Course Description

Health care markets are unique in many ways, including incomplete information on the prices and quality of health care services, incomplete information on what health services are needed, asymmetric information between individuals and insurers as well as between individuals and physicians, modified incentives through the provision of health insurance, and the perception of health care as a fundamental right rather than a standard consumer good. In the U.S., health care markets are further complicated by the fragmented nature of the health care system, including the market for health insurance as well as hospital and physician services. Health economics helps to shed light on these important issues and is a rapidly growing field with an increasing role in public policy.

The course is designed to highlight a specific issue of current interest in U.S. healthcare. This year, we will examine how we pay for healthcare in the U.S. and the incentives created under these different reimbursement policies. We will also consider the historical aspects of the U.S. healthcare system that help to explain some features of our current system. As an economics course, we will broadly examine the economic justification and implications of recent reimbursement policies.

Learning Objectives

An overarching focus of this course is on the nature of evidence in the field of health economics. We define evidence in this class as, “basis for belief; something that supports or challenges a claim, theory, or argument.” With this definition in mind, many of the assignments and almost all of our discussions ask that you: 1) distinguish uses of evidence in economics; 2) access, locate, identify, and analyze evidence; and 3) build arguments based on primary evidence and assess the arguments of others. As such, I expect everyone to critically assess the class readings and think carefully about what data are being used, how such data help to answer the original question, how the conclusions may depend on the data used, and what issues the research leaves unanswered.

Understanding health economics as a student is difficult as many of us have not yet been exposed to the healthcare system. Purchasing a health insurance plan, choosing a doctor, visiting a specialist, being admitted to a hospital, paying a hospital bill - these are decisions and activities that we often don’t make as young adults. Moreover, the study of health economics as a sub-specialty requires some understanding of microeconomics as well as empirical analysis. Naturally, we cannot cover all of this content in one course. We will instead focus on issues surrounding reimbursement in U.S. healthcare,
with relevant microeconomics and some empirical details discussed as necessary. By the end of this course, my goal is that you will:

1. Understand the different reimbursement models in our healthcare system, including the details of Medicare, Medicaid, and private insurance reimbursement;

2. Discuss the economic reasons and potential implications for the different forms of reimbursement; and

3. Understand the role of the Affordable Care Act in our current payment system.

Text and Other Materials

We will rely on selected articles for much of the class; however, we will turn to Ezekiel Emanuel’s *Reinventing American Health Care* for our discussions of the Affordable Care Act (ACA). This book is not required for our class but it does provide an excellent treatment of the ACA as well as the unique history of the U.S. healthcare system. Other selected readings are indicated in the course outline, with full references at the end of the syllabus. I expect all students to have read the necessary articles prior to class and participate in subsequent discussions.

Course Policies

All files and assignments for the course will be posted on Blackboard. To access the Blackboard main page, go to [classes.emory.edu](http://classes.emory.edu) and use your user ID and password to log in and select your course. Grades and announcements about the class will also be posted on our Blackboard site.

For any writing assignment, I encourage you to consult with the Emory Writing Center for support including grammar and structure. You can reach the writing center at 404-727-6451 or [online](http://online).

The use of cell phones and laptops are not permitted in class, and you are expected to attend class on time. Arriving late to class and using cell phones or laptops is disruptive and creates a negative externality.

Academic Integrity and Honor Code

The Emory University Honor Code is taken seriously and governs all work in this course. Details about the Honor Code are available [online](http://online). By taking this course, you affirm that it is a violation of the code to cheat on exams, to plagiarize, to deviate from the instructions about collaboration on work that is submitted for grades, to give false information to a faculty member, and to undertake any other form of academic misconduct. You agree that the teacher is entitled to move you to another seat during examinations, without explanation. You also affirm that if you witness others violating the code you have a duty to report them to the honor council.
Course Outline

Below is a preliminary outline of topics and assignments throughout the semester. Based on our collective interests and discussions, these topics may change somewhat; however, the due dates and exams will remain. Items with a * indicate that the activity counts toward participation credit in the course.

<table>
<thead>
<tr>
<th>Week</th>
<th>Dates</th>
<th>Activity/Assignments</th>
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| Week 1 | 1/12 - 1/15 | Activity: An overview of the U.S. healthcare system  
| | | Watch *Money in Medicine* |
| Week 2 | 1/18 - 1/22 | Activity: What is evidence?  
| | | MLK Holiday (no class) |
| Week 3 | 1/25 - 1/29 | Activity: Different reimbursement models (fee for service, managed care, capitation)  
| | | Reading: PBS Reading Link  
| | | Project: Choose an Emory Health Insurance Plan  
| | | Stage 1 due 1/27 |
| Week 4 | 2/1 - 2/5 | Activity: What is Medicare?  
| | | Readings: Medicare notes on Blackboard |
| Week 5 | 2/8 - 2/12 | Activity: Medicare payments to hospitals  
| | | Readings: Medicare Inpatient PPS Link  
| | | Project: Evaluate and discuss *Dafny* (2005)  
| | | Stage 2 due 2/10 |
| Week 6 | 2/15 - 2/19 | Activity: Medicare payments to physicians  
| | | Reading: *Clemens & Gottlieb* (2014)  
| | | Project: Evaluate and discuss *Clemens & Gottlieb* (2014) |
| Week 7 | 2/22 - 2/26 | Activity: Medicare Advantage and insurer payments  
| | | Homework: Critique of CMS Star Ratings due 2/24 |
| Week 8 | 2/29 - 3/4 | Activity: Medicare payments to hospitals  
| | | Reading: *Clemens & Gottlieb* (2014)  
| | | Project: Evaluate and discuss *Clemens & Gottlieb* (2014) |
| Week 9 | 3/7 - 3/11 | No class (Spring Break) |
| Week 10 | 3/14 - 3/18 | Activity: What is Medicaid?  
| | | Readings: Medicaid notes on Blackboard  
| | | Project: Stage 3 due 3/16 |
| | | Project: Evaluate and discuss *Cutler & Ghosh* (2012) and *Miller et al.* (2011)  
| | | Evaluate and discuss *Miller et al.* (2011)  
| | | Evaluate and discuss *Fisher & Shortell* (2010) and *Frandsen & Rebiter* (2014)  
| | | Critique of news article due 3/25 |
| Week 12 | 3/28 - 4/1 | Activity: Bundled Payments  
| | | Readings: *Cutler & Ghosh* (2012) and *Miller et al.* (2011)  
| | | Project: Stage 4 due 4/8  
| | | Evaluate and discuss *Miller et al.* (2011)  
| | | Evaluate and discuss *Fisher & Shortell* (2010) and *Frandsen & Rebiter* (2014)  
| | | Evaluate and discuss *Frandsen & Rebiter* (2014) |
| Week 13 | 4/4 - 4/8 | Activity: Accountable Care Organizations  
| | | Project: Evaluate and discuss *Frandsen & Rebiter* (2014)  
| | | Evaluate and discuss *Fisher & Shortell* (2010) and *Frandsen & Rebiter* (2014)  
| | | Evaluate and discuss *Frandsen & Rebiter* (2014) |
| Week 14 | 4/11 - 4/15 | Activity: Different forms of managed care  
| | | Reading: *Glied* (2000) |
| Week 15 | 4/18 - 4/22 | Activity: Accountable Care Organizations  
| | | Reading: *Glied* (2000) |
| Week 16 | 4/25 | Activity: Class Presentations  
| | | Class Presentations |
Evaluation

Final grades will be determined as follows:

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Percent</th>
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<tbody>
<tr>
<td>Participation</td>
<td>5</td>
</tr>
<tr>
<td>Homework</td>
<td>10</td>
</tr>
<tr>
<td>Mid-term Exam</td>
<td>15</td>
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<tr>
<td>Final Exam</td>
<td>20</td>
</tr>
<tr>
<td>Cumulative Project</td>
<td>50 (10% at each stage)</td>
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Your numeric grades will be translated into letter grades in accordance with the suggested grade distribution of the Emory economics department. Details of this policy can be found at: [economics.emory.edu/home/undergraduate/major_minor_requirements](http://economics.emory.edu/home/undergraduate/major_minor_requirements)

Assignments

Cumulative Project

The main project for the class asks that you identify and access research related to some health economics topic, assess and evaluate this research, provide a general summary of the research and your evaluation, and present your findings to the class. This process is broken into 5 stages listed below, and each stage is worth 10% of your final grade. Details of the project and a list of potential health economics topics will be available on Blackboard.

- Stage 1: Identify relevant research and create initial bibliography (at least 5 peer-reviewed papers and 3 additional sources that may or may not be peer-reviewed)
- Stage 2: Identify and describe data sources used in this research
- Stage 3: Evaluate authors’ conclusions
- Stage 4: Provide annotated bibliography
- Stage 5: Present results to the class

Exams

There will be two exams for the class – a mid-term on March 2 and the final exam on April 28 (8:00 am to 10:30 am). The final exam will be cumulative. Please notify me immediately if you will need other accommodations or if you already know of an unavoidable scheduling conflict with an exam date. In general, I expect everyone to take the exam at the scheduled time. Make-up exams are a privilege, not a right, and last minute accommodations will only be made for valid reasons with appropriate documentation.

Participation

Your participation grade will be determined by two components: 1) attendance taken at the beginning or end of randomly selected classes (1 point each); and 2) successful completion of the *activities indicated in the course outline (2 points each). Your overall participation grade will be calculated
based on the percentage of all such opportunities you successfully completed throughout the semester. You can expect between 15 and 20 possible participation points throughout the semester. Details of the * activities will be available on Blackboard.

**Homework**
There will be two homework assignments, each worth 5% of your grade. The first assignment asks that you research and critique the Medicare Advantage star rating system, and the second assignment asks that you critique a news article related to health economics. In your news article critique, you must identify the article’s underlying sources and evaluate the article’s claims based on your own assessment of these sources. What are these underlying sources, and are they credible? Did the authors of the news article characterize the underlying research appropriately? Details of these assignments will be available on Blackboard.

**Reading List**


