NEW COURSE ON THIS CAMPUS (IUSB)

New Course Request

Check Appropriate Boxes: Undergraduate credit [x] Graduate credit [ ] Professional credit [ ]

3. Course Number 344 (must be cleared with University Enrollment Services) 4. Instructor Dr. Dana Costea
5. Course Title Health Economics

Recommended Abbreviation (Optional) (Limited to 32 Characters including spaces)

6. First time this course is to be offered (Semester/Year): Fall 2011
7. Credit Hours: Fixed at 3 or Variable from to
8. Is this course to be graded S-F (only)? Yes [x] No [ ]
9. Is variable title approval being requested? Yes [ ] No [x]

10. Course description (not to exceed 50 words) for Bulletin publication: P:E321, R:E270 or equivalent is strongly recommended. Systematic introduction to health economics and economics of health care, emphasis on basic economic concepts such as supply and demand, production of health information economics, choice under uncertainty, health insurance markets, Medicare and Medicaid, managed care, government intervention, and regulation. Survey course with some topics in some depth.

11. Lecture Contact Hours: Fixed at 40 or Variable from to
12. Non-Lecture Contact Hours: Fixed at 0 or Variable from to
13. Estimated enrollment: 20 of which 0 percent are expected to be graduate students.
14. Frequency of scheduling: one year Will this course be required for majors? Yes
15. Justification for new course: Increase breadth and depth of the major.
16. Are the necessary reading materials currently available in the appropriate library? Yes
17. Please append a complete outline of the proposed course, and indicate instructor (if known), textbooks, and other materials. Please see attached.
18. If this course overlaps with existing courses, please explain with which courses it overlaps and whether this overlap is necessary, desirable, or unimportant.
19. A copy of every new course proposal must be submitted to departments, schools, or divisions in which there may be overlap of the new course with existing courses or areas of strong concern, with instructions that they send comments directly to the originating Curriculum Committee. Please append a list of departments, schools, or divisions thus consulted.

Submitted by:

Department Chairman/Division Director

Date 12-4-2009

Approved by:

Dean

Date 12-4-2009

Dean of Graduate School (when required)

Date

Chancellor/Vice-President

Date

University Enrollment Services

Date

After School/Division approval, forward the last copy (without attachments) to University Enrollment Services for initial processing, and the remaining four copies and attachments to the Campus Chancellor or Vice-President.

University Enrollment Services Final—White; Chancellor/Vice-President—Blue; School/Division—Yellow; Department/Division—Pink; University Enrollment Services Advance—White
Course: Health Economics
Instructor: Dana Costea, Ph.D. (email: dcostea@iusb.edu)
Office: Administration Building, room 207A
Office hours: Tue 3:00-4:00PM or by appointment

Course Description: This course will provide a systematic introduction to health with emphasis on basic economic concepts such as supply and demand, production of health, information economics, choice under uncertainty, health insurance markets, Medicare and Medicaid, managed care, government intervention and regulation. The approach will be similar to that of a survey course, but some topics, e.g., health insurance, will be tackled in some depth. The course will involve an integration of theory, data, and institutional analysis.

Required textbook:
Phelps, Charles E., Health Economics, 4th edition, Addison Wesley
*My lectures will also be drawn extensively from Folland, Goodman and Stano – The Economics of Health and Health Care, 5th edition, Pearson-Prentice Hall

Prerequisites: Econ 321 (Intermediate Microeconomic Theory) and Econ 270 (Introduction to Statistical Theory in Economics and Business)

Course requirements and grades:

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<thead>
<tr>
<th>Requirement</th>
<th>Percentage</th>
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<tr>
<td>Homework</td>
<td>10%</td>
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<td>Participation/Presentation</td>
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<td>Project</td>
<td>15%</td>
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<tr>
<td>Midterm exam</td>
<td>30%</td>
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<tr>
<td>Final exam</td>
<td>30%</td>
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➢ **Homework:** Throughout the semester I will assign several homework sets, which will help you prepare for the exams. The due dates will be announced in class. You are encouraged to work on the homework as a group, but you need to turn in your own written assignment. Your answers should be written neatly on standard $8\frac{1}{2} \times 11$ paper, with the sheets stapled together. **No late problem sets will be accepted.** Homework will be graded on the scale of 0, 1, 2, 3, 4, 5 (5 is excellent).

➢ **Participation/Presentation:** During the semester you must read the required articles in a timely manner and be prepared to participate in the class discussion. Some of the topics in the course will be presented by students, in groups of two. After receiving your topic assignment you will need to read the relevant material, discuss it with your partner, and prepare to present to the class. Each student will have to present for 30 minutes.

➢ **Project:** You will be required to write a paper on a topic related to Health Economics. The paper will be due the last week of class. The paper will have to utilize at
least two sources (e.g. articles, databases or government publications) one of which could be from the public media (e.g. New York Times) and be at least 10 pages long. You will have to select a topic and have it approved by the instructor by the first two weeks of the semester. A progress report of 150 words (plus the outline, bibliography and the copies of your sources) will be due on the 10th week of class. Every student must complete the project in order to pass the class.

- **Midterm:** The midterm will be given in class on a date previously announced. The exam will consist of multiple choices questions and short answer questions. There will be no make-ups given for the midterm.

- **Final Exam:** The final exam will be comprehensive. Note that the final exam schedule is posted on the Registrar webpage. Please make your plans accordingly. No makeup finals will be given except on the official makeup day as determined by the Registrar.

- **Attendance:** Attendance is mandatory.

**ACCOMMODATIONS FOR RELIGIOUS OBSERVANCES STATEMENT:** If any student will require academic accommodations for a religious observance, please provide me with a written request to consider a reasonable modification for that observance by the end of the second week of the course. Contact me after class, during my office hours, or by individual appointment to discuss the issue. If after discussion we reach no consensus, either party or both should seek the advice of the Department Chair or the Dean, and if no consensus is reached, then the advice of the Vice Chancellor of Academic Affairs (“VCAA”). Either the instructor or the student may appeal the VCAA’s decision to the Office of Affirmative Action within ten business days of the determination.

**DISABILITIES STATEMENT:** If you have a disability and need assistance, special arrangements can be made to accommodate most needs. Contact the Director of Disabled Student Services (Administration Building, room 149, telephone number 520-4832), as soon as possible to work out the details. Once the Director has provided you with a letter attesting to your needs for modification, bring the letter to me. For more information, please visit the website for Office of Disabled Student Services [www.iusb.edu/~sbdss/services.shtml](http://www.iusb.edu/~sbdss/services.shtml)

**ACADEMIC HONESTY STATEMENT:** It is the responsibility of the student to know of the prohibited actions such as cheating, fabrication, plagiarism, academic, and personal misconduct, and thus, to avoid them. All students are held to the standards outlined in the code. Please reference the entire code for a complete listing ([www.dsa.indiana.edu/Code/](http://www.dsa.indiana.edu/Code/)). Any violation may result in serious academic penalty, ranging from receiving a warning, to failing the assignment, to failing the course, to expulsion from the University.
Course Outline

- Introduction - Why is health economics different?
- Production of health
- Demand for health capital
- Insurance
- Moral hazard
- Adverse selection
- Consumer choice
- RAND health insurance experiment
- Asymmetric information
- Agency and supplier induced demand
- Health insurance markets
- Managed care
- Hospitals and Long-Term Care
- Pharmaceutical Industry
- Social insurance

Articles: A reader with several key reference papers will be distributed.

- Reading 3: Miller, Robert H. and Harold S. Luft (1997), "Does Managed Care Lead to Better or Worse Quality of Care?", *Health Affairs*, Vol.16, September, pp.7-25.
1. Introduction to economics and the health care system (week 1)
   - Phelps, Chapter 1

2. Demand for health and medical care (weeks 2-3)
   - Phelps, Chapter 4

3. The market for physicians’ services (weeks 3-4)
   - Phelps, Chapter 6 & 7

4. Medical Malpractice (week 5)
   - Phelps, Chapter 13

5. Physician-induced demand (week 6)

6. Nurses and the nursing market (week 6)

7. The market for hospital services (week 7)
   - Phelps, Chapter 8 & 9

8. Demand and supply of health insurance (week 8 - 10)
   - Phelps, Chapter 10

9. The economics of mandated benefits (week 11)

10. Managed care (week 11)
    - Phelps, Chapter 11
11. Health policy and the role of the government (week 12)
   • Phelps, Chapter 15

*Student presentations (weeks 13- 15)*

12. Medicare
13. Medicaid
14. Health externalities and government policies
15. FDA- Pharmaceuticals
16. Medical technology
17. International health – medical care systems in other countries
18. International health - medical care systems in other countries
E344 Health Economics (3 cr.) P: E321. R: E370 or equivalent is strongly recommended. Systematic introduction to health economics and economics of health care, emphasis on basic economic concepts such as supply and demand, production of health, information economics, choice under uncertainty, health insurance markets, Medicare and Medicaid, managed care, government intervention and regulation. Survey course with some topics in some depth.