Instructor
Frank Limbrock
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Lectures: Mon, Wed 11:00 am – 12:20 pm, Zoom
Office hours: Fridays 1:30-3:00 (Zoom) or by appointment

Teaching Assistant
Honn Tai Lam
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TA sections: Fri 11:00 am – 11:50 am, Zoom
Office hours: Tuesdays 10:00-11:30 am, Zoom

Course Description
This class will help students understand the key economic forces that have shaped the US health care and health insurance industry. What role do the particularities of health care and health insurance as economic goods play in explaining the size and growth rate of the health care sector? What's the effect of private incentives, adverse selection, moral hazard, and regulation? What's the effect of different organizational structures of health care provision? What can we learn from comparing the US health care / health insurance system to other countries' systems? Students will learn how a better understanding of these issues can inform the current public policy discussion.

Prerequisites
Economics 281, 310-1

Mode of Instruction
All lectures and discussion sections will be exclusively taught online via zoom.

Students are strongly encouraged to attend classes live, at the times given above. However, students who cannot attend classes live (e. g. due to time zone or internet connectivity issues) will get access to video recordings:

“This class or portions of this class will be recorded by the instructor for educational purposes. These recordings will be shared only with students enrolled in the course and will be deleted at the end of the end of the Spring Quarter, 2020 course. Your instructor will communicate how you can access the recordings.

Unauthorized student recording of classroom or other academic activities (including advising sessions or office hours) is prohibited. Unauthorized recording is unethical and may also be a violation of University policy and state law. Students requesting the use of assistive technology as an accommodation should contact AccessibleNU. Unauthorized use of classroom recordings – including distributing or posting them – is also prohibited. Under the University’s Copyright Policy, faculty own the copyright to instructional materials – including those resources created specifically for
the purposes of instruction, such as syllabi, lectures and lecture notes, and presentations. Students cannot copy, reproduce, display, or distribute these materials. Students who engage in unauthorized recording, unauthorized use of a recording, or unauthorized distribution of instructional materials will be referred to the appropriate University office for follow-up.”

**Grading**
Grading is based on the final take-home (45 %), midterm take-home (35 %), and class participation (20 %), which includes 5 problem sets (due dates see below). As per University policy, grading will be (P/N) only this quarter.
The midterm take-home will be due on **Friday, May 8, 10:00am CST**. The final take-home will be due on **Thursday, June 11, 11:00 am CST**. Both problem sets and take-homes will be submitted through Crowdmark.

The problem sets will be due at **10:00 am CST** on the following dates:
- April 17
- May 1
- May 15
- May 22
- June 5

**Readings and Textbook**
This course will feature readings from these textbooks:
- Bhattacharya, Hyde and Tu: “Health Econoomics”, 2013 (“BHT”)

All the readings from the above textbooks are available under the “Course Reserves” tab on Canvas. Since the topic of health care reform is a subject of ongoing debate, I will also post supplemental articles of interest on Canvas. Other readings are available online. For some articles, such as those hosted by scholarly journals or on JSTOR, you will need to access the papers (through the links below) while on campus or via using Northwestern VPN. Northwestern University covers the subscription fees to access these resources.

**Academic accommodation**
Any student with a verified disability requiring special accommodations should speak to me, in office hours or via email, and to the AccessibleNU (847-467-5530) as early as possible in the quarter, ideally in the first week, to arrange appropriate accommodation. All discussions with me and with AccessibleNU will remain confidential.

**Electronic Device Policy**
In any in-person class sessions, use of electronic devices in class is only permitted for the purpose of taking notes.
Course Outline

1. April 6: Introduction
   - FGS, pp. 1-17; Gruber, pp. 419-431

2. April 8: Cost-Benefit analysis, Valuing Health
   - Henderson, pp. 110-121; SN, pp. 83-100
   - Phillips, Ceri, 2009, “What is a QALY?”
   - *Pricing Human Life* blog post by Uwe Reinhardt

3. April 13: The ‘Production’ of Health
   - FGS, pp. 85-102; Deaton, pp. 59-73, 81-100;

4. April 15: The Production, Cost and Technology of Health Care
   - FGS, pp. 105-113
   - Card, David, Dobkin, Carlos, and Nicole Maestas: “Does Medicare Save Lives?”, NBER WP No. 13668
   - Cutler, D, and McClellan, M, 2001 “Is Technological Change in Medicine Worth It?”, *Health Affairs* 20(5), 11-29

5. April 20: Consumer choice Theory and Demand for Health Care, I
   - BHT, pp. 8-23; FGS, pp. 173-180
   - Robinson, J and Ginsburg, P., 2009, ”Consumer-Driven health Care: Promise and Performance”, *Health Affairs* 28(2), w272-w281

6. April 22: Consumer choice Theory and Demand for Health Care, II
7. April 27: Health Insurance I
   • BHT, pp. 126-137
   • Buchmueller, T. 2006, “Consumer Demand for Health Insurance” NBER Research Summary
   • Gruber, J. 2006, “The Role of Consumer Copayments for Health Care: Lessons from the RAND Health Insurance Experiment and Beyond”, Kaiser Family Foundation

8. April 29: Health Insurance II
   • BHT, pp. 141-155

9. May 4: Health Insurance III, Managed Care
   • FGS, pp. 236-245; Henderson, pp. 210-222
   • Frakt, Austin, “Accountable Care Organizations: Like H.M.O.s, but Different”, NYT

10. May 6: Health Insurance IV, Health insurance and the labor market, discrimination, rationing
    • Blumberg, L. 1999, “Perspective: Who Pays For Employer-Sponsored Health Insurance?” Health Affairs, 18(6), 58-61

11. May 11: Hospitals, Pay-for-performance, Nonprofits
    • BHT pp. 100-119, SN pp. 397-428
    • Cooper, Zack, et al., “The Price Ain’t Right? Hospital Prices and Health Spending on the Privately Insured”, NBER WP 21815
12. May 13: Physicians
- SN pp. 364-375

13. May 18: The pharmaceutical industry, Health Care and Technological Change, the Health Care Quadrilemma
- Aitken, M, et al., 2016, “Has The Era Of Slow Growth For Prescription Drug Spending Ended?”, Health Affairs
- Congressional Budget Office, 2008, “Technological Change and the Growth of Health Care Spending”

- Brown, David, Kowalski, Amanda, Lurie, Ithai, “Medicaid as an Investment in Children: What is the Long-Term Impact on Tax Receipts?”, NBER WP 20835

15. May 27: Comparative Health Care Systems and Health Care Reform, Part I
- Anderson, G, et al., 2003, “It’s The Prices, Stupid: Why The United States Is So Different From Other Countries”, Health Affairs, 22(3), 89-105

16. June 1: Comparative Health Care Systems and Health Care Reform, Part II
- Sommers, B, et al., 2017 “Health Insurance Coverage and Health – What the Recent Evidence Tells Us”, NEJM 377(6), 586-593
- Readings available on Canvas prior to class

17. June 3: Comparative Health Care Systems and Health Care Reform, Part III; Review
- Readings available on Canvas prior to class