Second semester

Thursdays 14-16

**Health Economics**

286.4740

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**Syllabus**

**Prerequisites:** Basic Economics for MHA / MPH

**Principal Aims:**

The purpose of this course is to extend students’ understanding of economic theory and empirical research in key areas of health economics and enable students to leverage that knowledge and apply it to timely issues in health policy and management. The course will provide students with an overview about the use of economic analysis in major aspects of health insurance and health care. The course examines the supply, demand, and constraints associated with health care provision.

**Principal Learning Outcomes:**

Students should develop the ability to apply core economic concepts to health and health care. Theywould gain a clear understanding about the importance of health and health care for the successful functioning of the economy and will learn about Issues, challenges and strengths of health systems in the aspects of health economics.

**Detailed teaching plan:** the course is typically covers the following topics:

1. Introduction to health economics.
2. The demand for health insurance.
3. Asymmetric information and market failures in the health insurance market.
4. The demand for health services.
5. Managed care organisations (MCOs)
6. Compensation mechanisms forMCOs and other health care providers.
7. The physician firm
8. Hospitals
9. Inefficiency and regulation in the health care market.
10. Summary

**Assessment:**

* Compulsory attendance and active participation in class discussions (10%)
* Coursework including group work(40%)
* Course exam (50%)

**Course books**

1. Phelps, Charles. 2009. Health Economics. Fourth Edition
2. Bhattacharya, J., Tu, P., Hyde, T. Health Economic. Publisher Palgrave Macmillan, 2013

**Additional Reading**

**Books:**

1. Zweifel, P., Eisen, R. 2012. Insurance Economics. Springer-Verlag Berlin Heidelberg
2. Glied, S., Smith, P.C.(Editors). 2013. The Oxford Handbook of Health Economics.

**Papers**:

1. Rothschild M., Stiglitz, J., 1976. "Equilibrium in competitive insurance markets: an essay on the economics of Imperfect Information". *The Quarterly Journal of Economics* 90(4):629-649
2. Newhouse, J.P., 1996."Reimbursing health plans and health providers: efficiency in production versus selection". *Journal of Economic Literature* 34(3):1236-1263
3. Frank, Richard G., Jacob Glazer, and Thomas G. McGuire. "Measuring adverse selection in managed health care." Journal of Health Economics 19.6 (2000): 829-854.‏
4. Shmueli, A., Stam, P., Wasem, J., & Trottmann, M. (2015). "Managed care in four managed competition OECD health systems". Health Policy.
5. OECD (2012), *OECD Reviews of Health Care Quality: Israel 2012: Raising Standards*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264029941-en>
6. Frank J. Chaloupka and Kenneth E. Warner. 2000. “The Economics of Smoking” chapter 29 in: *The Handbook of Health Economics , Joseph Newhouse and Anthony* Culyer, editors. <http://www.ppge.ufrgs.br/GIACOMO/arquivos/eco02072/chaloupka-warner-2000.pdf>
7. FERNANDO QUIJANO AND SHELLY TEFFT.2010. “Externalities in Action: Environmental and Health Externalities” chapter 6 in: Gurber j. Public Finance and Public Policy. [www.tau.ac.il/~yashiv/Gruber3e\_ch06.ppt](http://www.tau.ac.il/~yashiv/Gruber3e_ch06.ppt)
8. Atul Gawande "The Cost Conundrum - What a Texas town can teach us about health care" The New Yorker, June 1, 2009
9. Cid, C., Ellis, R. P., Vargas, V., Wasem, J., & Prieto, L. Global Risk-Adjusted Payment Models. *Handbook of Global Health Economics and Public Policy*, *1*.
10. Van de Ven & Ellis, 2000. “Risk Adjustment in Competitive Health Plan Markets”. Chapter 14 in: Handbook of Health Economics
11. Glazer, J., McGuire, T.G., 2000. “Optimal Risk Adjustment in Markets with Adverse Selection: An Application to Managed Care”. *American Economic Review* 90(4):1055-1071
12. Shmueli, A., Chernichovsky, D., Zmora, I,. 2003. “Risk Adjustment and Risk Sharing: The Israeli Experience”. *Health Policy* 65:37-48
13. Van Barneveld, E.M., Lamers, L.M., Van Vliet, R., Van de Ven, W. (2001a) "Risk sharing as a supplement to imperfect capitation: a tradeoff between selection and efficiency", in Journal of Health Economics 20: 147–16
14. Laugesen, M. J., & Glied, S. A. 2011. Higher fees paid to US physicians drive higher spending for physician services compared to other countries. *Health Affairs*, *30*(9), 1647-1656.‏

**Other reading**

Reading related to Israel's health economy will be posted during classes

**Course website**

The course website will be open before the start of class. All presentations, exercises and obligatory reading will be uploaded to the website. *Be sure your name is part of the course participants.*

Good Luck!