Instructor Information

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Course Overview

This course is intended to give you an understanding of and appreciation for the traditional issues in health economics. The topics to be covered are: the role of prices, the production of health, the demand for health care, health insurance theory, the demand for health insurance, the health insurance market and managed care, the market for physicians’ services, production and cost of health care in hospitals and nursing homes, labor issues, pharmaceuticals, cost effectiveness analysis, equity and efficiency, role of government in the health economy, international comparisons, Medicaid and Medicare, and national health insurance and reform. Note that this course is designed to provide you with the knowledge of fundamental principles of economic concepts and evaluation methods. This knowledge is intended to be applied in future coursework.

The course relies on the use of conventional microeconomic analytical tools. If you did not take an undergraduate level microeconomics course, a supplemental undergraduate microeconomics textbook or Schaum’s Outline of Microeconomics is advised. You should also have a basic knowledge of fundamental descriptive and analytical statistics. You will not be expected to know calculus.

Course Objectives

Upon completion of the course, students should complete the following objectives:

1. Understand current health economics issues, their historical origins, and their development.
2. Analyze health economics problems using rudimentary tools and show examples of how these tools are used by economists to analyze specific issues.
3. Appreciate the trade-offs inherent in almost all policy solutions.
4. Recognize the shortcomings and criticisms of the various models used to analyze the key health economics issues.

**Targeted Competencies**
- Continually scan and interpret key trends and activities in the health care environment.
- Apply general and health economics concepts and show demonstrated competence with analyses of pricing, service demand, and risk.
- Use statistical and analytical tools to measure and improve organizational performance.

**Required Textbook**

**Required Readings**
Assigned journal articles and lecture notes are available on the course website. (http://users.phhp.ufl.edu/jharman/healthecon/). Additional readings not on the website are available on the web or are available through the University of Florida Library. All listed readings are required unless otherwise noted. Students are expected to have read all required readings prior to each lecture and should understand the issues covered in each article.

**Course Evaluations and Grading**
Your grade will be based on your performance on quizzes (30%), an evaluative paper (10%), a midterm (30%), and a final examination (30%). There will be at least four quizzes during the semester and quizzes will take place at the beginning of the class period. The lowest quiz score will be dropped when calculating the final grade.

There will be no makeup exams or quizzes except for extreme circumstances (e.g. admitted to hospital) with valid evidence of the extreme circumstance.

**Grading Scale:**

- A: 93 – 100%
- A-: 90 – 92%
- B+: 87 – 89%
- B: 83 – 86%
- B-: 80 – 82%
- C+: 75 – 79%
- C: 70 – 74%
- C-: 65 – 69%
- Fail: Below 65%
Academic Integrity – Students are expected to act in accordance with the University of Florida policy on academic integrity (see Student Conduct Code, the Graduate Student Handbook or these web sites for more details:

http://www.dso.ufl.edu/sccr/honorcodes/conductcode.php
http://www.dso.ufl.edu/studenthandbook/studentrights.php
http://gradschool.ufl.edu/students/introduction.html

Cheating, lying, misrepresentation, or plagiarism in any form is unacceptable and inexcusable behavior. We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.

Policy Related to Class Attendance and Make-up Exams or Other Work

Students are expected to attend and participate in all class sessions and be in attendance prior to the beginning of the class period. Students should inform the instructor if they will miss a class. Personal issues with respect to class attendance or fulfillment of course requirements will be handled on an individual basis.

Accommodations for Students with Disabilities

If you require classroom accommodation because of a disability, you must first register with the Dean of Students Office (http://www.dso.ufl.edu/). The Dean of Students Office will provide documentation to you, which you then give to the instructor when requesting accommodation. The College is committed to providing reasonable accommodations to assist students in their coursework.

Counseling and Student Health

Students may occasionally have personal issues that arise in the course of pursuing higher education or that may interfere with their academic performance. If you find yourself facing problems affecting your coursework, you are encouraged to talk with an instructor and to seek confidential assistance at the UF Counseling & Wellness Center, 352-392-1575. Visit their web site for more information: http://www.counseling.ufl.edu/.

The Student Health Care Center at Shands is a satellite clinic of the main Student Health Care Center located on Fletcher Drive on campus. Student Health at Shands offers a variety of clinical services, including primary care, women's health care, immunizations, mental health care, and pharmacy services. The clinic is located on the second floor of the Dental Tower in the Health Science Center. For more information, contact the clinic at 392-0627 or check out the web site at: www.health.ufl.edu/shcc
Crisis intervention is always available 24/7 from:

Alachua County Crisis Center:

(352) 264-6789
http://www.alachuacounty.us/DEPTS/CSS/CRISISCENTER/Pages/CrisisCenter.aspx

BUT – Do not wait until you reach a crisis to come in and talk with us. We have helped many students through stressful situations impacting their academic performance. You are not alone so do not be afraid to ask for assistance.

**Topic Outline and Required Reading**

1/6 Introduction and Overview

Santerre and Neun, Chapter 1.


1/8 Prices in the Medical Sector


The Production of Health

Santerre and Neun, Chapter 2 plus Appendix 2.


Demand for Medical Care: Theory and Empirical Evidence

Santerre and Neun, Ch. 5.


Santerre and Neun, Ch. 6, pp. 155-167.


New Insurance Theory: Anomalies and Income Transfer Effect

Santerre and Neun, Ch. 6, pp. 167-174.


1/27 New Insurance Theory: Estimates of the Welfare Loss and Gain, Why Consumers Sometimes Do Not Purchase Health Insurance, and Implications for Policy


1/29 No class: Instructor at Conference

2/3 The Private Health Insurance Industry

Santerre and Neun, Ch. 6, pp. 174-185, and Ch. 11.


2/5 Market Models and Managed Care, or Another View of Prices

Santerre and Neun, Ch. 8 (pp. 233-253).


2/10 Physicians: Payments, Costs, and Induced Demand

Santerre and Neun, Ch. 12, pp. 363-379.


2/12 Physicians: Licensure, Advertising, and Price Discrimination
Santerre and Neun, Ch. 12, pp. 355-377.


2/17 Physicians: Small Area Variation, Specialization, and Another Perspective
Santerre and Neun, Ch. 12, pp. 380-381


2/19 Review session for Midterm Exam

2/24 Midterm Exam

2/26 Hospitals: Production Functions, Cost Theory, and Efficiency
Santerre and Neun, Ch. 7.


3/3 – 3/5 Spring Break

3/10 – 3/12 ACHE – TBD


Santerre and Neun, Ch 13.


3/19 Labor Market Issues: Shortages, Surpluses, Monopsony and the Shortage of Nurses


3/24 Pharmaceuticals

Santerre and Neun, Ch. 14.

3/26 The Case for Government Intervention

Santerre and Neun, Ch. 9.


3/31 Government as Health Insurer
Santerre and Neun, Ch. 10.

4/2  Cost-effectiveness Analysis in Health Care

Santerre and Neun, Ch. 3.


4/7  The Market for Long-Term Care

Santerre and Neun, Ch. 15.

4/9 – 4/14  Current Topics – TBD (Evaluative paper due on 4/9)

4/16  Final Exam Review

4/21  FINAL EXAM