

Ec 350.01 Economics of Medical Care

**MWF 12
Spring 1996
Boston College**

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Office Hours: Mondays & Fridays 11:00-11:50 a.m., Wednesdays
1:10-2:00 p.m. and by appointment

Prerequisite: Ec 131 or comparable course

Introduction

Health care offers an interesting topic for economic study: it is important in its effects on consumers, expensive to buy, difficult to evaluate using standard productivity concepts and subject to an often heated political debate concerning such questions as fairness in access, legal liability and the incidence of costs.

This course applies microeconomic analysis to the health care delivery and consumption in the US. It has the following objectives:

1. To increase your understanding of microeconomic theory, in particular as it is applied to real world problems.
2. To provide you with a good knowledge of the economic aspects and institutions of health care in the US.
3. To offer you practice in the tailoring of general models to fit particular markets and in the synthesization of empirical information and research reports.

Examinations and Grading Policy

The work in the course consists of classroom lectures and discussions, independent readings, three examinations (two during the term and one final examination), and 6-7 homework assignments during the semester.

Your course grade will consist of the weighted sum of your individual examination and assignment grades with weights as follows:

in-term examinations, 25% each
homework assignments, 15% total
final examination, 35%

The preliminary dates for the first and second midterm examinations are 2/28/96 and 4/12/96 respectively. The final examination date is as scheduled by the Registrar.

Make-ups for examinations will be given a) in the case of a temporarily incapacitating illness (a note from health-care personnel is required), and b) when the absence is for religious reasons (described in the Undergraduate Catalog). I should be informed about b) prior to the scheduled exam date. Make-ups may also be arranged for absences caused by 'severe life events', provided that I am informed about these as early as possible.

Reading Assignments

The course uses a textbook and a short list of additional required readings. The textbook is available at the bookstore and should be purchased at the beginning of the course. Two additional required readings (available at the Reserve Desk in O'Neill) are listed below. Some additional readings will be assigned during the semester. They will be made available as reserved readings or as course handouts.

TEXT: Folland, Sherman, Allen C. Goodman and Miron Stano, 1993: *The Economics of Health and Health Care*, Macmillan Publishing Company.

ADDITIONAL REQUIRED READINGS:

Evans, Robert, 1984, *Strained Mercy*, Butterworths, Chapter 3.

Drake, Donald, Susan Fitzgerald and Mark Jaffe, 1993, *Hard Choices. Health Care at What Cost?* Andrews and McMeel. As a minimum, read the summary tables in each chapter (p. 3 has the first one).

Course Topic Outline

The following schedule provides the order in which we are going to address the course topics and the chapter/chapters in the textbook and other required readings which cover the same material.

DATES	TOPICS
1/17-	Introduction to Health Care Economics (Ch.1)
and 1/19	a Review of Microeconomic Tools (Ch.2)
1/22-	Empirical Measures of Output and Costs
(handout) 1/26	The Production of Health (Ch.4, Ch.5:pp. 126-142)
1/29-	Demand for Health Care: The Traditional Model
2/2	(Ch. 7)
2/5	Externalities in the Demand for Health Care (Evans, Ch. 3)
2/7-	Demand for Health Care under Asymmetric Information
2/12	(Ch.6, Ch.8)
2/14-	Demand for and Supply of Health Insurance
(Ch.10, 2/23	Ch. 17)
2/26,	Supply of Physician and Nursing Services
(Ch.19, 3/1,3/11	Ch.20)
3/13-	The Economics of Prepaid Group Practice (Ch.
11, 3/15	Ch.12, pp. 340-343)
3/18-	The Economics of Institutional Care:
3/29	Output and Costs (Ch.12), For-Profit and Nonprofit Firms (Ch. 13) and Technological Change (Ch. 14)
4/3, 4/10	Competitiveness of Health Care Markets (Ch.9, Ch. 24)

4/17- Ch.22)	Regulation of Health Care Markets (Ch.21,
4/19	
4/22- 4/24	Public Provision of Health Care: Fairness and Efficiency (Ch. 16, Ch. 23)
4/26- Fitzgerald	International Comparisons (Ch.18, Drake,
4/29	and Jaffe)
5/1	Review