

Economics 393: Health Economics

Fall Semester 2004

Instructor: Yoram Bauman
Classroom: Max 209. Class meets MW 1:00-2:20pm.
Office: Max 313
Office Hours: Tentatively MTW 3-4pm, or by appointment, or whenever my door's open
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Introduction

This course looks at the economics of health and health care. This is a new class for me (and for Whitman). The bad news is that the ride might be a bit bumpy. The good news is that we have lots of flexibility to cover topics of interest to you.

Class Schedule

Class meets MW from Wednesday, September 1, through Wednesday, December 8, except for holidays on October 11 (mid-semester break) and November 22-26 (Thanksgiving break). Although there is no final exam, we may use the final exam period (during the week of December 13) for class presentations or other activities.

Textbook

The textbook is Folland, Goodman, and Stano's *The Economics of Health and Health Care*, 4th ed.

Grading Policy

Your grade will be based on class participation, problem sets and/or an exam, class presentations and debates, and various short papers, all of which are detailed below in the tentative course outline. Extra credit opportunities (e.g., writing assignments) are available, but *you* must take the initiative.

Communication

I regularly send out emails to the class list provided to me by the College. I also post PDF files and other information on the class website. If you experience technical difficulties, you can try asking me, but your best bet is to ask the experts at <http://wcts.whitman.edu/>.

Disabilities

Whitman policy is that students with documented disabilities need to register with Clare Carson (Director of Academic Resources, Memorial 205, x5213). All information about disability is considered confidential. If I receive notification from Clare that you are eligible for an accommodation, I will provide it in as discrete a manner as possible.

Tentative Course Outline (subject to change at any time!)

Most of our 80-minute classes will be divided into two parts, with a short break in between. My hope is that the two parts will balance each other and prevent burn-out, e.g., by combining one part lecturing/theory with one part discussion/policy.

Part I: The Theory of Insurance. We'll begin with a quick overview of the health care sector and a (less quick) theoretical effort to compare and contrast health care with "normal competitive markets" (i.e., potatoes). Then, setting aside explicit consideration of health care, we'll study the theory of insurance and insurance markets. This section of the course will be pretty mathematical, with problem sets & etc. We'll also read a couple of Nobel-prize-winning articles (Akerlof's "Market for Lemons" and Rothschild and Stiglitz's "Equilibrium in Competitive Insurance Markets") as well as articles that discuss these issues in the context of health care. Grades for this part of the class will be determined by class participation and problem sets and/or exams.

Part II: Pharmaceuticals. There's a ton of cool stuff here. Everyone in class will focus on a particular topic, gather relevant reading materials, and organize and lead a 30-minute classroom discussion. Grades for this part of class will be determined by the class discussion that you lead, by a bibliography of relevant articles, and by your participation in discussions that others lead. Here's an incomplete list of potential topics: pharmaceutical company market structure and profits; financing AIDS drugs for Africa; orphan drugs; patents and other aspects of R&D (e.g., "if aspirin cured cancer..."); international drug pricing (whether drugs are cheaper in Canada, and if so why); insurance issues (e.g., Bush's Medicare drug bill, coverage of experimental drugs); pharmaceutical advertising (including direct-to-consumer); the economics of antibiotic resistance; HMO formularies; the FDA approval process; competition between brand-name and generic drugs...

Part III: Politics and Policy. The tentative plan for this portion of the class is to have some classroom debates. Possible topics include single-payer health care, other health care proposals (e.g., from the presidential candidates or think tanks like the Cato Institute and the Center for American Progress), or the merits of a potential 2005 Washington State ballot measure to ban smoking in workplaces (notably bars and restaurants). Grades for this part of class will be determined by performance in the debates and by a short "op-ed" writing assignment.

PS. Special Information Regarding Your Instructor

I'm new to Whitman, so I want to make extra sure that you know what your options are if you have concerns about the course or about your instructor (i.e., me). So: You should not hesitate to tell me (in person, by email, by anonymous note, whatever) if you have any concerns. After all, I'm here to learn, too. But if you're not comfortable talking with me or are not satisfied with the response you receive, you can contact the department chair, Hal Belay, or any of the other professors in the department; Keith Farrington in the Center for Teaching and Learning; your advisor; or...