



B.E. International Program

Faculty of Economics, Thammasat University



Course Outline

EE 474 Health Economics

Semester 2/2017 (January 8 – May 20, 2018)

Number of credits: 3 credits

Lecture Time: Wednesdays and Fridays, 9.30 – 11.00 hrs

Lecture Venue: Room 303, Faculty of Economics

Instructor: Phatta Kirdruang, PhD

Office: Room 15 (60th anniversary annex),
Faculty of Economics

E-mail: phatta@econ.tu.ac.th

Office hours: Wed and Fri, 11.00 – 12.00 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) EE311 or b) EE312

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)
1	Jan 10, 12	Course Introduction and Overview of Health Economics *FGS, Chapter 1 Phelps, Chapter 1, p.1-15 S&N, Chapter 1
2	Jan 17, 19	Production of Health *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
3	Feb 7, 9	Demand for Health Capital *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.
4	Feb 14, 16	Demand for Health Care *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.

5	Feb 21, 23	<p>Supply of Health Care</p> <p>*FGS, Chapter 6</p> <p>S&N, Chapter 7</p> <p>*Cutler and McClellan (2001) "Is Technological Change in Medicine Worth It?" <i>Health Affairs</i>, 20(5):11-29.</p> <p>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.</p> <p>Newhouse (1992) "Medical Care Costs: How Much Welfare Loss?" <i>Journal of Economic Perspectives</i> 6(3): 3-21.</p>
6	Feb 28, Mar 2	<p>Demand and Supply of Health Insurance</p> <p>*FGS, Chapter 8</p> <p>Phelps, Chapter 10</p> <p>S&N, Chapter 6</p> <p>Pauly, M. (1968). "The Economics of Moral Hazard: Comment." <i>American Economic Review</i>, vol. 58, pp. 531-537.</p> <p>*Nyman, John A. (1999). "The Value of Health Insurance: The Access Motive." <i>Journal of Health Economics</i>, Vol. 18(2), pp. 141-152.</p> <p>* 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.</p>
7	Mar 7, 9	<p>Asymmetric Information in Health Care</p> <p>*FGS, Chapter 10</p>
	Mar 16 (9.00-11.00)	MIDTERM
8.1	Mar 21	<p>Factors of Health Service Production: Hospitals</p> <p>*FGS, Chapter 13</p> <p>Phelps, Chapter 8</p> <p>*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.</p> <p>*Lakdawalla and Phillipson (2006). "The Nonprofit Sector and Industry Performance." <i>Journal of Public Economics</i>, Vol. 90, pp. 1681-1698.</p> <p>Reinikka, R., & Svensson, J. (2010). Working For God? Evidence From A Change in Financing of Nonprofit Health Care Providers In Uganda. <i>Journal of the European Economic Association</i>, 8(6),</p>

		1159-1178.
8.2	Mar 23	<p>Factors of Health Service Production: Physician’s Practice</p> <p>*FGS, Chapter 15</p> <p>Phelps, Chapters 6</p> <p>S&N, Chapter 12</p> <p>Phelps, C.E. (1986). “Induced demand — can we ever know its extent?” <i>Journal of Health Economics</i>, Vol.5(4), pp. 355-365.</p> <p>*Kessler and McClellan (1996) “Do Doctors Practice Defensive Medicine?” <i>Quarterly Journal of Economics</i>, 111(2):353-390</p> <p>Kessler. (2011). “Evaluating the Medical Malpractice System and Options for Reform,” <i>Journal of Economic Perspectives</i>, 25(2):93-110.</p> <p>Atul Gawande. “The Cost Conundrum.” <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>
8.3	Mar 28	<p>Factors of Health Service Production: Health Care Labor Markets</p> <p>*FGS, Chapter 16</p> <p>Phelps, Chapters 7</p> <p>Askildsen, J. E., Baltagi, B. H., & Holmås, T. H. (2003). Wage policy in the health care sector: a panel data analysis of nurses' labour supply. <i>Health Economics</i>, 12(9), 705-719.</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>
8.4	Mar 30	<p>Factors of Health Service Production: Pharmaceutical Industry</p> <p>*FGS, Chapter 17</p> <p>S&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>Giacotto, C., Santerre, R. E., & Vernon, J. A. (2005). Drug Prices and Research and Development Investment Behavior in the Pharmaceutical Industry. <i>Journal of Law and Economics</i>, 48(1), 195-214.</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>

9	April 4	<p>Efficiency and Equity in Health Care Market</p> <p>*FGS, Chapter 18</p> <p>Wagstaff, A. (1991). QALYs and the equity-efficiency trade-off. <i>Journal of Health Economics</i>, 10(1), 21-41.</p>
10	April 18, 20	<p>Market Failure and Government Intervention in Health Care Market</p> <p>*FGS, Chapter 19</p> <p>Phelps, Chapter 15</p> <p>S&N, Chapter 9</p> <p>* Becker, G. S., Grossman, M., & Murphy, K. M. (1994). An Empirical Analysis of Cigarette Addiction. <i>The American Economic Review</i>, 396-418.</p> <p>Arrow, Kenneth. (1963). "Uncertainty and the Welfare Economics of Medical Care." <i>American Economic Review</i>, Vol. 53(3), pp. 941-973.</p>
11	April 25, 27	<p>Evaluation of Health Care Projects</p> <p>*FGS, Chapter 4</p> <p>S&N, Chapter 3</p> <p>Cutler, David. (2007). "The Lifetime Costs and Benefits of Medical Technology." <i>Journal of Health Economics</i>, 26(60), 1081-1100.</p> <p>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.</p>
12	May 2, 4	<p>Comparative Health Care Systems & Health Care Reform</p> <p>*FGS, Chapter 22, 23</p> <p>*Hanvoravongchai, P., & Hsiao, W. (2007). Thailand: Achieving Universal Coverage with Social Health Insurance. In W. C. Hsiao, & R. P. Shaw, <i>Social Health Insurance for Developing Nations</i> (pp. 133-154). The World Bank.</p> <p>Schoen, C., Osborn, R., Squires, D., Doty, M. M., Pierson, R., & Applebaum, S. (2010). How health insurance design affects access to care and costs, by income, in eleven countries. <i>Health Affairs</i>, 10-1377.</p> <p>Roland and Rebecca Rosen. (2011). "English NHS Embarks on Controversial and Risky Market-Style Reforms in Health Care." <i>New England Journal of Medicine</i>, 364(14):1360-6.</p>
13	May 9, 11, 16, 18	<p>Students' Presentations on the Four Health Care Industries Using Structure-Conduct-Performance Approach</p>

		[Details on the presentation will be announced in class.]
	May 25 (9.00-12.00)	FINAL EXAM

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

Assessment:

Class participation/Group presentation	20 %
Midterm Exam	30 %
Final exam	50 %

*Details about group presentation will be explained in class.

Important Dates:

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| ◆ First semester begins | January 8, 2018 |
| ◆ Period of withdrawal without “W” | January 8-22, 2018 |
| ◆ Mid-Term Examination | March 16, 2018 (9.00-11.00 hrs) |
| ◆ Period of withdrawal with “W” | March 28 – April 2, 2018 |
| ◆ Final Examination | May 25, 2018 (9.00 –12.00 hrs) |

Last updated – January 6, 2018.