

Econ 418- Health Economics

University of Illinois at Urbana-Champaign
College of Liberal Arts and Sciences
Economics Department

Course Information

- **Course Title and Number:** Econ 418- Health Economics
- **Term:** Spring 2025
- **Instructor:** Dr. Bryan Buckley
- **Office:** David Kinley Hall Room 21
- **Class Days, Time & Location:** MW, 2:00 PM to 3:20 PM in DKH 119

Catalog Description

Economic analysis of the health care industry to explain the demand for and supply of medical care. Includes analysis of behavior of consumers, producers, and insurers; and public policies to regulate the industry and to provide services for the poor and elderly. (3 Hours) Prerequisite: ECON 302

Communication

Email: Dr. Bryan Buckley (bbuckley@illinois.edu)

Office Hours:

Office hours will be scheduled via a link on the Learning Management System website (canvas.illinois.edu). Options will be available for individual meetings. Meetings must be arranged in advance.

Course Modality

This course will be lectures which will discuss elements from the reading and go into examples and deeper analysis. There will be readings from articles which will be provided online. The grade in the class will come from three exams, several online assignments and writing assignments that will come throughout the semester.

Course Learning Outcomes

By the end of the course, students will be expected to:

- Become familiar with trends in data in the health care industry.
- Model health care markets in competitive and imperfectly competitive frameworks.
- Discuss arguments for natural monopoly within health care products.
- Develop the economic model for insurance and the problems of adverse selection and moral hazard.
- Discuss the role of government in addressing market failures and analyze the actions of government interventions in health markets from a public choice perspective.
- Discuss current health care reform and the changes it has created in health care markets.

Instructional Materials

There is no required textbook for this course. Electronic copies of readings will be provided through the semester.

Student Assessment

Assignments, and extra credit will be available on the course website. Midterm exams and the final exam are taken in person. Once calculated, course scores are rounded to the nearest integer. There is no curve in this class.

Grade Weights:

- Lesson Assignment Average (15%)
- Reading Assignment Average (15%)
- Highest-Scoring Midterm Exam (20%)
- Lowest-Scoring Midterm Exam (15%)
- Final Exam (35%)

Plus/Minus Grade Cutoffs:

A+ ≥ 97	90 > B+ ≥ 87	80 > C+ ≥ 77	70 > D+ ≥ 67	60 > F
97 > A ≥ 93	87 > B ≥ 83	77 > C ≥ 73	67 > D ≥ 63	
93 > A- ≥ 90	83 > B- ≥ 80	73 > C- ≥ 70	63 > D- ≥ 60	

Assessment Policies

Lesson Assignments:

- Lesson Assignments must be submitted by 11:00 PM on their due dates. No exceptions will be made for technological problems. Start assignments with enough time before the deadline to accommodate potential issues.
- Lesson Assignments can be repeated until the due date. The highest scoring attempt will be kept for grading.
- Lesson assignments will be available for practice after their due dates. The scores on these optional assignments will be worth 70% of the credit of the original assignment. The practice score will replace the original assignment score if and only if 70% of the practice score is greater than the original score. The Practice (After Due Date) versions of assignments cannot lower your score in the course.
- The lowest Lesson Assignment score will be dropped when calculating the average for the Lesson Assignments Average.

Reading Assignments:

- There are five total reading assignments for the course.
- Reading assignments will be due at the start of class on the day they are discussed (11:00 AM).
- Each reading assignment will be a summary of an article or website. Each assignment will be accompanied by instructions which will give additional guidance to that assignment. Save your summaries as Word Documents or PDF documents and submit them through Canvas by their due date and time to receive full credit.
- Reading Assignments turned in after their due dates have a reduced score.
- The lowest Reading Assignment score will be dropped when calculating the average for the Reading Assignments Average.

Extra Credit Participation:

- Participation in reading discussions can earn extra credit. Students that comment or ask a question during discussion can earn 0.2 points added to their score in the course.
- The maximum points added in this way will be 1 point.

Readings:

Oster, Emily. (2022, February 17). Lots of Studies are Bad. Parent Data. Retrieved from <https://parentdata.org/lots-of-studies-are-bad/>

Finkelstein et al. (2011) The Oregon Health Insurance Experiment: Evidence from the First Year. *NBER Working Paper*.

Becker and Elias. (2007) Introducing Incentives in the Market for Live and Cadaveric Organ Donations. *Journal of Economic Perspectives Vol 21 Number 3*.

Akerlof (1970) The Market for Lemons: Quality, Uncertainty and the Market Mechanism. *Quarterly Journal of Economics Vol 83*.

Student's choice of country profile from: *Commonwealth Fund. International Health Care System Profiles / Commonwealth Fund. (n.d.). <https://www.commonwealthfund.org/international-health-policy-center/system-profiles>*

Midterm Exam Policy

- There are no make-up exams for missed midterms. The only exception is the Religious Conflict Policy outlined below.
- If a midterm exam is taken, then the grade will count towards the student's grade.
- If a student misses one of the two midterm exams, the weight of the final exam will be adjusted using the following system:
 - One missed midterm exam: Final Exam Weight 50%
 - Two missed midterm exams: Final Exam Weight 70%
- For each midterm taken, 0.25 points will be added to your score in the course.
- All requests for grading corrections must be submitted before the following exam.

Final Exam Policy

- Students must take the final exam.
- The [UIUC Student Code on § 3-201 Final Examinations](#) prohibits students from taking exams outside the final examination week.
- Do not schedule trips or leave campus before the end of the examination period.
- Undergraduate students who must miss a final examination should report this fact to the dean of their college as soon as possible. For satisfactory reasons, students may be "excused" by the dean of their college and be examined later by their instructor (<http://www.las.illinois.edu/faculty/advising/incompletes/>). The date of the deferred exam will be scheduled by the Department of Economics and will fall within the first two weeks of the next semester.
- Students who do not take the exam during the exam week will receive an ABS grade. Students in this situation may take the deferred final if and only if they have taken at least 1 of the 2 midterm exams. The ABS grade will be replaced by the grade earned with the deferred final.

Academic Integrity

University Policy:

"The University has the responsibility for maintaining academic integrity so as to protect the quality of education and research on our campus and to protect those who depend upon our integrity.

It is the responsibility of each student to refrain from infractions of academic integrity, from conduct that may lead to suspicion of such infractions, and from conduct that aids others in such infractions. Students have been given notice of this Part by virtue of its publication. Regardless of whether a student has actually read this Part, a student is charged with knowledge of it. Ignorance is not a defense."

Course Policy:

The use of A.I. large language models (LLM) like Chat GPT, Microsoft Copilot, Google Gemini etc., will not be allowed for assignments. If a student is suspected of using these systems, the score on the suspected assignment will be reduced.

Accommodations

Disability Accommodations Policy:

To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources Educational Services (DRES) as soon as possible. To contact DRES, you may visit 1207 S. Oak Street, Champaign, call 333-4603 (V/TTY), or email a message to disability@uiuc.edu.

Religious Accommodations Policy:

Students requesting a religious observance accommodation must fill out the request form found at <https://odos.illinois.edu/community-of-care/resources/students/religious-observances/> and submit the form to the instructor and to the Office of the Dean of Students (helpdean@illinois.edu) by the end of the third week of classes.

In the case of assignments first announced after the first week of the semester, students must submit the form to the instructor and to the Office of the Dean of Students as soon as possible but no later than three days after the assignment is initially announced.

Weekly Schedule

All times are in Central Standard Time (CST)

Part 1

Week 1

- Lesson 1.1 to Lesson 1.4 and video Trial, Error and the God Complex-by Tim Hartford

Week 2

- Lots of Studies are Bad by Emily Oster due by 2:00 PM Wednesday
- Material: Lesson 2.1 to Lesson 2.5

Week 3

- Material: Lesson 3.1 to 3.4
- Reading Assignment: The Oregon Health Insurance Experiment: Evidence from the First Year by Finkelstein et al. due by 2:00 PM Wednesday.

Week 4

- Material: Lesson 3.5, 3.6 and 4.1 to 4.3
- Reading Assignment: Introducing Incentives in the Market for Live and Cadaveric Organ Donations by Becker and Elías due by 2:00 PM Wednesday.

Week 5

- Material: Lesson 4.4 to 4.7

Week 6

- Review: Lesson 1 to Lesson 4
- Midterm Exam 1 Wednesday in class.
- Canvas Assignments due by Wednesday 11:00 PM CST: Lesson 1 through Lesson 4 Assignments.

Part 2

Week 7

- Material: Lesson 5.1 to 5.8

Week 8

- Material: 6.1 to 6.3
- Reading Assignment: The Market for "Lemons": Quality Uncertainty and the Market Mechanism by Akerlof due by 2:00 PM Wednesday.

Spring Break

Week 9

- Material: Lesson 7.1 to 7.3

Week 10

- Material: Lesson 7.4 to 7.6

Week 11

- Review: Lesson 5 to Lesson 7
- Midterm Exam 2 Wednesday in class.
- Canvas Assignments due by Wednesday 11:00 PM CST: Lesson 5 through Lesson 7 Assignments.

Part 3

Week 12-

- Material: Lesson 8.1 to 8.3

Week 13

- Material: Lesson 8.4 to 8.6

Week 14

- Material: Lesson 9.1 to 9.3

Week 15

- Reading Assignment: Student's choice of country profile from: *Commonwealth Fund. International Health Care System Profiles* [<https://www.commonwealthfund.org/international-health-policy-center/system-profiles>] due by 2:00 PM Monday.
- Material: Review Course

Week 16- Examination Period

- Exam Dates and Times announced on Canvas and on UIUC Course Explorer
- Canvas Assignments due by Wednesday 11:00 PM CST: Lesson 8 and Lesson 9 Assignments.
- All Practice (After Due Date) due by 11:00 PM Friday.