Economics of Health Policy, HPM 241/PP 290, Section 8
Winter 2017 Syllabus

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Class: Tuesday and Thursdays, 3 PM - 5 PM, 31-262 CHS
Office Hours: By appointment

Description

This is a four-credit course open to Masters students who have completed HPM 236, PP 268, PP 269, or the equivalent first-level course in health economics, as well as to all doctoral students. The course will provide more advanced training in key health economics and policy issues, focusing ways in which health care deviates from the assumptions of a competitive market and the resulting implications for the formulation of health policy.

Readings will be from a textbook, classic and recent journal articles, as well as other selected materials. The textbook is, Rice, T., and Unruh, L., *The Economics of Health Reconsidered*. Third edition, Health Administration Press, Chicago, 2016. It is available at the Health Sciences book store and is on reserve at the Biomedical Library. Articles and other readings can be downloaded from this syllabus. Unless otherwise noted, all readings are required and should be done in advance since the course is based largely on discussion of these written materials.

Method of Evaluation

There will be two papers required; details will be distributed during the quarter. It is expected that each paper will contain a theoretical perspective that provides implications for a particular health policy issue of the student’s choosing. The first paper will be based on the material related to Section I through III of the syllabus, and the second paper on Sections IV through VII. In addition, near the end of the quarter students will give a short presentation about selected economic aspects of the health care system of another high-income country.

Grading

- First assigned paper (40%)
- Second assigned paper (40%)
- Class presentation (10%)
- Classroom participation (10%)

Please use “Turnitin” for submitting both written assignments.
Academic Honesty

In all course assignments, it is expected that you will give proper credit to others whose language or ideas you use; failure to do so may result in a lower grade and/or other consequences. Please use quotation marks for sentences or phrases that you are quoting verbatim, and indicate the source. You do not need to use quotation marks if you paraphrase, but you must still cite the source, regardless of whether it is from a journal article, the Internet, a report, etc. Citations should be provided whenever you assert something as fact, unless it is widely known and accepted. You may use any reference style you choose, but you should use the same style consistently throughout papers and provide all of the important information for your references. All written work will be checked for possible plagiarism by Turnitin.

Accommodations for Disability

If you wish to request an accommodation due to a suspected or documented disability, please inform me and contact the Office for Students with Disabilities (www.osd.ucla.edu) at A255 Murphy Hall, (310) 825-1501, (310) 206-6083 (telephone device for the deaf).
### Learning Objectives/Competencies

Upon completion of the course, students should be able to:

<table>
<thead>
<tr>
<th>Learning Objective</th>
<th>H.S. Doctoral Competency</th>
<th>FSPH Competency</th>
<th>Evaluation Method</th>
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</thead>
<tbody>
<tr>
<td>Understand the traditional microeconomic model and the assumptions upon which it is based.</td>
<td>2. Apply or develop theoretical and conceptual models relevant to health services research.</td>
<td>L3.12</td>
<td>Completion of first written assignment</td>
</tr>
<tr>
<td>Evaluate the special characteristics of the health care market that can result in market failure and the need for public policies to deal with such failures.</td>
<td>1. Acquire knowledge of the context of health and health care systems, institutions, actors, and environment.</td>
<td>E.2 F.13 L1.3 L1.5 L1.6 L1.7 L1.9 L1.11 L1.12 L3.1 L3.5 L3.12 L3.13</td>
<td>Completion of first written assignment</td>
</tr>
<tr>
<td>Compare the traditional model with alternative conceptual models in explaining behaviors in the health care realm.</td>
<td>1. Acquire knowledge of the context of health and health care systems, institutions, actors, and environment.</td>
<td>L1.3 L1.5 L1.9 L3.1 L3.5 L3.13</td>
<td>Completion of first written assignment</td>
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<tr>
<td></td>
<td>2. Apply or develop theoretical and conceptual models relevant to health services research.</td>
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<tr>
<td>Understand key issues in the areas of private health insurance and health care expenditure control.</td>
<td>1. Acquire knowledge of the context of health and health care systems, institutions, actors, and environment.</td>
<td>L1.3 L1.6 L1.9</td>
<td>Completion of first written assignment</td>
</tr>
</tbody>
</table>
| Evaluate the advantages and disadvantages of alternative public policies for reforming the U.S. health care system. | 1. Acquire knowledge of the context of health and health care systems, institutions, actors, and environment.  
11. Knowledge translation to policy and practice. | L1.3  
L1.5  
L1.6  
L1.7  
L1.9  
L1.11  
L1.12  
L1.13 | Completion of second written assignment |
|---|---|---|---|
| Evaluate the advantages and disadvantages of alternative ways in which the health care system is organized in other developed countries. | 1. Acquire knowledge of the context of health and health care systems, institutions, actors, and environment.  
11. Knowledge translation to policy and practice. | L1.6 | Completion of second written assignment |
| Demonstrate the ability to apply economic theory to health policy issues in cogently argued papers. | 3. Pose relevant and important research questions, evaluate them, and formulate solutions to health problems, practice, and policy.  
8. Demonstrate proficiency in the appropriate application of analytical techniques to evaluate health services research questions. | L4.1 | Completion of both the first and second written assignment |
| Demonstrate the ability to effectively present one’s research to the class. | 10. Effectively communicate the process, findings, and implications of health services research through multiple | L4.2 | Class presentation |
modalities with stakeholders.
TOPICS AND READINGS

I. Overview of Market Competition

A. The Traditional Microeconomics Model

Rice and Unruh, Chapters 1

Rice and Unruh, Chapter 2, pp. 7-21 & 30-43.

http://www.jstor.org/stable/1809376

B. Assumptions of Market Competition

Rice and Unruh, pp. 47-49.

II. Special Characteristics of Health and Health Care: Dealing with Market Failure

A. Uncertainty

http://www.jstor.org/stable/1812044

B. Life and Death Decisions

http://www.jstor.org/stable/3003297

http://www.jstor.org/stable/3349064

C. Rationality, Information Challenges, and Choice

Rice and Unruh, pp. 57-84 & pp. 172-175.
Rationality

http://academic.evergreen.edu/curricular/social_dilemmas/fall/Readings/Week_06/milgram.pdf

http://jama.ama-assn.org/content/288/13/1589.full.pdf+html


http://www.pnas.org/content/108/17/6889.full

Information Challenges

pp. 850-856 only
http://ac.els-cdn.com/S0167629613000532/1-s2.0-S0167629613000532-main.pdf?_tid=701152b6-74d5-11e3-af21-00000aacb361&acdnat=1388794760_799e57c0e88e3718bc305b7cb4deabfd

Optional
http://content.healthaffairs.org/content/31/3/585.full.pdf+html

http://content.healthaffairs.org/content/34/1/71.full.pdf+html

Skim  
http://mcr.sagepub.com/content/66/1_suppl/28S.full.pdf+html

http://content.healthaffairs.org/content/34/3/423.full.pdf+html

Skim

Optional

Optional

Choice

http://www.columbia.edu/~ss957/articles/Choice_is_Demotivating.pdf

http://www.jstor.org/stable/3132220


**D. Externalities**

Rice and Unruh, pp. 121-145.


**Optional**


**E. Equity and Justice**

Rice and Unruh, Chapter 9.


Persad, G., Wertheimer, A., and Emanuel, E.J. “Principles for Allocation of Scarce Medical Interventions,” *Lancet* 373: January 31, 2009. [http://ac.els-cdn.com/S0140673609601379/1-s2.0-S0140673609601379-main.pdf?_tid=a0a181d8-a08f-11e6-a489-00000aab0f27&acdnat=1478045121_3d72f0e0a620daed2f873d1202705a](http://ac.els-cdn.com/S0140673609601379/1-s2.0-S0140673609601379-main.pdf?_tid=a0a181d8-a08f-11e6-a489-00000aab0f27&acdnat=1478045121_3d72f0e0a620daed2f873d1202705a)

**F. Good Health as an Instrument for Reaching Other Life Goals**

Rice and Unruh, Chapter 9, pp. 359-364.

**III. Behavioral Economics and Health**


IV. Private Health Insurance

A. Rating Methods

B. Selection Bias


C. Moral Hazard

Rice and Unruh, pp. 92-119.


D. **RAND Health Insurance Experiment**

Rice and Unruh, pp. 92-104 (assigned above).

E. **Evidence-based Cost-Sharing**

[http://content.healthaffairs.org/content/26/2/w195.full.pdf+html](http://content.healthaffairs.org/content/26/2/w195.full.pdf+html)

[http://content.healthaffairs.org/content/32/7/1251.full.pdf+html](http://content.healthaffairs.org/content/32/7/1251.full.pdf+html)

[http://www.cmu.edu/dietrich/sds/docs/loewenstein/BehEconDelResults.pdf](http://www.cmu.edu/dietrich/sds/docs/loewenstein/BehEconDelResults.pdf)

F. **Geographic Variation in Medicare and Private Insurance**

Gawande, A. “The Cost Conundrum.” *New Yorker*. June 1, 2009:  
[http://www.newyorker.com/magazine/2009/06/01/the-cost-conundrum](http://www.newyorker.com/magazine/2009/06/01/the-cost-conundrum)

[http://content.healthaffairs.org/content/29/12/2302.full.pdf+html](http://content.healthaffairs.org/content/29/12/2302.full.pdf+html)

V. **Medicaid and the Oregon Experiment**

Rice and Unruh, pp. 104-109 (assigned above).

**Optional**  


Taubman, S.L., H.L. Allen, B.J. Wright, K. Baicker, and A.N. Finkelstein. “Medicaid Increases Emergency-Department Use: Evidence from Oregon’s Health Insurance Experiment.” *Scienceexpress*, January 2, 2014. [http://www.sciencemag.org/content/early/2014/01/02/science.1246183.full.pdf](http://www.sciencemag.org/content/early/2014/01/02/science.1246183.full.pdf)

VI. Controlling Health Care Expenditures

A. Economic Theory of Regulation

Rice and Unruh, Chapter 10.


B. Managed Competition


C. *Monopsony Power & Prices*


D. *Medical Technology*


**VII. International Comparisons/Models**

A. *Different Approaches to the Role of Government*

Rice and Unruh, Chapter 12, pp. 451-473.

B. *Cross-National Performance Data*

Rice and Unruh, Chapter 12, pp. 473-487.


C. *Lessons on the Role of Government*

Rice and Unruh, pp. 487-501 & Chapter 13 (pp. 503-505)