

Syllabus for

Economics 410-001: CURRENT ISSUES IN ECONOMICS: ECONOMICS OF HEALTH

University of Kentucky
Tues. & Thurs. 11:00am-12:15pm

Fall 2009
BE 301

Professor: Glenn Blomquist Office: BE 335Q (Economics) Phone: 257-3924 (voice mail)
Office Hours: Tues. 9:00-10:00am, 2:30-4:30pm, Thurs. 9:00-10:00am & by appointment
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Course Description: This course focuses on the individual as a producer of health and consumer of health care. Household production of health is fundamental. Demand and supply of health and medical care are examined from the perspectives of individuals as consumers/patients. Economic models are developed and evidence is examined pertaining to how much health matters for the economic well being of individuals as well as the growth and development of societies. Other topics covered include externalities and public health, how technology and quality influence expenditures, insurance and information, and how values of health improvements, including values of statistical life, are estimated for benefit-cost analysis. Students successfully completing this course should be able to apply economics to production of their own health, and to business and public policy choices.

Prerequisites: Students are expected to have mastered the principles of economics covered in ECO 201 and ECO 202. We will use tools covered in ECO 401 Intermediate Microeconomic Theory. Chapters 2 and 3 of the text can be used to review concepts such as elasticities, indifference curves, isoquants, and multiple regression. We will use some statistics and calculus, but they are not prerequisites for the course.

Required Text: Sherman Folland, Allen Goodman, and Miron Stano (FGS). *The Economics of Health and Health Care*. 6th ed. (Upper Saddle River, NJ: Pearson Prentice Hall, 2010). We will use this book a lot. Hopefully your copy will be fairly worn at the end of the semester. We will find real world examples in many places and no purchase is required to find them.

Evaluation Criteria: Your grade in the course will be determined by your performance on two hourly exams (50%, 25% each), a final exam (30%), concept quizzes (10%), and homework (10%). Grades will be determined using the standard scale: A: 90-100%, B: 80-89%, C: 70-79%, D: 60-69% and E: less than 60%. In other words, if you get 93% of the points, you are assured of an A, and so on. In the event that grades appear to be too low on an exam, I may use a curve. Information on grades based on scores will be given after each exam. Individual requests for grades based on performance to date will be honored any time during the course.

Concept quizzes are designed to encourage preparedness, attendance, attention, and participation. Concept quizzes may cover the previous class lecture, the reading assignment for the day, what we have just covered in class that day, or questions from homework. During the semester I will give at least 15 concept quizzes, but only the top 10 scores will count. Since a large number of these quizzes will be dropped, there are no “make up” quizzes. Some quizzes

will be announced and others may be surprises.

Course Outline and Readings

I. *Health Matters, Economists Thinking about Health, and Medical Myths*

Class Notes

FGS: Chapters 2 & 3 are highly recommended for a review of tools.

II. *Production of Health and the Demand for Health Capital*

FGS: Chapter 5, Chapter 7, & Chapter 4 pages 64-67.

Exam 1 about Thursday, September 24

III. *Demand for Health Care, Externalities, Epidemics, and Public Health*

FGS: Chapter 9 & parts of Chapters 19, 24, & 25

IV. *Cost of Health Care, Technology, and Expenditures*

FGS: Chapter 1 & Chapter 6

Exam 2 about Thursday, October 22

V. *Health Insurance: Private and Public*

FGS: Chapter 8, Chapter 10, Chapter 11 & Chapter 21 pages 436-449.

VI. *Economic Evaluation, Valuing Health, and Benefit-Cost Analysis*

FGS: Chapter 4 & parts of Chapter 19, 24, & 25 & Class Notes

Final Exam on Tuesday, December 15, 2009, 10:30am-12:30pm

All exams will be in BE 301, our usual classroom.