Why is health care such a difficult policy area? Why do governments tend to intervene dramatically in their health care sectors, rather than leave health care provision to the market?

This course examines major topics in the economics of health care policy, focusing on the major rationales for government intervention and some of the leading policy issues. Topics include health inequality, selection, moral hazard, bargaining power, measuring the impacts of different policies, consumer behavior, provider behavior, and the psychology of health policy. It places particular emphasis on empirical studies of health care in professional economics journal articles. Prerequisites: Pad 503 and 505, or equivalent exposure to microeconomics and statistics.

The first part of the course will look at the challenges in evaluating health policy and undertaking cost-effectiveness analysis. When governments set health policy, they do not have the informational advantages that markets have at setting prices and quantities. An enormous challenge for health care policy is measuring the impacts of different policies, or even of different health care procedures. This will be by far the most technically challenging part of the course.

In the second part of the course, we will examine the rationales for government intervention in this sector. What are the main problems that health policy needs to address? We will look at the several classic rationales for government intervention: justice, market power, and asymmetric information (plus consumer psychology).

The third part of the course will turn to the Affordable Care Act, reviewing major impacts of this enormous change in US health policy. Note: for a much more in-depth look at the economics of the ACA, you may wish to consider taking my summer school course.

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1 I expect to routinely dismiss class around 9pm.
Office Hours

While I prefer for you to come to my regular office hours, I am happy to schedule appointments if you cannot come at that time. Let me rephrase: I *expect* and *encourage* you to schedule appointments if you cannot come at that time. You must e-mail me (sweinberg@albany.edu) to schedule an appointment.

Grading

Each assignment will receive a letter grade from A to E. I translate these grades into a 4pt scale, with A = 4.0, A- = 3.66, B+ = 3.33, B = 3.0, B- = 2.66, and so on. At the end of the semester, I take a weighted average of all your grades to get your final score. The translation from this score to a final letter grade is not a matter of simple rounding. The cut-off between an A and an A- is a 3.70. The cut-off between a B and a B- is a 3.00. The cut-offs between an A- and a B+ and between a B+ and a B will be selected in part based on the distribution of scores in the class. Hopefully I won’t need to use any grades lower than a B-, but that is up to you.

Plagiarism and Citations

I assume you are familiar with American standards regarding plagiarism. You must familiarize yourself with the information at [http://library.albany.edu/usered/plagiarism/index.html](http://library.albany.edu/usered/plagiarism/index.html). Plagiarism is a major offense and can receive severe punishments, from automatically failing the course to being expelled from the program. If in doubt about acceptable use of sources, ask.

Correct citations are one of the more important elements in avoiding plagiarism. When you use a source in a memo, make sure to cite it using any standard academic citational method. (I personally prefer the author-date parenthetical citation method used in economics, but I see no reason to force you to adopt economic norms.) Two things I do care about, no matter which standard you adopt: a) the titles of sources do not belong in the main text of your paper, but rather in the Works Cited page or a footnote, and b) article titles go in quotes; book and journal titles go in italics.

The key to a citation is that the reader must be able easily to track down the source.

Web Citations: It is helpful to the reader to include URLs on the Works Cited page for material located on the internet, assuming that the URL is permanent and that the website is universally accessible. You would NOT provide URLs for published journal articles you have accessed through the library, but you would provide a URL for a government report or for a working paper downloaded from an author’s website. Some conventions call for including the date you accessed internet materials; these conventions are necessary in increasingly rare circumstances. There is a distinction between material that exists in a final, dated form that happens to be located on the internet and material from fluid web sites. If something is fixed, such as a journal article, dated working paper, or government report, then you do NOT need to report the date you accessed the information; simply report the date of the document itself. If something could be changed at any moment, then you must report the date you accessed the website.
Grammar Help

For the individual assignments, you should feel free to seek help in proof-reading your drafts, provided that a) you make all changes yourself, and b) you acknowledge any such help explicitly on the first page of your assignment.

Incidentally, I find the Grammar Girl blog to be a useful resource: [http://grammar.quickanddirtytips.com/](http://grammar.quickanddirtytips.com/)

Collaboration

I encourage you to discuss the homework with your peers, provided that

a) you attempt every assignment on your own before discussing them with colleagues;

b) you write up your own individual assignments from scratch, without looking at your colleagues’ work while you do it; and

c) that you explicitly acknowledge whom you worked with on the first page of the assignment.

*Copying a colleague’s work directly is cheating.*

Grades

30% Weekly quizzes or response papers on the reading (score your best 12)

20% Problem Sets (do 2 of 2)

20% Short papers (do 2 of 2)

30% Final Exam

**Weekly Quizzes/Responses:** Each class will have some sort of assignment to assess your understanding of the reading. Most of these will be 20 minute quizzes at the beginning of class. I will give you a reading guide each week that tells you what material is “fair game” for the quiz. Some weeks, I will give you a 1p response question to write about instead. Only your best 12 quizzes/responses will be scored; the others will be dropped.

**Problem Sets:** there will be two problem sets, requiring math at the level of high school algebra, as well as some familiarity with Excel. These will come early in the term, to practice skills in cost-effectiveness analysis. Each problem set is worth 10% of the course grade.

**Short Papers:** You must write two 5-to-6-page papers (plus exhibits) that discuss and synthesize the course readings.
Final Exam: There will be a final exam during finals week at the usual class time.

Texts (NOT ordered; you are expected to acquire these yourself)


Other readings will all be available on-line, either through a link provided in the syllabus, through the library website, or through the course website. You should never need to photocopy things, or request articles through ILL. If you think that an article is NOT available on-line, e-mail me.

NOTE WELL: NBER working papers can be accessed through nber.org. If you try to access them from off-campus, they will ask you to pay for the article. If you scroll down a bit, you’ll see information for people who think they can get free copies. If you give them your albany.edu e-mail address, they will send you a link to a free copy.
NOTE WELL: we will read only selected pages of most articles. Pay CLOSE attention to the posted reading guides each week BEFORE you start reading. Any changes in the assigned reading will be announced through the reading guide!

Unit I: Measurement


2. Jan 27. The Program Evaluation Problem
   a. Selected excerpts from Stock and Watson (posted)
   b. Handout on Program Evaluation (posted)
   c. Handout on PDV (posted)

3. Feb 3. Exploiting Natural Experiments

   a. Drummond et al, ch1-3
   c. Problem Set 1 due

5. Feb 17. Economic Evaluation Methods
   a. Drummond et al, ch4
   b. Sunstein, chapter 2

6. Feb 24. What are we trying to maximize?
   a. Drummond et al, ch5-6
b. Sunstein, 2014, chapter 4

7. Mar 2. Application: Preventive Care
   a. TBA
   b. Problem Set 2 due

   Unit II: Market Imperfections in Health Care

8. Mar 9. Health Inequality
   a. TBD

   a. Cooper, Craig, Gaynor, and Reenen, 2015, “The Price Ain’t Right? Hospital Prices and Health Spending on the Privately Insured,” NBER 21815

10. Mar 30. Asymmetric Information
   b. Powell and Goldman, 2016, “Disentangling Moral Hazard and Adverse Selection in Private Health Insurance,” NBER 21858
   e. Paper 1 due

12. Apr 13. Consumer Psychology and Health Care  
   a. Readings TBD

13. Apr 20. What is in the Affordable Care Act?  
   c. TBD

14. Apr 27. Impacts of the Affordable Care Act  
   a. TBD  
   b. Paper 2 due

15. May 4. Conclusions  
   a. Nothing due

16. May 11. Final Exam