Instructor: Dr. Jaclyn Lindo
Office: Saunders Hall, Room 538
Email: lindoj@hawaii.edu

Meeting time: MTWRF 10:30-11:45am
Room: TBA
Office hours: TBA

Course Description
This course is intended to provide an understanding of traditional issues in health economics. Economic theory will be applied to analyze the behavior of consumers, healthcare providers, health insurers and policymakers and their interactions that determine the allocation of scarce resources and the production and consumption of healthcare services. There is further focus on the uncertainty, asymmetric information, moral hazard and adverse selection that differentiate the market for healthcare from other markets.

Prerequisites
Intermediate microeconomics (ECON 301) or consent of Instructor

Course Learning Objectives
Upon conclusion of the course, students will have the tools to:
1) Describe the institutional structure of the healthcare sector in the U.S.
2) Understand and analyze current and future healthcare issues from an economic perspective.
3) Discuss the public policy issues that surround the production, distribution and consumption of healthcare services with health economists and others.
4) Critically analyze the vast array of literature produced by health economists and related researchers.

Course Organization
This course will primarily follow a lecture format, with extensive opportunities for student input, participation and discussion. Students are encouraged to ask questions, raise issues, critique or share relevant experience and knowledge on assigned readings and other course-related topics.

Required Text
Hard cover ISBN: 9780132948531
eText available at www.coursesmart.com
Required Reading
In addition to the text, students will be assigned scholarly journal articles to read daily (see readings indicated by asterisk in Course Schedule below). Students are NOT expected to read each article word-for-word. Scholarly journals, particularly in economics, are very difficult and sometimes impossible to read by those without training in advanced theory and mathematics. Students should read in detail: the abstract, introduction, background (if applicable) and conclusion. Students should skim: the description of methods and discussion of results. All mathematical and theoretical proofs can be IGNORED. Our focus is on the empirical investigation and applicability and relevance to the real-world.

Students are expected to be able to do the following, if asked in lecture, for all required reading:

1) Provide a brief explanation of the contributing research.
2) Summarize the main findings of the research.
3) Discuss the importance/pertinence/relevance of the topic in general, as well as the specific research findings.
4) Share an informed opinion on the topic/findings.

Articles and other reading not indicated as required are listed merely as references from which other material presented in lecture are drawn.

Course Communication
All course documents will be posted to our Laulima page. This includes the syllabus, readings, PowerPoint lecture slides, study guides, exams and answer keys.

All communication outside of lecture will be conducted via UH email accounts that are tied to Laulima.

Students are expected to check their UH email accounts and the Laulima site DAILY.

Grading
Response paper 1 15 points (5%)
Response paper 2 15 points (5%)
Response paper 3 15 points (5%)
Midterm exam 1 45 points (15%)
Midterm exam 2 45 points (15%)
Research paper 120 points (40%)
Presentation 15 points (5%)
Class participation 30 points (10%)
Total 300 points
The standard $+/ -$ grading scale will be used.

“A” range: 90% – 100%
“B” range: 80% – 89%
“C” range: 70% – 79%
“D” range: 60% – 69%
“F”: ≤ 59%

Response Papers
Students will compose a written response to three (3) articles of their choice from the list in the Course Schedule below. Response papers must be submitted in hard copy on the dates specified in the Course Schedule. Students may submit a response to any article listed that has NOT (yet) been discussed in class. Responses should be no fewer than 2 full pages in length, double-spaced with 12-point font. Responses should NOT be a summary of the article. They should reflect the student’s ability to: develop and organize an argument, clearly express an informed opinion, critically analyze research, relate the material to important concepts covered in class and apply economic theory. Response Papers should be thoughtful, well-organized and grammatically correct.

Within the first week of the course, the Instructor will conduct a detailed overview of a sample outstanding Response Paper, as well as a response paper that does not meet expectations. Students will be provided with detailed written feedback on each response paper so that improvements can be made for subsequent assignments and writing ability developed prior to beginning the research paper.

Exams
Students will have the entire class period (75 minutes) to complete each exam. Each exam will consist of 4 short essay questions. Practice exam questions will be distributed two weeks before each exam. Questions will specifically test students’ ability to apply economic models to topics discussed in lecture.

Research Paper
Students will randomly draw from bag the topic for their research paper. A list of possible topics is provided below. The research paper should be no fewer than 15 and no more than 20 pages of quality text (double-spaced, not counting any tables/graphs).

There is a six-part process to completing the research paper with due dates specified in the Course Schedule below. All six steps are integral parts of the research paper development and writing processes. Thus, completion of each component is a prerequisite to subsequent steps and factors into the overall Research Paper grade.
1) **Research Proposal** (5 points)
Students will submit in (double-spaced) hard copy a research proposal.

The Proposal should include:
- The intended research question stated clearly and succinctly;
- A description of the scope of research; and
- An explanation of the importance of the topic and its relevance to the current health economy.

Failure to submit the Research Proposal by the deadline listed in the Course Schedule will result in a score of 0/5 points. However, **even if late, the Proposal must be submitted**, as the Paper Outline will NOT be accepted without an approved research Proposal.

Within the first week of the course, the Instructor will conduct a detailed overview of a sample outstanding Proposal, as well as a Proposal that does not meet expectations. Students will be provided with detailed written feedback on their Proposal.

2) **Outline** (10 points)
Students will submit in hard copy an outline of the approved research. The Outline should be arranged in a hierarchical style and should demonstrate thoughtful organization of thoughts and argument development. It should be structured around the paper requirements (see item (4) below).

Failure to submit the Outline by the deadline listed in the Course Schedule will result in a score of 0/10 points. However, **even if late, the Outline must be submitted**, as the Bibliography will NOT be accepted without a satisfactory Outline.

Within the first week of the course, the Instructor will conduct a detailed overview of a sample outstanding Outline, as well as an Outline that does not meet expectations. Students will be provided with detailed written feedback on their Outline.

3) **Bibliography** (5 points)
Students will submit in hardcopy a list of no fewer than 8 reputable citations referenced for the Research Paper. Reputable citations are high-quality, mainstream publications. These may include: scholarly journals, government documents, legislative transcripts, newspapers, magazines, online news outlets, review articles, monographs, textbooks and interviews with relevant professionals. Citations should be in APA or MLA format.
References used in the Final Paper may differ, however, these preliminary references will help guide you as you begin the writing and research process. Failure to submit the Bibliography by the deadline listed in the Course Schedule will result in a score of 0/5 points. However, **even if late, the Bibliography must be submitted**, as a Draft will **NOT** be accepted without a satisfactory Bibliography.

Within the first week of the course, the Instructor will conduct a detailed overview of a sample outstanding Bibliography, as well as a Bibliography that does not meet expectations. Students will be provided with detailed written feedback on their Bibliography.

4) **First Draft (30 points)**

Students will submit in hard copy a First Draft of the Research Paper. The First Draft should be a **completed** first attempt of the research paper. Therefore, it should be fully organized and contain an introduction, a body, a conclusion, all necessary support, citations and a list of references. It should **NOT** contain incomplete sentences/thoughts/sections, bullet points, descriptions of what is planned for inclusion, etc.

The Final Paper, and therefore, the completed First Draft, should include the following sections:

- Abstract
- Introduction (5% of total)
- Background (10% of total)
- “Heart of the matter” (40% of total)
- Economic analysis/evaluation (40% of total)
  - If you’re doing a comparison, be sure to highlight/critique both sides)
- Conclusion (5% of total)
  - Should include suggestions about moving forward

(Depending on your topic, the “Background” and the “Heart of the Matter” might blend. Please see the Instructor for clarification.)

Failure to submit the Draft by the deadline listed in the Course Schedule will result in a score of 0/20 points. Students may submit a late First Draft **SOLELY** for the purpose of receiving feedback from the Instructor to aide in paper development in striving improve the overall Research Paper grade. It should be noted, however, that the turnaround time for feedback from the Instructor will be delayed for late First Drafts and will result in a shortened time frame to make improvements prior to the Second Draft due date.
Within the first week of the course, the Instructor will conduct a detailed overview of a sample outstanding First Draft, as well as a First Draft that does not meet expectations. The Instructor will read through the Draft in its entirety and will provide detailed feedback, including suggested improvements.

5) **Second Draft (30 points)**
Students will submit in hard copy a Second Draft of the Research Paper. The draft should be a **revision of the First Draft** (if one was submitted) and should reflect suggested improvements provided by the Instructor.

Failure to submit the Draft by the deadline listed in the Course Schedule will result in a score of 0/20 points. Students may submit a late Draft SOLELY for the purpose of receiving feedback from the Instructor to aide in paper development in striving improve the overall Research Paper grade. It should be noted, however, that the turnaround time for feedback from the Instructor will be delayed for late Drafts and will result in a shortened time frame to make improvements prior to the Final Draft due date.

6) **Final Paper (40 points)**
Students will submit in hard copy the finalized Research Paper. Points will be awarded based on content, organization, grammar, support, analysis, incorporation and relevance of sources, application of concepts and theories discussed in lecture, development of the research paper over the course of the semester, adherence to suggested improvements provided by the Instructor and overall improvement in writing quality. Failure to submit the Final Paper by the deadline listed in the Course Schedule will result in a score of 0/40 points.

**No late Final Papers will be accepted under any circumstances.**

Students are expected to meet with the Instructor periodically to discuss paper development.

**Presentations**
Students will give a **15-minute** Presentation on their paper topic. The intent of the Presentation is to inform colleagues about additional topics in health economics not covered in the course and/or to provide further detail on topics covered in the course. Students are required to use a **visual medium** of their choice. It is expected that students will be suitably prepared, meaning that Presentations will **NOT** be read from the employed visual media. Presentations will occur on the last four days of lecture, and students will be randomly assigned to a Presentation Day.
To ensure an audience for all presenters, a student’s failure to attend class on all 4 Presentation days will result in a zero for the Presentation grade, regardless of the student’s own Presentation performance.

**Class Participation**
To enhance the learning experience and broaden discussion of course material, students are expected to be active participants during lecture. There will be ample opportunity for student contribution, question and discussion. Because students are expected to have completed the required reading prior to lecture, they will always have relevant material to discuss. While regular participation by each student is desired, the quality of participation is also important.

**Course Policies**
All Response Papers, Drafts and the Final Paper are due at the BEGINNING of lecture on the dates indicated in the Course Schedule below. Students are expected to submit all assignments on time.

**Due date and/or time extensions will NOT be granted to any student for any assignment. No late work is accepted for grading. Early and make-up exams will NOT be offered.**

**Students with Disabilities**
Students with a documented disability that requires special accommodations for lectures, on-line access or exams are encouraged to contact the KOKUA Program at the **beginning of the semester** to make any necessary arrangements. KOKUA is located in QLCSS, Room 013 and can be reached at 956-7511. Their office has dedicated staff who work very closely with instructors to provide their students with excellent service.

**Academic Integrity**
It is expected that students are aware of and will abide by the University’s academic integrity policy, found at [http://www.catalog.hawaii.edu/about-uh/campus-policies1.htm#integrity](http://www.catalog.hawaii.edu/about-uh/campus-policies1.htm#integrity). Violations of the stated policy will not be tolerated and appropriate disciplinary measures will be taken.
Suggestions for Success

Learning economics involves repeated review of intricate models. It requires not only an understanding of economic concepts, but also the skill to apply these concepts to real-world examples. Healthcare is a very unique sector that is different from other sectors in many aspects. Models covered in this course, therefore, often deviate even from traditional economic models and invoke specialized concepts. Students should not expect to completely understand all models and concepts after reading through the text once or sitting through a lecture. To maximize absorption and understanding of the material, students are expected to read each chapter and required journal articles prior to attending the corresponding lecture, and then subsequently review both notes taken during lecture and all reading materials.

Lectures are a supplement to the text and readings, as the text and readings are a supplement to the lectures. Neither is a substitute for the other. While attendance is not explicitly taken for a grade, the presentation of materials during lecture, in addition to the contribution of colleagues during class discussions are integral learning tools that you will not be able to access if you miss class.

It is very easy to fall behind quickly in an economics course. There are many models covered that build upon each other and increase in complexity. It is therefore imperative that students seek help AS NEEDED. Spending even ten minutes with the Instructor after class will solidify understanding of the material, build confidence and contribute to forward progress in the course. Waiting until the week before an exam to review a long list of concepts that caused weeks of confusion has not proven to be a successful learning strategy for most students. Moreover, the Instructor will be unable to go over a month’s worth of material on such short notice.
Possible Research Topics

(1) The growth of home health care

(2) The uninsured and the underinsured in the U.S. vs. Hawaii

(3) Discussion & comparison of proposals for financing long-term care (LTC)

(4) What are the implications of aging in Japan and the U.S. for healthcare financing?

(5) Pay-for-performance (value-based purchasing) – impacts on cost, quality and outcomes

(6) An analysis of a county’s healthcare system: Japan

(7) An analysis of a county’s healthcare system: the Philippines

(8) An analysis of a county’s healthcare system: Sweden

(9) An analysis of a county’s healthcare system: Taiwan

(10) An international comparative analysis of healthcare systems: United Kingdom & Canada

(11) The Affordable Care Act – implications of health insurance exchanges on the health insurance market

(12) An economic analysis and critique of the Medicare Drug Plan (Part D)

(13) Expansion of Medicaid benefits – impact on uninsurance rates & crowd-out

(14) The shortage of physician specialists in the U.S. and Hawaii

(15) The nursing shortage in the U.S. and Hawaii

(16) The impact of end-stage renal disease (ESRD) Medicare entitlement
## Course Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
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</thead>
<tbody>
<tr>
<td><strong>Week 1</strong></td>
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</table>
| 7/2/12 | Introduction  
Course overview  
Presentation of outstanding written assignments |
| 7/3/12 | Why health economics?  
Economic fundamentals  
Review of economic foundations: consumer theory & theory of the firm |
|        | *Phelps, Chapter 1                                                  |
| 7/4/12 | 4th of July holiday – no lecture                                    |
| 7/5/12 | **Research Proposal Due**                                           |
|        | How is health economics different?                                  |
| 7/6/12 | **Response Paper 1 Due**                                            |
|        | The production of health                                            |
|        | *Phelps, Chapter 3                                                  |

* Indicates required reading.
# Week 2

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
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<tbody>
<tr>
<td>7/9/12</td>
<td>(Response Paper 1 returned with detailed feedback)</td>
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<tr>
<td></td>
<td>Demand for health capital</td>
</tr>
<tr>
<td>7/10/12</td>
<td>Demand for medical care &amp; consumer choice</td>
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<tr>
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<td>*Phelps, Chapter 2</td>
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<tr>
<td>7/11/12</td>
<td>Demand for medical care &amp; consumer choice, cont’d</td>
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<tr>
<td></td>
<td>*Phelps, Chapter 4</td>
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<tr>
<td>7/12/12</td>
<td><strong>Bibliography due</strong></td>
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<tr>
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<td>Demand for health insurance – expected utility, risk aversion</td>
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<td>*Phelps, Chapter 10</td>
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<tr>
<td>7/13/12</td>
<td><strong>Outline due</strong></td>
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<tr>
<td></td>
<td><em>(Bibliography returned with detailed feedback)</em></td>
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<tr>
<td></td>
<td>Demand for health insurance – expected utility, risk aversion, cont’d</td>
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* Indicates required reading.
Week 3

Date               Topic
7/16/12             ++ Response Paper 2 due ++

(Outline returned with detailed feedback)

Problems of imperfect information: moral hazard

*Phelps, Chapter 10


7/17/12             Problems of imperfect information: adverse selection


7/18/12             (Response Paper 2 returned with detailed feedback)

Health insurance and the demand for medical care

*Phelps, Chapter 5


* Indicates required reading.
<table>
<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>7/19/12</td>
<td>Instructor-Student Research Paper meetings</td>
</tr>
<tr>
<td>7/20/12</td>
<td>** Midterm Exam 1 (material through 7/18/12) **</td>
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The impact of health insurance on health


* Indicates required reading.
### Week 4

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
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<tbody>
<tr>
<td>7/23/12</td>
<td>Models of physician behavior</td>
</tr>
<tr>
<td>7/24/12</td>
<td>Models of physician behavior – supplier-induced demand</td>
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</tbody>
</table>

*Phelps, Chapters 6 & 7

**7/23/12**

Models of physician behavior

*Phelps, Chapters 6 & 7

**7/24/12**

Models of physician behavior – supplier-induced demand


* Indicates required reading.
<table>
<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>7/25/12</td>
<td>Overview of hospital services; for- vs. not-for-profit hospitals</td>
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*Phelps, Chapters 8 & 9


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<thead>
<tr>
<th>Date</th>
<th>Performance of for- vs. not-for-profit</th>
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<tr>
<td>7/26/12</td>
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* Indicates required reading.

**First Draft Due**

Delivery systems and payment – FFS and the rise of MCOs

*Phelps, Chapter 11


The impact of HMOs on prices and utilization


* Indicates required reading.


* Indicates required reading.
Week 5

Date       Topic
7/30/12   (First Draft returned with detailed feedback)

Medicare

*Phelps, Chapter 12


Delivery systems and payment – diagnostic related groups (DRGs)

*Phelps, Chapter 12


* Indicates required reading.
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
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<tbody>
<tr>
<td>7/31/12</td>
<td><strong>Response Paper 3 Due</strong></td>
</tr>
<tr>
<td></td>
<td>Medicaid</td>
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<tr>
<td></td>
<td>*Phelps, Chapter 12</td>
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<tr>
<td></td>
<td>Articles TBA</td>
</tr>
<tr>
<td>8/1/12</td>
<td>Hawaii’s Prepaid Health Care Act of 1972</td>
</tr>
<tr>
<td>8/2/12</td>
<td><strong>Response Paper 3 returned with detailed feedback</strong></td>
</tr>
<tr>
<td></td>
<td>Reform and the Affordable Care Act</td>
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<tr>
<td></td>
<td>*Articles TBA</td>
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<tr>
<td>8/3/12</td>
<td><strong>Second Draft Due +</strong></td>
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<tr>
<td></td>
<td>Reform and the Affordable Care Act, cont’d</td>
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* Indicates required reading.
# Week 6

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<tr>
<th>Date</th>
<th>Topic</th>
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<tbody>
<tr>
<td>8/6/12</td>
<td>** Midterm Exam 2 (material from 7/18/12 through 8/3/12) **</td>
</tr>
<tr>
<td></td>
<td>(Second Draft returned with detailed feedback)</td>
</tr>
<tr>
<td>8/7/12</td>
<td>** Student presentations – Day 1 **</td>
</tr>
<tr>
<td>8/7/12</td>
<td>** Student presentations – Day 2 **</td>
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<tr>
<td>8/7/12</td>
<td>** Student presentations – Day 3 **</td>
</tr>
<tr>
<td>4/26/12</td>
<td>** Final Research Paper Due **</td>
</tr>
<tr>
<td></td>
<td>** Student presentations – Day 4 **</td>
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