
Required Readings: Course Pack Available in Book Store

COURSE DESCRIPTION:
The purpose of this course is to demonstrate how economists think about and analyze health and medical care issues. The course emphasizes the distinction between health as an output and medical care as one input into the production of health. This distinction leads to a discussion of models of the production of health, the demand for health and the demand for medical care. Specific topics include the economic, social, and demographic factors determining the demand for medical care, the production and supply of various kinds of medical care services, the financing of medical care services and alternative systems of health care delivery and financing. The role of and economic justification for government involvement in the medical care system will be analyzed. The course includes in-depth analysis of the structure, conduct, and performance of the markets for private health insurance, physician services, hospital services, and pharmaceuticals.

COURSE OBJECTIVES:
The course objectives are to: (1) make you aware of the important economic issues in the health care industry; (2) provide you with the economic concepts and tools that can be used to better understand these issues; and (3) discuss the likely consequences of government regulation and market competition on the operation and performance of the health care industry.

COURSE PREREQUISITES:
The course prerequisite is Microeconomic Theory (EC201 or EC203). This course is designed for students with a good grasp of microeconomic theory. If you have doubts about whether your economics background is appropriate for the course, please consult with me.

COURSE REQUIREMENTS AND GRADING:
There will be two quizzes, a midterm exam and a final exam. You will also be required to do a research paper. The two quizzes will account for 25 percent of your grade. Each of the exams and the paper will also account for 25 percent of your grade. *Make-up exams will be given only under extraordinary circumstances.*

ACADEMIC INTEGRITY:
The academic enterprise at Boston College assumes academic integrity, which in this course means that all your work on your exams and your paper is your own, and that you appropriately reference the work of others in your paper. *Always err on the side of citation!* Violations of academic integrity will be reported to your class dean and then reviewed by the College of Arts and Sciences Academic Integrity Committee. Consequences can be very serious. I urge you to review university policy and procedures at: http://www.bc.edu/integrity. If you have any questions, please consult with me.
COURSE OUTLINE

I  Introduction – The Fundamental Issue (Sept. 7-9)
   Text – Chapter 1

II  Health Status (Sept. 14-16)
   Text – Chapter 2

III  Quality of Care (Sept. 21-23)

IV  Access
   A. Prices, Income and Insurance (Sept. 28-Oct. 7)
      Text – Chapters 5 and 6

***Quiz – Thursday, September 30***

B. Private Health Insurance (Oct. 12-Oct. 14)
   Text – Chapter 11

C. The Role of Government and Public Health Insurance (Oct. 19)
   Text – Chapters 9 and 10

*** Midterm Exam – Thursday, Oct. 21 ***
V. Costs

A. The Organization of Production (Oct. 26-28)
Text – Chapter 7
David M. Cutler and Mark McClellan, “Is Technological Change in Medicine Worth It?,” *Health Affairs*, Volume 20, Number 5, (September/October 2001), pp.11-29.

B. The Method of Reimbursement (Nov. 2-4)
Text – Chapter 4

C. Physicians’ Services (Nov. 9-11)
Text – Chapter 12

D. Hospital Services (Nov. 16-18)
Text – Chapter 13

***Quiz – Thursday, November 18***

E. Pharmaceuticals (Nov. 23-30)
Text – Chapter 14

F. Administrative Costs (Dec. 2)
David U. Himmelstein, Steffie Woolhandler and Sidney M. Wolfe, “Administrative Waste in the

**VI The Role of Competition and the Free Market (Dec. 7)**

**VII Reforming the American Health Care System (Dec. 9)**
Text – Chapter 16

*** Final Exam – Friday, December 17 - 9 AM ***

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3:00 to 3:30 PM or by appointment.
RESEARCH PAPER

U.S. Health Care Reform: A Critical Analysis of Recent Legislation

In March 2010, President Obama signed into law comprehensive health care reform legislation, the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act. The purpose of the paper is to critically analyze the major provisions of this health reform legislation and to discuss your recommended changes, if any. The focus should be on a) identifying those groups who benefit from the reform legislation, b) those groups who will bear the costs of the legislation and c) the changes you would recommend to achieve the type of health care system that you believe is best for the United States. The paper should have four sections:

I. Introduction

In this section you should state clearly what you intend to accomplish in the paper, including the importance of the issue being analyzed. Some data bearing on the issue should be cited. In addition, you should briefly explain the structure of the paper and state the major conclusions of your analysis.

II. The American Health Care System after Reform

In this section you should present a brief summary of the major provisions of the health reform law(s), identifying the groups that receive a net benefit from the reform legislation and the groups that incur a net cost. The major groups impacted by the reform legislation are health care consumers, health care providers (i.e., physicians, hospitals and pharmaceutical companies), health insurance companies and taxpayers. Your analysis should include the following:

a) The Expansion of Health Insurance Coverage and How it is Achieved (Does it achieve universal coverage?)
b) The Basic Benefits Provided (e.g., Does it include long term care benefits?)
c) Financing - Who Pays and How
   1) Role of Employers
   2) Role of Insurance Companies
   3) Role of Government/Taxpayer
d) Cost Control Mechanisms
   1) Demand-side mechanisms (e.g., cost sharing and deductibles)
   2) Supply-side mechanisms (e.g., hospital budgets, negotiated fee-for-service, increased competition, etc.)
e) Impact of the Reform on the Quality of Care
f) Impact of the Reform on Administrative Costs
g) The Government's Role in terms of Regulating Health Care Markets and Providing Information
   g) Estimates of the Reform's Overall Costs
      Increase in costs due to, e.g., expanded coverage and/or benefits
      Decrease in costs due to, e.g., reducing Medicare fraud

III. Recommended Changes that Would Improve the Performance of the American Health Care System
In this section you should indicate clearly a) the provisions of the health care reform legislation that you support, b) the provisions that you would substantially change or repeal and c) any new provisions that you would like Congress to adopt in order to “improve” the performance of the American health care system.

IV. Summary and Concluding Remarks

In this section you should briefly summarize a) who are the “winners” and “losers” as a result of health care reform and b) the additional legislation that you would like Congress to adopt in order to “improve” the performance of the American health care system.

The preliminary research for your paper should start with a perusal of the articles on the reading list. Be sure to look at the bibliographies and footnotes in each article as a starting point for further research. Many scholarly journals in various academic disciplines as well as popular magazines and newspapers contain articles on health care. In addition there are a wealth of studies done by federal government agencies; in particular, the U.S. Department of Health and Human Services, the Congressional Budget Office, the Government Accountability Office and various committees of the U.S. Congress.

Data on the American health care system can be found in *Health, United States, 2009* published by the National Center for Health Statistics (www.cdc.gov/nchs/hus.htm). Another good source of domestic health data is the *Statistical Abstract of the United States*. International health data are published by the United Nations, the World Health Organization (WHO) and the Organization for Economic Cooperation and Development (OECD). An excellent source for current health care data is the Kaiser Family Foundation (www.kff.org/). It is also an excellent source for health policy analysis. Another good source for data and policy analysis is The Commonwealth Fund (www.commonwealthfund.org/). Both KFF and The Commonwealth Fund tend to be left of center in terms of their policy analysis and recommendations. Two sources for health policy analysis and recommendations that are right of center are the Cato Institute (www.cato.org/) and the Heritage Foundation (www.heritage.org/). Below is a partial list of health journals that contain studies on health care and/or health data.

**HEALTH JOURNALS**

The Journal of Health Economics  
The Journal of Health Politics, Policy and Law  
Health Affairs  
Health Economics  
Health Care Financing Review  
The New England Journal of Medicine  
The Journal of the American Medical Association  
Hospitals  
Social Security Bulletin  
American Journal of Public Health  
Health Services Research

**GUIDELINES FOR PREPARATION OF PAPER**

1. Papers must be typed and should be double-spaced with margins of at least 1 inch all around.  
2. Papers should be approximately 8 to 10 pages not including the cover page and the final page, which
should contain a list of references (REFERENCES).
3. All citations should appear in the body of the paper. The last name of the author (or the title of the publication if there is no author listed), the year of publication, and the page numbers should appear in parentheses at the end of the appropriate sentence.


Example B: Contrary to popular belief, the vast majority of politicians do accept contributions from political action committees (Jones, 1984, pp. 112-114).

4. Footnotes should be used only for further explanation of statements appearing in the text of your paper.

***DUE DATE – THURSDAY, DECEMBER 11***