally, in the third exercise session, a practice exam will be discussed. The exam will also be posted on Live@Lund one week before, but no solution has to be handed in.

Final exam: this consists of a mix of essay questions, multiple-choice questions, and analytical problems similar to those discussed in the exercise sessions. The exam covers everything discussed in the lectures, the exercise sessions, and 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 2018/2019 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.

¹ If you cannot attend the session, please put your solutions into the black mailbox outside the Department of Economics, located on the second floor of the EC1 building, before 14:00 on the day of the exercise session. Write “To: Sara Mikkelsen” on the first page of your solutions.

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 readings², 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 might be updated during the course, so keep checking back for relevant announcements on Live@Lund!**

Lecture	Literature
Lecture 1	<u>Required readings:</u> <ul style="list-style-type: none"> • MDPS chapter 1 • Arrow, K. J. (1963). Uncertainty and the welfare economics of medical care. <i>The American Economic Review</i>, 53(5), 941–973. <i>Note:</i> you can skip the appendix to this paper.
Lecture 2	<u>Required readings:</u> <ul style="list-style-type: none"> • MDPS chapters 2.1–2.3 and 2.5–2.7 • Newhouse, J. P. (1992). Medical care costs: how much welfare loss? <i>The Journal of Economic Perspectives</i>, 6(3), 3–21. <u>Further optional readings:</u> <ul style="list-style-type: none"> • Aron-dine, A., Einav, L., & Finkelstein, A. (2012). The Rand Health Insurance Experiment: Three Decades Later. <i>Journal of Economic Perspectives</i>, 27(1), 197–222. • Gruber, J., & Owings, M. (1996). Physician financial incentives and cesarean section delivery. <i>The Rand Journal of Economics</i>, 27(1), 99–123. • Gruber, J., Kim, J., & Mayzlin, D. (1999). Physician fees and procedure intensity: The case of cesarean delivery. <i>Journal of Health Economics</i>, 18, 473–490. • Johnson, E. M., & Rehavi, M. M. (2016). Physicians Treating Physicians: Information and Incentives in Childbirth. <i>American Economic Journal: Economic Policy</i>, 8(1), 115–141.
Lecture 3	<u>Required readings:</u> <ul style="list-style-type: none"> • MDPS chapter 3

² 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.

	<ul style="list-style-type: none"> • Cutler, D., Deaton, A., & Lleras-Muney, A. (2006). The Determinants of Mortality. <i>Journal of Economic Perspectives</i>, 20(3), 97–120. • Wagstaff, A. (1986). The demand for health: theory and applications. <i>Journal of Epidemiology & Community Health</i>, 40(1), 1–11. <p><u>Further optional readings:</u></p> <ul style="list-style-type: none"> • MDPS chapter 2.4
Lecture 4	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> • MDPS chapter 4 <p><u>Further optional readings:</u></p> <ul style="list-style-type: none"> • Bloom, N., Propper, C., Seiler, S., & 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. • Cooper, Z., Gibbons, S., Jones, S. & McGuire, A. (2011). “Does Hospital Competition Save Lives? Evidence from the English NHS Patient Choice Reforms. <i>Economic Journal</i>, 121, F228-F260. • Pope, D. G. (2009). Reacting to rankings: evidence from “America's Best Hospitals”. <i>Journal of health economics</i>, 28(6), 1154-1165.
Lecture 5	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> • MDPS chapter 5 • pp.429-440 in Bhattacharya, J., Hyde, T., & Tu, P. (2014). <i>Health Economics</i>. New York: Palgrave Macmillan (<i>on Live@Lund</i>)
Lecture 6	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> • MDPS chapter 7 <p><u>Further optional readings:</u></p> <ul style="list-style-type: none"> • MDPS chapter 6.6
Lecture 7	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> • catching up (like Lecture 6)
Lecture 8	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> • MDPS chapter 6.1-6.3
Lecture 9	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> • MDPS chapter 8.1-8.2, 8.4, 8.6.2 (<i>cobweb model</i>), 8.7
Lecture 10	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> • MDPS chapter 9
Lecture 11	<p><u>Required readings:</u></p> <ul style="list-style-type: none"> • MDPS chapter 10

Lecture 12	<u>Required readings:</u> <ul style="list-style-type: none">• MDPS chapter 11
Lecture 13	<u>Required readings:</u> <ul style="list-style-type: none">• MDPS chapter 12
Lecture 14	<u>Required readings:</u> <ul style="list-style-type: none">• MDPS chapter 13
Lecture 15	<u>Required readings:</u> <ul style="list-style-type: none">• To be determined.

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

Instructors: Jan Bietenbeck (JB), Ulf Gerdtham (UG), Sara Mikkelsen (SM)

Week #	Date	Time	Room	Content
45	Mon 11/05	14:00 – 16:00	EC1:135	Lecture 1 / Lecture 2 (JB)
45	Thu 11/08	14:00 – 16:00	EC1:135	Lecture 2 / Lecture 3 (JB)
45	Fri 11/09	14:00 – 16:00	EC1:135	Lecture 3 / Lecture 4 (JB)
46	Mon 11/12	14:00 – 16:00	EC1:135	Lecture 4 (JB)
46	Thu 11/15	14:00 – 16:00	EC1:135	Lecture 5 (JB)
46	Fri 11/16	14:00 – 16:00	EC1:135	Lecture 6 (JB)
47	Mon 11/19	14:00 – 16:00	EC1:135	Lecture 7 (JB)
47	Wed 11/21	14:00 – 16:00	EC1:135	Lecture 8 (UG)
47	Thu 11/22	14:00 – 16:00	EC1:135	Lecture 9 (JB)
47	Fri 11/23	14:00 – 16:00	EC1:135	Lecture 10 (UG)
48	Tue 11/27	10:00 – 12:00	EC1:135	Lecture 11 (UG)
48	Tue 11/27	14:00 – 16:00	EC1:135	Exercise session 1 (SM)
48	Thu 11/29	14:00 – 16:00	EC1:135	Lecture 12 (UG)
48	Fri 11/30	14:00 – 16:00	EC1:135	Lecture 13 (UG)
49	Mon 12/03	14:00 – 16:00	EC1:135	Lecture 14 (UG)
49	Thu 12/06	12:00 – 14:00	EC1:135	Lecture 15 (UG)
49	Thu 12/06	14:00 – 16:00	EC1:135	Exercise session 2 (SM)
49	Fri 12/07	14:00 – 16:00	EC1:135	Exercise session 3 (SM)
50	Wed 12/12	14:00 – 19:00		Final Exam
	02/08 2019	14:00 – 19:00		First retake exam
	~ Aug 2019			Second retake exam