This is a course in applied microeconomics. It is designed for students who already understand basic consumer and producer theory, and focuses on how health care markets differ from other markets and determinants of health. Because of asymmetric information, uncertainty, government involvement, and externalities, the economics of the health care sector and its players (patients, providers, insurers, employers, and government) requires a special analysis. We will learn how to apply microeconomic tools to study the medical care system, determinants of health and analyze the economic aspects of health care policy.

**Prerequisite:** Economics 301 or Public Affairs 880.

**Course Assignments and Grading**

- There will be a midterm and a final exam. Each of the exams are worth 30 percent of your grade for the course.

- You will be participating in a group project. Your and the group’s performance on this project will determine 30 percent of your grade. Material for this will be distributed during week 3. This will be a research project using data from the UW.

- You are required to lead/co-lead a health policy discussion in class. This along with your participation in these policy discussions in general will determine 10 percent of your grade. We will call these Analytical policy presentations and write-ups. A sign-up sheet will be available during the first class meeting.

**Required Textbook, Readings, and Materials**


The materials and other readings for the course are listed below and will be available on Learn@UW.

Requirements Outside of Class
Take the CITI Human subjects research training and successfully complete the quiz.  

Analytical Policy Presentation and Write-ups
Once during the semester you will each write a 2 to 3 page essay based on health economics news/policy you read from a valid source. You will lead a discussion on this topic for class for 10 minutes. Since two members of the class will have this assignment on the same date, you can either present independently or combine presentations. If you combine, you should either take two opposing sides of a health policy issue or take on a more extended analysis. In both cases you can jointly write the first paragraph setting out the policy issue but then should independently write the rest of the write-up. You can post material to Learn@UW but I do not want you to use PowerPoint for your presentations.

Course Outline and Reading Assignments
Week 1
9/2 Course Overview
9/4 Demand for Health and Health Care
   Bhattacharya, Chapters 1 and 2

Week 2
9/9 Demand for Health and Health care: The Grossman Model
   Bhattacharya, Chapter 3
   http://www.newyorker.com/reporting/2009/06/01/090601fa_fact_gawande?currentPage=all

9/11 Disparities in Health
   Bhattacharya, Chapter 4

Week 3

9/16  Delivery of Health Care: The Labor Market for Physicians
Bhattacharya, Chapter 5

9/18  Delivery of Health Care: The Hospital Industry
Bhattacharya, Chapter 6

Week 4

9/23  Demand for Insurance Part 1: Expected Utility
Bhattacharya, Chapter 7

9/25  Demand for Insurance Part 2: Adverse Selection
Bhattacharya, Chapter 8, Intro, 8.1, 8.3, and 9.11

Week 5

9/30  Demand for Insurance 3: Decision-Making

It’s Your Choice 2014: Decision Guide State of Wisconsin Group Health Insurance Program for State of Wisconsin Employees, Retired State of Wisconsin Employees (Annuitants), Members with Continuation Coverage (Continuants), UW Graduate Assistants.
http://etf.wi.gov/publications/iyc14/et2107d.pdf

10/2  Moral Hazard
Bhattacharya, Chapter 11.

Week 6

10/7, 10/9  The American Model & Public Sector Programs
Bhattacharya, Chapter 18

Week 7
10/14 The Affordable Care Act: Part I.

10/16 The Affordable Care Act: Part II
“Young, Fit, and Uninterested,” The Economist. (January 18, 2014).

Week 8
10/21 Midterm Exam. Material up through 10/16.

10/23 The Affordable Care Act: Part III Early Evidence.
(Readings to be added)

Week 9
10/28 Why are Costs So High? Population Aging
Bhattacharya, Chapter 19
10/30  Why are Costs so High? Physician Decision Making, Organizational Management, and Efficiency

http://www.newyorker.com/reporting/2012/08/13/120813fa_fact_gawande?currentPage=all


Week 10

11/4  Pharmaceutical Markets and Innovations
Bhattacharya, Chapter 12, beginning through section 12.3

11/6  (Professor David Vanness)
Bhattacharya, Rest of Chapter 12.

Week 11

11/11  International Health Care Systems and Alternative Designs
Bhattacharya Chapter 15

11/13  International Health Care Systems and Alternative Designs, continued.
Bhattacharya, Chapters 16-17.

Weeks 12–14: November 18, 20, 25; December 2 and 4: Group Presentations

Week 15 (Final Reports from Groups due 12/11 by beginning of class).

12/9  International Health Systems and Comparisons to the US


**Grievance Procedure**

The Department of Economics has developed a grievance procedure through which you may register comments or complaints about a course, an instructor, or a teaching assistant. Before utilizing the formal steps of this procedure, we ask that you utilize two other means of addressing your comments: our regular course evaluations, anonymous and confidential commentaries solicited at the end of each semester in every Economics class, and also by direct communication with the instructor or teaching assistant involved. The formal grievance procedure is designed for situations where neither of these channels is appropriate and where one or both of these have been tried.

If you wish to file a grievance, you should go to Room 7238 Social Science and request a Course Comment Sheet. When completing the comment sheet, you will need to provide a detailed statement that describes what aspects of the course you find unsatisfactory. You will need to sign the sheet and provide your student identification number, your addresses, and a phone number where you can be reached. The Department will investigate comments fully and respond in writing to complaints.

Your name, address, phone number, and student ID number will not be revealed to the instructor or teaching assistant involved and will be treated as confidential. The Department needs this information because it may become necessary for a commenting student to have a meeting with the department chair or a nominee to gather additional information. Your street and e-mail addresses are necessary for providing a written response.

**Misconduct Statement**

Academic integrity is critical to maintaining fair and knowledge-based learning at UW Madison. Academic dishonesty is a serious violation; it undermines the bonds of trust and honesty between members of our academic community, degrades the value of your degree and defrauds those who may eventually depend upon your knowledge and integrity. Examples of academic misconduct include but are not limited to: cheating on an examination (copying from another student’s paper, referring to materials on the exam other than those explicitly permitted, continuing to work on an exam after the time has expired, turning in an exam for re-grading after making changes to the exam), copying the homework of someone else, submitting for credit work done by someone else, stealing examinations or course materials, tampering with the grade records or with another student’s work, or knowingly and intentionally assisting another student in any of the above.

The Dept. of Economics will deal with these offenses harshly following UWS14 procedures([http://students.wisc.edu/saja/misconduct/UWS14.html](http://students.wisc.edu/saja/misconduct/UWS14.html)):

1. The penalty for misconduct in most cases will be removal from the course and a failing grade.

2. The department will inform the Dean of Students as required and additional sanctions may be applied.

3. The department will keep an internal record of misconduct incidents. This information will be made available to teaching faculty writing recommendation letters and to admission offices of the School of Business and Engineering.

If you think you see incidents of misconduct, you should tell your instructor about them, in which case they will take appropriate action and protect your identity. You could also choose to contact our administrator (Tammy Herbst-Koel: therbst@wisc.edu) and your identity will be kept confidential.