Department of Health Administration and Policy
College of Health and Human Services

Fall 2018

HAP 715 Health Economics					
Course information	**HAP 715: Health Economics** **Thursdays from 4:30 pm to 7:10 pm** **Founders Hall, Room 210**				
Instructors	Fredric Blavin and Stacey McMorrow Office Location: TBD Office Hours: (By appointment, Thursdays before or after class) fblavin@gmu.edu; smcmorro@gmu.edu				
Course description	Uses economic tools to illuminate the healthcare delivery and financing systems in the US. Explores the production of and demand for health, health care, and health insurance, and how incentives affect choices. Focuses on the US but also draws examples from other countries, since health economics principles apply everywhere, even though values, resources, priorities and constraints vary.				
MHA Competencies	A selected set of the MHA Competencies are the basis for the design of this course, including: course content; learning objectives; and teaching and assessment methods. For each competency, faculty identify a "Targeted Proficiency Level", which students are expected to attain. Course assessments are designed to measure student progress in attaining one of the following targeted proficiency levels. (See **Attachment A**: Proficiency Level Definitions)				
	Novice	Moving Toward Competent	Competent	Moving Toward Expert	Expert

Course Competencies and Supporting Learning Objectives

Course Objectives	Upon completion of the course, participants will be able to:	Target Proficiency Level
1.5. Healthcare Delivery System: Understand the health care system and the environment in which health care managers and providers function. Course Learning Objectives • Examine why health costs rise faster than most other metrics and what potential solutions exist • Examine the role, potential, and misuse of incentives to improve the allocation of health resources • Examine the roles of consumers, employers, hospitals, physicians, nurses, drug and device companies, and other stakeholders in the US health care system • Examine the links and gaps between spending, insurance, access to care, and actual health • Examine the ability and limits of markets, regulation, and collaboration to improve the performance of the US and other health care systems		Competent
1.6. Population Health Management: Understand the goals and methods for population health management including the definition and measurement of health outcomes, patterns of health determinants and the policies and interventions that link these two. Course Learning Objectives • Demonstrate an understanding of the links and gaps between spending, insurance, access to care, and actual health • Demonstrate an understanding of the ability and limits of markets, regulation, and collaboration to improve the performance of the US and other health care systems		Moving Toward Competent
1.1. Health Economics: Apply economic analysis to executive decision making and healthcare policy development. Course Learning Objectives • Analyze healthcare finance and delivery from an economic perspective • Analyze the ability and limits of markets, regulation, and collaboration to improve the performance of the US and other health care systems		Competent
1.2. Health Insurance: Apply concepts, principles and trends in health insurance to the management of healthcare organizations. Course Learning Objectives • Analyze the role, potential, and misuse of incentives to improve the allocation of health resources • Analyze the roles of consumers, employers, hospitals, physicians, nurses, drug and device companies, and other stakeholders in the US health care system • Analyze the links and gaps between spending, insurance, access to care, and actual health		Moving Toward Competent

Course Objectives	Upon completion of the course, participants will be able to:	Target Proficiency Level
1.3.	**Political Advocacy and Stewardship:** Able to represent the policy relevant issues facing healthcare providers and navigate the competing political environment and forces at both the local and national levels to influence policy change and implementation. Course Learning Objectives • Analyze the ability and limits of markets, regulation, and collaboration to improve the performance of the US and other health care systems	Competent
1.4.	**Health Law and Healthcare Regulation:** Interpret, analyze and apply regulations, federal and state laws effecting the operation and governance of healthcare organizations Course Learning Objectives • Analyze the ability and limits of markets, regulation, and collaboration to improve the performance of the US and other health care systems	Moving Toward Competent
2.1.	**Written Communication Skills**: Write clear, concise and cogent executive reports. Course Learning Objectives • Analyze healthcare finance and delivery from an economic perspective • Analyze the ability and limits of markets, regulation, and collaboration to improve the performance of the US and other health care systems	Competent
2.2.	**Oral Presentation Skills:** Construct and deliver business presentations that are logical, compelling, interesting, and effectively communicated. Course Learning Objectives • Analyze healthcare finance and delivery from an economic perspective	Moving Toward Competent
3.1.	**Quantitative Reasoning:** Make sense of information displayed in various formats (graphs, tables, diagrams, equations) and to convert information from one format to another; demonstrate proficiency in mathematical calculation; use evidence in drawing conclusions about numerical data and the ability to assess the limitations of the evidence; describe and evaluate assumptions for estimation, data Analysis, and modeling; and effectively communicate information using quantitative formats. Course Learning Objectives • Analyze healthcare finance and delivery from an economic perspective • Analyze the ability and limits of markets, regulation, and collaboration to improve the performance of the US and other health care systems	Competent
3.5.	**Secondary Research:** Apply appropriate secondary research methods by collecting, summarizing, collating and synthesizing existing research done by others.	Competent

Course Objectives	Upon completion of the course, participants will be able to:	Target Proficiency Level
Course Learning Objectives • Analyze healthcare finance and delivery from an economic perspective • Analyze the ability and limits of markets, regulation, and collaboration to improve the performance of the US and other health care systems		

Required textbook(s) and/or materials	Health Economics, 2014 Edition. Jay Bhattacharya, Timothy Hyde, and Peter Tu. Palgrave Macmillan (paperback, ISBN-978-1-137-02996-6) [REQUIRED] In the Course Schedule below, we indicate which chapters from the text are required to be read each week. We also include required readings each week that complement and reinforce the chapters from the required text. From time to time, we may post additional reading selections drawn from other books, journal articles, blogs, videos, and other sources. Each week, we will also post PowerPoint slides prior to each class. The slides may be downloaded or opened from within Blackboard. We have tried to keep the assigned book chapters, additional reading selections, and slides to a minimum, often by selecting concisely written material that conveys many ideas in few words. This means that you should give yourself plenty of time to go over all these materials very carefully to allow yourself to absorb and critically evaluate the ideas. You should also bring your questions to class or email them to us or your classmates during the week if you need clarification of specific points before proceeding to prepare for class. We also recommend you get a flavor for the strong opinions and impassioned analysis on health reform by reading a range of world views during the semester. If you want to be informed for ongoing health policy debates, you should: (a) Daily scan the health policy media, including Kaiser Health News, Politico Pulse, New York Times, The Washington Post, the Los Angeles Times, and the Wall Street Journal; (b) Develop "go-to" sources for "facts" from: Kaiser Family Foundation, the Commonwealth Fund, CMS, AHRQ, HRSA, CBO, MEDPAC, MACPAC, WHO, Mathematica, Urban Institute, Rand, American Enterprise Institute, Brookings; and (c) Develop familiarity with the value and risk of policy analysis with a "point of view" from: Heritage Foundation, Center for American Progress, Cato Institute, National Journal, The New Republic, the Weekly Standard, the Galen Institute. We also recommend you make a habit of checking these blogs for timely analysis of current issues in health economics and health policy: The morning consult, The Incidental Economist, and The Health Care Economist. ***Offline Access to Online Material*** You will find the course materials relating to each week under "Course Content" on the Blackboard course website. For this course, you should create a dedicated directory, e.g. "c:\HAP715", in your personal storage space, such as your computer hard drive or your USB flash drive if you use a shared computer. Download and save in this directory all the files that we post. Also save in this directory all the files that you send us, including all the assignments that you complete.

	By saving all the course materials in your personal directory, you will be able to access them without being connected to the Internet or worrying that the Blackboard site might be down. The file naming convention allows you to sort the files by name and thus group them by the week they refer to.
Course requirements	Your grade will be based on two take-home exams, a policy paper, and class participation, including a short presentation. The exams will cover the core theoretical content of the course, while the paper will evaluate your ability to apply that knowledge to important policy questions. In addition, writing well is ESSENTIAL for professional advancement, and in job applications you may be asked to provide a writing sample. ***Take Home Exams*** There will be two take-home exams that you should complete entirely on your own. The exam questions will draw on the class lectures, practice problems, class discussions, and course materials throughout the semester. You will have 48-hours to complete the exams, but we do not expect you to spend more than a few hours. The first exam will be **assigned on October 4** and will be **due on October 6**. The second take-home exam will be **assigned on November 29** and will be **due on December 1**. You will be required to submit your exams to Blackboard by 11:59 pm on the due dates. ***Policy Paper*** The policy paper will be a response to an editorial, blog, or news article selected by the instructors. The paper should not exceed seven pages (double-spaced, 12 pt. font, 1" margins), not counting the reference page. The purpose of this assignment is to demonstrate familiarity with the economic concepts we cover in class by applying them to current policy issues. We will provide additional guidance on the format and expected content when the paper is assigned, but you should critically evaluate the material provided using economic tools. The paper should reference at least four peer-reviewed articles that were published in leading journals in the fields of economics, health economics, health services research, or medicine. If you are not sure if a source is "peer-reviewed", do not hesitate to ask. The policy paper will be **assigned on October 25** and will be **due on November 8**. You must submit your paper to Blackboard, that way we have record that you met the deadline. All papers will be checked for plagiarism using SafeAssign. If you aren't used to writing papers, we urge you to take advantage of the resources offered by the University's Writing Center in Robinson Hall A114; (703) 993-1200; http://writingcenter.gmu.edu. ***Presentation*** As part of class participation, each student will give a 5-minute presentation in class on **November 29 or December 6**. The presentation topics are open-ended, but should identify a specific question of interest in health economics. ***Practice Problems*** In some lectures, we will review practice problems that are meant to enhance your understanding of the material covered in class. We will assign practice problems before class so that you can study and solve them. You will be expected to be ready to present your solution to each problem in class. That is part of the class participation component of your course grade.

Learning methods	[ ] Student Self-Assessment [ ] Online discussions [x] Class Discussions [x] Examinations [ ] Experiential Learning Reports [ ] Web-based modules [x] In-class Presentations [ ] Case Study [ ] Team Effectiveness Assessment [ ] Peer Review [ ] Simulation exercises [ ] External Field Experiences [x] Written research or project reports [ ] Strategic/Consulting Projects [ ] Reflective Learning/Modeling [ ] Comprehensive Examination
Evaluation	Evaluations will be based on the following distribution of effort: 30 percent each Two Take Home Exams 25 percent Policy Paper 15 percent In-Class Participation and Final Presentation
Grading Scale	We will grade each assignment on a 0 to 100% scale. Your final score for the course will be a weighted average according to the distribution above. Final thresholds for determining your letter grade may depend on the distribution of final scores in the class, but a typical distribution is below: 94-100%: A 90-93%: A- 87-89%: B+ 84-86%: B 80-83%: B- <80% C
Mason Honor Code	The complete Honor Code is as follows: *To promote a stronger sense of mutual responsibility, respect, trust, and fairness among all members of the George Mason University community and with the desire for greater academic and personal achievement, we, the student members of the university community, have set forth this honor code:* **Student members of the George Mason University community pledge not to cheat, plagiarize, steal, or lie in matters related to academic work.** *(From the 2018-2019 Catalog – catalog.gmu.edu)*
Individuals with Disabilities	The university is committed to providing equal access to employment and educational opportunities for people with disabilities. Mason recognizes that individuals with disabilities may need reasonable accommodations to have equally effective opportunities to participate in or benefit from the university educational programs, services, and activities, and have equal employment opportunities. The university will adhere to all applicable federal and state laws, regulations, and guidelines with respect to providing reasonable accommodations as necessary to afford equal employment opportunity and equal access to programs for qualified people with disabilities. Applicants for admission and students requesting reasonable accommodations for a disability should call the Office of Disability Services at 703-993-2474. Employees and applicants for employment should call the Office of Equity and Diversity Services at 703-993-8730. Questions regarding reasonable accommodations and discrimination on the basis of disability should be directed to the Americans with Disabilities Act (ADA) coordinator in the Office of Equity and Diversity Services.

	(From the 2018-2019 Catalog – catalog.gmu.edu)
E-mail Policy	Web: masonlive.gmu.edu Mason uses electronic mail to provide official information to students. Examples include notices from the library, notices about academic standing, financial aid information, class materials, assignments, questions, and instructor feedback. Students are responsible for the content of university communication sent to their Mason e-mail account and are required to activate that account and check it regularly. Students are also expected to maintain an active and accurate mailing address in order to receive communications sent through the United States Postal Service. *(From the 2018-2019 Catalog – catalog.gmu.edu)*
E-mail Expectations	Since we both work full-time, we will typically respond to emails twice daily, once in the morning and once in the evening. You will find all course materials on the Blackboard course website. We will not use the email system embedded in Blackboard for messaging you between class meetings. Instead, we will email you directly from our GMU accounts and you should simply email us directly.
Course Schedule	
Date	Topic, Readings and Assignments
August 30	**Week 1: Intro to Health Economics (Fred Blavin and Stacey McMorrow)** • BHT, Chapters 1 • Arrow, K. (1963), "Uncertainty and the Welfare Economics of Medical Care," *American Economic Review*, 53(5), 941-973. • Martin, A. et.al., "National Health Spending In 2016: Spending And Enrollment Growth Slow After Initial Coverage Expansions" Health Affairs 2018 Jan;37(1):150-160. 10.1377/hlthaff.2017.1299. • Microeconomics primer: Folland, S., Goodman, A., Stano, M. The Economics of Health and Health Care. Ch. 1-4 (PDF available on Blackboard).

September 6	**Week 2: Demand for Health and Health Care (FB and Anuj Gangopadhyaya)**
	• BHT, Chapters 2-3
	• Demand for Health Care
	  ○ The Oregon Health Insurance Experiment, Health Affairs, Health Policy Brief.
	  ○ Finkelstein, Amy, Sarah Taubman, et al. (2012) "The Oregon Health Insurance Experiment: Evidence from the First Year", Quarterly Journal of Economics 127 (3): 1057-1106. http://qje.oxfordjournals.org/content/127/3/1057.full.pdf+html
	• Demand for Health (Grossman model):
	  ○ Leibowitz, Arleen A. "The demand for health and health concerns after 30 years." Journal of Health Economics 23.4 (2004): 663-671.

September 13	**Week 3: Demand for Insurance and Adverse Selection (SM)** • BHT, Chapters 7-10 (skim 8 and 9) • Cutler, D. and Reber, S. (1998) "Paying for Health Insurance: the Trade-off between Competition And Adverse Selection," Quarterly Journal of Economics, 133: 433-466. • Buchmueller, T. and Dinardo, J. 2002. Did Community Rating Induce an Adverse Selection Death Spiral? Evidence from New York, Pennsylvania and Connecticut. American Economic Review 92(1): 280-94.

September 20	**Week 4: Demand for Insurance and Moral Hazard (FB)** • BHT, Ch. 11 • Gladwell, M., "The Moral Hazard Myth." The New Yorker, August 29, 2005 • Pauly, M., 1968 "The Economics of Moral Hazard: Comment". American Economic Review, 58(3): 531-537. • Aron-Dine, Aviva, Liran Einav and Amy Finkelstein, "The RAND Health Insurance Experiment, Three Decades Later," Journal of Economic Perspectives, 2013. http://web.stanford.edu/~leinav/pubs/JEP2013.pdf • Brot-Goldberg et al., "What does a Deductible do? The Impact of Cost-Sharing on Health Care Prices, Quantities, and Spending Dynamics," NBER Working Paper 21632, 2015. http://www.nber.org/papers/w21632.pdf [Focus on Section 1; Skim rest]
September 27	**Week 5: Health Insurance in the U.S. (SM)** • BHT, Ch. 15, 18 • Cutler, D., and Gruber, J. (1996). "Does Public Insurance Crowd Out Private Insurance?" Quarterly Journal of Economics111: 391–430. • Gruber, J. (1994). "The Incidence of Mandated Maternity Benefits." American Economic Review 84 (3): 622–41. • Blavin, F., Holahan, J., Kenney, G., and Chen, V. (2012). "A Decade of Coverage Losses: Implications for the Affordable Care Act. Washington, DC: The Urban Institute and the Robert Wood Johnson Foundation.
October 4	**Week 6: Comparative Health Care Systems (FB)** ***TAKE-HOME EXAM #1 ASSIGNED (DUE 10/6)*** • BHT, Ch. 16, 17 • Additional readings TBA
October 11	**Week 7: Supply of Health Care, Physicians (SM)** • BHT, Chapters 5 • U.E. Reinhardt, "The Economist's Model of Physician Behavior" Journal of the American Medical Association, 81(5) (February 3, 1999): 462-5. • Kirch et al. 2012. Physician Workforce Projections in an Era of Health Care Reform. Annual Review of Medicine 63: 435-45 • Auerbach et al. 2013. Nursing Workforce in an Era of Health Care Reform. New England Journal of Medicine 368(16): 1470-72.
October 18	**Week 8: Supply of Health Care, Hospitals (FB)** • BHT, Ch 6 • U.E. Reinhardt, "The pricing of U.S. Hospital Services: Chaos behind a Veil of Secrecy," Health Affairs, 25, no.1 (2006):57-69.. Available at http://content.healthaffairs.org/content/25/1/57.full.pdf+html?sid=102c1182-33a6-4663-b4d6-664b3679ab58

	• Gaynor, M. and R. Town, "The Impact of Hospital Consolidation – Update," June 2012, *Robert Wood Johnson Foundation*. • F. Sloan, "Not-for-Profit Ownership and Hospital Behavior," in Handbook of Health Economics, vol. 1, ed. A.J. Culyer and J.P. Newhouse (Amsterdam: Elsevier Science B.V., 2000), 1141–1174. *[SKIM]*
October 25	**Week 9: Pharmaceuticals and Innovation (Guest Lecture-Andrew Mulcahy)** ***PAPER ASSIGNED (DUE 11/8)*** • BHT, Ch. 12 • Additional readings TBA
November 1	**Week 10: Behavioral Economics and Economics of Lifestyle Choices (SM)** • BHT, Ch. 22, 24, skim 23 • Volpp, Kevin, Andrea B. Troxel, Mark V. Pauly, et al., "A Randomized, Controlled Trial of Financial Incentives for Smoking Cessation, New England Journal of Medicine, 2009, 360(7):699-709. • Rice, T. 2013. The Behavioral Economics of Health and Health Care. Annual Review of Public Health 34: 431-47. • Emanuel et al. 2016. Using Behavioral Economics to Design Physician Incentives that Deliver High Value Care. Annals of Internal Medicine. 164: 114-119.
November 8	**Week 11: The "Iron Triangle" of Health Care-Access, Quality, and Costs** **Part I: Spending Growth, Regional Variations, and Cost Containment (SM)** ***PAPER DUE*** • BHT, CH. 13 • JAMA Forum — The "Iron Triangle" of Health Care: Access, Cost, and Quality. By Aaron Carroll. https://newsatjama.jama.com/2012/10/03/jama-forum-the-iron-triangle-of-health-care-access-cost-and-quality/ • Gawande, A. "The Cost Conundrum" *The New Yorker*, June 2009. http://www.newyorker.com/reporting/2009/06/01/090601fa_fact_gawande • Newhouse, J. 1992. Medical Care Costs: How much welfare loss? JEP 6(3):3-21.[Skim] • Baicker, K. and Chandra, A. 2004. Medicare Spending, the Physician Workforce, and Beneficiaries Quality of Care. Health Affairs Web Exclusive April 2004. [Skim]
November 15	**Week 11: The "Iron Triangle" of Health Care-Access, Quality, and Costs** **Part II: Measuring and incentivizing quality (FB)** • D.M. Cutler and M. McClellan, "Is Technological Change in Medicine Worth It?" Health Affairs 20, no. 5 (2001): 11–29 • McGlynn E. The Quality of Health Care Delivered to Adults in the US. NEJM, 2003; 348:2635-2645.

	• Berenson, Provost, and Krumholz. 2013. Achieving the Potential of Health Care Performance Measures. • JAMA Forum: If You Can't Measure Performance, Can You Improve It? • Werner and Asch. 2005. The unintended consequences of publicly reporting quality information. JAMA 293(10): 1239-44. • Berenson and Rice. 2015. Beyond Measurement and Reward: Methods of Motivating Quality Improvement and Accountability. Health Services Research. • Blumenthal, D. (2010). Launching HITECH. New England Journal of Medicine, 362(5): 382–385. • Buntin, M.B., Burke, M., Hoaglin, M., and D. Blumenthal (2011). The Benefits of Health Information Technology: A Review of the Recent Literature Shows Predominantly Positive Results. *Health Affairs*, 30(3): 464-471.[Skim]
November 29	**Weeks 13: The Affordable Care Act and Beyond, Part I (FB and SM)** ***TAKE-HOME EXAM #2 ASSIGNED 11/29 (DUE 12/1)*** ***STUDENT PRESENTATIONS*** • Readings TBA
December 6	**Weeks 14: The Affordable Care Act and Beyond, Part II (FB and SM)** ***STUDENT PRESENTATIONS*** • Readings TBA

Attachment A
Proficiency Level Definitions

Proficiency Levels	Definitions
Novice	Student has little or no knowledge, skill or ability in this competency.
Moving Toward Competent	Student is no longer a novice, but has not yet mastered the knowledge, skills or ability to be competent in this competency.
Competent	Student has adequate knowledge, skill and ability in this competency, and can demonstrate this well or well enough at the level of a junior healthcare professional.
Moving Toward Expert	Student is acquiring the knowledge, skills and ability to move from competent to expert in this competency.
Expert	Student has special or superior knowledge, skill and ability in this competency and can demonstrate this at the level of a senior healthcare professional.

The above rubric has been adapted from the rubric used by the American College of HealthCare Executives (ACHE) in its “Competency Assessment Tool”.