Course Syllabus

Lecture Time:
Tuesday and Thursday 8-10am (lecture); and Friday 8-9am (discussion). All meetings are in room CHS 43-105.

Instructor's office hours:
Tuesdays 10-11am and by appointment (sschweit@ucla.edu) at CHS 31-293. The Graduate Reader will be Bryce Henderson, who will schedule his own office hours. Videos of the lectures are available at http://fsph.mediasite.com/Mediasite/Catalog/Full/59c6fc07d97e4b4c941e4c185d1576fe21

Purpose of the course:
The Learning Objectives and Competencies of HPM 236 are shown in the table on pages 5-7 of this syllabus. The course is designed to enable students to use the tools of economics to analyze health services policy issues. Though many paradigms are useful in studying health policy, familiarity with the principles of economic analysis is essential for understanding alternative ways of organizing and financing health care. It is also essential to the understanding of likely results of changes in health policy. Economics affords two particular views that are valuable in this regard. The first is that all economic actions produce responses, and that all components of health systems interact with one another so that changes in one component affect other components, often in unexpected ways. The second view is the role of incentives in changing both personal and organizational behavior. A wide variety of topics will be covered in the course, both institutionally and analytically. These are only a sampling of the breadth of application of economics to health services research. Many topics are not covered in the course, but all of those that are included are useful.

Prerequisite:
The suggested (but not required) prerequisite for the course is a recent course in microeconomic theory, such as Economics 1 or 11. Microeconomic theory will be the principal focus of the discussion sections, while lectures will cover health applications of the theory. Material from both discussions and lectures will be included in all the examinations. Attendance in both lectures and discussion sections is mandatory for all students.

Course readings:
The texts for the course are (Ph) Charles Phelps, Health Economics (6th ed), (Reading, Massachusetts: Addison-Wesley), 2013 and (Pa) Michael Parkin, Microeconomics (11th ed), (Reading Massachusetts: Addison-Wesley), 2014. Students are expected to purchase both the Phelps and Parkin texts. Older editions and “international” editions are acceptable, but the student is responsible to make sure that the appropriate chapters are read prior to each class session. Book organization may change between editions. Additional readings will be available through CCLE: https://ccle.ucla.edu/course/view/17W-HLTPOL236-1.

Course requirements and grading:
Students will be expected to have read each session’s chapters carefully. Students will be selected during each class (lecture and discussion) to report on and critique one of the current chapters. These brief oral presentations will teach the art of abstracting as well as critical thinking, and will assure a thorough understanding of the chapter.

There will be three examinations, one each during weeks 3 (1 hour), 5 (1 hour), and 10 (2 hours). The exams will count 15%, 15%, and 30% of the grade (respectively). Class participation in lecture and discussion section will constitute 10% of the grade. One point of extra credit (up to a maximum of 3 points) will be given for each half-page abstract of health-related articles appearing in The Economist magazine, available in the Department of Health Services office (CHS 31-279), in the AGSM and University Research Libraries, and on line. These summaries are to be turned in to the Graduate Reader before the end of the 9th week. The extra credit points for the Economist abstracts will be added to one’s total score at the end of the quarter before rankings and grades are determined.
The Group Project:
Each student will be expected to participate in a group project: A SWOT analysis of a recent disruptive health services technology. The project will be submitted as a group project and will be presented to the class. The group’s presentation will count 10% toward each group member’s grade, and the group’s written report will count 20% of each member’s grade. The paper should be 10 pages in length, and should include an executive summary, a description of why the technology is “disruptive”, and an analysis of each of the SWOT components. The analysis should explain why the technology either succeeded or failed.

Course Schedule/Readings
Tuesday 10 January 2017   Introduction to Microeconomics and to the Course (Pa 1,2)

**A CASE STUDY:** Does Economics apply to all behaviors, or is it irrelevant sometimes?  
**TOOLS:** The Objective Function, Consumer choice

Thursday 12 January   Introduction to Health Economics, Markets (Ph 1,2)

**A CASE STUDY:** Does economics apply to cancer treatment? How? How not?  
**TOOLS:** The role of information in markets

Friday 13 January   Demand and Supply (Pa 3,4)

Tuesday 17 January   Production Functions for Health: Transforming Medical Care into Health (Ph 3)  

**A CASE STUDY:** Does a clinic have too many Nurse Practitioners, too few, or just the right number?  
**TOOLS:** Marginal Revenue Product

Thursday 19 January   Demand for Health and Medical Care (Ph 4)

**A CASE STUDY:** How can we predict utilization in a health system?  
**TOOLS:** Demand Curves, Marginal Value,

Friday 20 January   Utility, Demand, and Preferences (Pa 8,9)

Tuesday 24 January   Empirical Studies of Demand (Ph 5) and “Value Pricing”

**A CASE STUDY:** How sensitive to price is cigarette demand? Is Pharmaceutical demand?  
**TOOLS:** Short-run and Long-run elasticity of demand

Thursday 26 January   Physicians (Ph 6)

**A CASE STUDY:** How do physicians choose specialty and location?  
**TOOLS:** The supply and demand for labor

Friday 27 January   Discussion Section: First Midterm examination (1 hour)
Tuesday 31 January  Resource and Labor Markets (Pa 18)

**A CASE STUDY:** Are the prices of pharmaceuticals too high? Too Low?
**TOOLS:** Marginal Revenue Product and the demand for an input

Thursday 2 February  Physicians in the Marketplace (Ph 7)

**A CASE STUDY:** What explains growing demand for ancillary health workers like technologists?
**TOOLS:** Marginal Revenue Product

Friday 3 February  Discussion:  Cost Curves (Pa 10,11,12)

Tuesday 7 February  Hospitals (Ph 8, 9)

**A CASE STUDY:** How big should hospitals be?
**TOOLS:** Economies of Scale, Long Run Average Cost

Thursday 9 February  Health Insurance (Ph 10)

**A CASE STUDY:** Why do some people buy insurance, and others don’t?
**TOOLS:** Risk aversion versus Las Vegas

Friday 10 February  Discussion Section:  Second examination (1 hour)

Tuesday 14 February  The Market for Health Insurance and Managed Care (Ph 11)

**A CASE STUDY:** Do non-physicians make too many health care decisions?
**TOOLS:** Who makes decisions in health? Why?

Thursday 16 February  The Government’s Role in Insurance (:Ph 12)

**A CASE STUDY:** Should we abolish the FDA? Could the “market” replace it?
**TOOLS:** Averting market failure.

Friday 17 February  Discussion:  Monopoly, Competition, and Imperfect Competition (Pa 12,13,14,15)

Tuesday 21 February  Medical Malpractice (Ph 13)

**A CASE STUDY:** Does malpractice deter careless medicine?
**TOOLS:** Reading the evidence on malpractice

Thursday 23 February  Externalities and Market Failure (Ph 14)

**A CASE STUDY:** Why are insurers postponing treatment of hepatitis C?
**TOOLS:** Social and Private costs and benefits

Friday 24 February  Discussion:  Market Failure (Pa 16)

Tuesday 28 February  Economics of the Pharmaceutical Industry:  How are prices determined?

Thursday 2 March

Video of a live debate: “Optimal public policy to address the shortage of organs for transplantation” Guest speakers: Prof. William S. Comanor and Dr. Gabriel Danovitch.


Friday 3 March

Discussion: Public Goods, Regulation, and Antitrust Law (Pa 17)

Case Study write-ups are due in section

Tuesday 7 March

Managing and Regulating Technology (Ph 15) and

Inequality and Redistribution (Pa 19)

A CASE STUDY: Does the FDA attempt to achieve two conflicting goals at once?

TOOLS: Utility maximization

Thursday 9 March

Universal Health Insurance and International Comparisons (Ph 16)

A CASE STUDY: Does the US spend too many resources on health care? Too little? Just about right?

TOOLS: Positive and Normative economics

Friday 10 March

Discussion: Review

Tuesday 14 March

Health Reform: Where do we stand in 2017?


TOOLS: Public finance and optimal forms of taxation.

Thursday 16 March

Review

Friday 17 March

Third examination (2 hours). Instruction ends
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<tr>
<th>Course Learning Objectives</th>
<th>FSPH Core Competencies</th>
<th>Department of HPM Competencies</th>
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<td><strong>1. Given either numerical data or a graph, students shall be able to apply graphical analysis to accurately describe a microeconomic situation</strong></td>
<td>E1. Apply epidemiologic and statistical reasoning and methods to address, analyze, and solve problems in public health</td>
<td>L.1.3 Describes and understands the main characteristics, components and issues of the organization, financing, and delivery of health services and public health systems in the U.S.</td>
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<td><strong>2. Given a case example, students shall be able to work independently and in groups to summarize, explain, and predict consumer and producer behavior using the relevant microeconomic concepts such supply, demand, elasticity, and utility.</strong></td>
<td>E.4 Discuss the policy process for improving the health status of populations</td>
<td>L.1.9 Analyzes economic decisions related to health care organizations and the health care system.</td>
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<td>E.7 Apply quality and performance improvement concepts to address organizational performance issues.</td>
<td>L.3.7 Achieves familiarity with use of data to conduct needs analysis, market assessment, outcome and process evaluation, forecasting, and quality improvement activities.</td>
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<td>F.4 Collaborate with communication and informatics specialists in the process of design, implementation, and evaluation of public health programs.</td>
<td>K1.8 Analyzes economic decisions related to health care organizations and the health care system.</td>
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<td>F.5 Demonstrate effective written and oral skills for communicating with different audiences in the context of professional public health activities.</td>
<td>K1.13 Describes and understands the main characteristics, components and issues of the organization, financing, and delivery of health services and public health systems in the U.S.</td>
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<td>K1.10 Analyzes the effects of political, social and economic policies on health systems, community health, and access to care.</td>
<td>K3.1 Comprehends financial and economic analyses and their application.</td>
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3. Given an article from the popular press, students shall be able to understand the performance of present and proposed health insurance markets.

E.7 Apply quality and performance improvement concepts to address organizational performance issues.

F.7 Identify public health programs and strategies that are responsive to the diverse cultural values and traditions of the communities being served.

4. Given raw numerical data pertaining to consumer demand and production, students shall be able to calculate prices, elasticity, quantities produced and purchased, and surplus and shortage.

E.1 Apply epidemiologic and statistical reasoning and methods to address, analyze, and solve problems in public health

E.6 Apply principles of strategic planning and marketing to public health

L1.7 Comprehends public and private payment methods used to finance health care.

L3.9 Interprets substantive results of statistical analyses in public health, management, and health policy studies.

5. Given an example of health resource allocation, such as over-use and under-use of various health services, students shall be able to explain how markets achieve or fail to achieve efficiencies with respect to production and allocation.

E.1 Apply epidemiologic and statistical reasoning and methods to address, analyze, and solve problems in public health

E.6 Apply principles of strategic planning and marketing to public health

F.8 Engage in dialogue and learning from others to advance public health goals.

L1.11 Analyzes the effects of political, social and economic policies on health systems, community health, and access to care.

L3.1 Evaluate the efficiency of public policies using economic concepts.
6. Given a summary of a current problem in health care policy, such as the use of hospital emergency departments, students shall be able to describe policy options and be able to argue the merits and demerits of each.

E.1 Apply epidemiologic and statistical reasoning and methods to address, analyze, and solve problems in public health

E.6 Apply principles of strategic planning and marketing to public health

F.7 Identify public health programs and strategies that are responsive to the diverse cultural values and traditions of the communities being served.

F.14 Apply evidence-based principles and the scientific knowledge base to critical evaluation and decision-making in public health.

L.3.5 Identifies and analyzes problems, potential solutions and best practices in order to determine appropriate courses of action.

L.311 Analyzes interest group and stakeholder concerns.

K1.12 Understands quality of care, patient safety, and other performance indicators in the context of the U.S. and international health systems

K3.12 Seeks to understand more deeply by searching for the root of issues, asking penetrating questions, uncovering complexity and going beyond routine questions.

Competencies will be assessed through a combination of class discussion participation, discussion section participation, midterm examinations, and the term project.