



# B.E. International Program

## Faculty of Economics, Thammasat University



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### Course Outline

#### EE 474 Health Economics

Semester 1/2014 (August 18 – December 6, 2014)

**Number of credits:** 3 credits

**Lecture Time:** Tuesdays and Thursdays, 12.30 – 14.00 hrs

**Lecture Venue:** Room 303, Faculty of Economics

**Instructor:** Phatta Kirdruang, PhD

**Office:** Room 428, Faculty of Economics

**E-mail:** [phatta@econ.tu.ac.th](mailto:phatta@econ.tu.ac.th)

**Office hours:** Tuesdays and Thursdays, 14.00 – 15.00 hrs  
and by appointment

#### Course Description:

This course provides an overview of economic thoughts concerning health and health care services. The topics covered are: production of health, demand for health capital, demand for and supply of health care, health insurance, asymmetric information in health care, factors of health service production, efficiency and equity in health care system, market failure in health care market and government intervention, evaluation of health care projects, health economics at macro level, health care systems, and the reform of health service systems in Thailand and in other countries.

**Prerequisites:** a) EE210 or b) EE211 or c) EE213

#### Course Objectives:

1. To give students an understanding of essential concepts and theories in health economics, as well as their applications to current health economics issues.
2. To provide students with economic tools in analyzing health economics problems.
3. To acquaint students with the literature in health economics, and to develop their critical thinking skill.

## Required Textbooks:

Folland, S., Goodman, A. C., and Stano, M. (2012). *The Economics of Health and Health Care*, Seventh Edition. Pearson. [FGS]

## Complementary Textbooks:

Phelps, C. (2010). *Health Economics*, Fourth Edition. Pearson.

Santerre, R.E., and Neun, S. P. (2007). *Health Economics: Theories, Insights, and Industry Studies*, Fourth Edition. Thompson. [S&N]

Papers as specified in the reading references for each topic.

## Course Outline:

No	Date	Topic and Readings (*= Required)	Remarks
1	Aug 19	Course Introduction and Overview of Health Economics *FGS, Chapter 1	
2	Aug 21	Introduction to Health Economics * Atul Gawande. " <a href="#">Testing, Testing: The health-care bill has no master plan for curbing costs. Is that a bad thing?</a> " The New Yorker. December 14, 2009. Phelps, Chapter 1, p.1-15 S&N, Chapter 1	Discuss Gawande's paper
3	Aug 26	Production of Health (1) *FGS, Chapters 5 *Fuchs, V. R. (1974). "Who Shall Live?" Chapter 2 in <i>Who Shall Live?</i> New York: Basic Books, pp. 30-55. Phelps, Chapter 1, p.15-27 S&N, Chapter 2, p.42-60	
4	Aug 28	Production of Health (2) *FGS, Chapters 5	Discuss Fuchs' paper
5	Sept 2	Demand for Health Capital (1) *FGS, Chapter 7 *Grossman, M. (1972). "On the Concept of Health Capital and the Demand for Health." <i>Journal of Political Economy</i> vol. 80, pp. 223-255.	

		Wagstaff, A. (1986). "The Demand for Health: Theory and Applications." <i>Journal of Epidemiology and Community Health</i> , vol. 40(1), pp. 1-11.	
6	Sept 4	Demand for Health Capital (2) *FGS, Chapter 7	Discuss Grossman's paper
7	Sept 9	Demand for Health Care (1) *FGS, Chapter 9 Phelps, Chapters 4-5 *Manning, W. G., et al. (1987). "Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment." <i>American Economic Review</i> , vol. 77(3), pp. 251-277.	
8	Sept 11	Demand for Health Care (2) *FGS, Chapter 9	Discuss Manning's paper
9	Sept 16	Supply of Health Care (1) *FGS, Chapter 6 S&N, Chapter 7 *Cutler and McClellan (2001) "Is Technological Change in Medicine Worth It?" <i>Health Affairs</i> , 20(5):11-29. Weisbrod (1991) "The Health Care Quadrilemma: An Essay on Technological Change, Insurance, Quality of Care, and Cost Containment" <i>Journal of Economic Literature</i> 29(2): 523-552. Newhouse (1992) "Medical Care Costs: How Much Welfare Loss?" <i>Journal of Economic Perspectives</i> 6(3): 3-21.	
10	Sept 18	Supply of Health Care (2) *FGS, Chapter 6	Discuss Cutler and McClellan's paper
11	Sept 23	Demand and Supply of Health Insurance (1) *FGS, Chapter 8 Phelps, Chapter 10 S&N, Chapter 6 Pauly, M. (1968). "The Economics of Moral Hazard: Comment." <i>American Economic Review</i> , vol. 58, pp. 531-537.	PS#1 handed out

		*Nyman, John A. (1999). "The Value of Health Insurance: The Access Motive." <i>Journal of Health Economics</i> , Vol. 18(2), pp. 141-152.	
12	Sept 25	Demand and Supply of Health Insurance (2) *FGS, Chapter 8	
13	Sept 30	Health and Health Insurance * Levy and Meltzer (2004). "What Do We Really Know About Whether Health Insurance Affects Health?" <i>Health Policy and the Uninsured</i> , pp/ 179-204.	Discuss Levy&Meltzer's paper
14	Oct 2	Asymmetric Information in Health Care *FGS, Chapter 10	PS #1 due
	Oct 7	<i>No Class (Midterm-Exam Period)</i>	
	<b>Oct 9 (12.30-14.00)</b>	<b>MIDTERM</b>	
15	Oct 14	Factors of Health Service Production: Hospitals *FGS, Chapter 13 Phelps, Chapter 8 Newhouse, J.P. (1970). "Toward a Theory of Non-Profit Institutions: An Economic Model of a Hospital." <i>American Economic Review</i> , Vol. 60(1), pp. 64-74. *Lakdawalla and Phillipson (2006). "The Nonprofit Sector and Industry Performance." <i>Journal of Public Economics</i> , Vol. 90, pp. 1681-1698.	Discuss Lakdawalla's paper
16	Oct 16	Factors of Health Service Production: Physician's Practice *FGS, Chapter 15 Phelps, Chapters 6 S&N, Chapter 12 Phelps, C.E. (1986). "Induced demand — can we ever know its extent?" <i>Journal of Health Economics</i> , Vol.5(4), pp. 355-365. *Kessler and McClellan (1996) "Do Doctors Practice Defensive Medicine?" <i>Quarterly Journal of Economics</i> , 111(2):353-390 Kessler. (2011). "Evaluating the Medical	Discuss Kessler and McClellan's paper and Gawande's paper PS # 2 handed out

		<p>Malpractice System and Options for Reform,” <i>Journal of Economic Perspectives</i>, 25(2):93-110.</p> <p>*Atul Gawande. “<a href="#">The Cost Conundrum</a>.” <i>The New Yorker</i>. June 1, 2009.</p> <p>Newhouse, J.P. and Garber, J.M. (2013) “Geographic Variation in Medicare Services.” <i>New England Journal of Medicine</i>, 368(16):1465-8.</p>	
17	Oct 21	<p>Factors of Health Service Production: Health Care Labor Markets</p> <p>*FGS, Chapter 16</p> <p>Phelps, Chapters 7</p> <p>*Rosenthal, Meredith B. (2008). “Beyond Pay for Performance – Emerging Models of Provider Payment Reform.” <i>New England Journal of Medicine</i>, 359(12):1197-1200.</p>	Discuss Rosenthal's paper
	Oct 23	<i>No Class (Chulalongkorn Memorial Day)</i>	
18	Oct 28	<p>Factors of Health Service Production: Pharmaceutical Industry</p> <p>*FGS, Chapter 17</p> <p>S&amp;N, Chapter 14</p> <p>Scherer, F. M. (2000). “The Pharmaceutical Industry.” In <i>Handbook of Health Economics</i>, eds. Anthony J. Culyer and Joseph P. Newhouse (pp. 1297-1336). Amsterdam: North Holland.</p> <p>*Faden and Chalkidou (2011). “Determining the Value of Drugs – The Evolving British Experience.” <i>New England Journal of Medicine</i>, 2011, 364(14):1289-91.</p>	Discuss Faden & Chalkidou's paper
19	Oct 30	<p>Efficiency and Equity in Health Care Market (1)</p> <p>*FGS, Chapter 18</p>	PS#2 due
20	Nov 4	<p>Efficiency and Equity in Health Care Market (2)</p> <p>*FGS, Chapter 18</p>	
21	Nov 6	<p>Market Failure and Government Intervention in Health Care Market (1)</p> <p>*FGS, Chapter 19</p> <p>Phelps, Chapter 15</p> <p>S&amp;N, Chapter 9</p> <p>*Arrow, Kenneth. (1963). “Uncertainty and the</p>	Discuss Kenneth's paper

		Welfare Economics of Medical Care.” <i>American Economic Review</i> , Vol. 53(3), pp. 941-973.	
22	Nov 11	Market Failure and Government Intervention in Health Care Market (2) *FGS, Chapter 19	
23	Nov 13	Evaluation of Health Care Projects (1) *FGS, Chapter 4 S&N, Chapter 3 *Drummond, Michael (2004) “Economic Evaluation in Health Care: Is It Really Useful or Are We Just Kidding Ourselves?” <i>The Australian Economic Review</i> 37(1):3-11. Cutler, David. (2007). “The Lifetime Costs and Benefits of Medical Technology.” <i>Journal of Health Economics</i> , 26(60), 1081-1100.	PS #3 handed out Discuss Drummond’s paper
24	Nov 18	Evaluation of Health Care Projects (2) *FGS, Chapter 4 S&N, Chapter 3	
25	Nov 20	Comparative Health Care Systems (1) *FGS, Chapter 22	
26	Nov 25	Comparative Health Care Systems (2) *FGS, Chapter 22 *Hanvoravongchai, P., & Hsiao, W. (2007). Thailand: Achieving Universal Coverage with Social Health Insurance. In W. C. Hsiao, & R. P. Shaw, Social Health Insurance for Developing Nations (pp. 133-154). The World Bank.	PS#3 due
27	Nov 27	Health Care Reform *FGS, Chapter 23 S&N, Chapter 16 Wibulpolprasert, S., & Thaiprayoon, S. (2008). Thailand: Good Practice in Expanding Health Coverage - Lessons from the Thai Health Care Reforms. In P. Gottret, G. J. Schieber, & H. R. Waters, Good Practices in Health Financing: Lessons from Reforms in Low- and Middle-Income Countries (pp. 355-383). Washington, DC: The World Bank. *Roland and Rebecca Rosen. (2011). “English NHS Embarks on Controversial and Risky Market-Style Reforms in Health Care.” <i>New England Journal of</i>	Discuss WHR, chapter1 and Roland&Rosen’s paper in light of the current debate on the UC policy in Thailand

		<i>Medicine</i> , 364(14):1360-6.	
28	Dec 2	A Path to Universal Coverage Schieber, G., Baeza, C., Kress, D., and Maier, M. (2006). Financing Health Systems in the 21st Century. In Chapter 12, pp 225-242 in Disease Control Priorities in Developing Countries, 2nd Edition. New York: Oxford University Press 2006.  * World Health Report (2010) - Chapter 1: Where are we now?	
29	Dec 4	Class wrap-up	
	<b>Dec 16 (9.00-12.00)</b>	<b>FINAL EXAM</b>	

Note: The class schedule shown above may be adjusted during the semester as needed.

### Assessment:

Class participation	10%	
Problem sets	15 %	
<b>Midterm Exam</b>	<b>30 %</b>	<b>(Friday, October 9, 2014, 12.30-14.00 hrs)</b>
<b>Final exam</b>	<b>45 %</b>	<b>(Monday, December 15, 2014, 9.00 – 12.00 hrs)</b>

- Students are required to read the assigned readings before coming to class. Class discussion will be based the journal article indicated in each topic.
- There will be 3 problem sets in total, each is worth 10 points. Penalty for a late submission will be 1 point per day.

### Important Dates:

◆ First semester begins	August 18, 2014
◆ Period of withdrawal without “W”	August 18- September 1, 2014
◆ <b>Mid-Term Examination</b>	<b>October 9, 2014 (12.30-14.00 hrs)</b>
◆ Last day of withdrawal with “W”	October 22-27, 2014
◆ <b>Final Examination</b>	<b>December 15, 2014 (9.00 –12.00 hrs)</b>

*Last updated – August 8, 2014.*