

ECON 418: Health Economics

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

Dr. Bryan Buckley

Spring 2022

161 Noyes Hall

Meeting Time:

- Tuesday and Thursday 12:30 PM until 1:50 PM

Communication:

E-mail: bbuckley@illinois.edu

Zoom Office Hours:

- Use Moodle to register for a time.

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

Course Outcomes:

- Become familiar with trends in data in the health care industry.
- Model health care markets in the 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.

Course Format:

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 problem sets and reading assignments that will come throughout the semester.

Student Assessment:

Final scores will be rounded to the nearest integer. There is no curve in this class.

Grade Weights

- Assignments (25%)
- Highest-Scoring Midterm (25%)
- Lowest-Scoring Midterm (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

Moodle Assignments:

- Moodle assignments must be submitted by 11:00 PM on their due dates. No exceptions will be made for technological problems. Start homework with enough time before the deadline to accommodate potential issues.
- Moodle assignments can be repeated until the due date. The highest score will be kept for grading.
- The lowest online assignment score will be dropped when calculating the average for the Assignment score.
- Moodle assignments will be available for practice after their due dates. The scores on these 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 it is greater than the original score.
- Writing assignments turned in after their due dates will be worth 0.5 points less per hour late. * Assignments in formats that cannot be opened will count as late based on the time the readable assignment is turned in. This period will include the time it takes to tell the student that the file is unreadable.

*This penalty will be 12 points per day late.

Extra Credit:

- Each Lesson comes with an online discussion forum. Participating in this forum by either posting a new thread or commenting on an existing thread will earn 1 point of extra credit. These points will be added to the Assignment Average for the course.
- Your assignment average can exceed 100 points.

Midterm Exam Policy:

- Midterm Exams 1 and 2 will be taken in-person and during the regularly scheduled lecture time.
- There are no make-ups for missed exams.
- If an 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 from the missed midterm exam will be redistributed to the final exam using the following system:
 - One missed midterm exam: Final Exam Weight 50%
 - Two missed midterm exams: Final Exam Weight 75%
- For each midterm taken, 0.25 points will be added to your score in the course.
- No outside materials are permitted which includes, notes and textbooks. Cell phones are not permitted in the exam room.
- All requests for grading corrections must be submitted before the following exam.

Final Exam Policy:

Students must take the final exam. The Provost prohibits students from taking final exams before the final exam week. The only exception to this is with a Dean-approved excuse.

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.

Statement on Accommodations:

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.

Academic Integrity:

"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.

Expectations of Students:

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."

Readings:

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*.

Semester Schedule:

All times are in Central Standard Time (CST)

Part 1

Week 1- Tuesday, January 18

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

Week 2- Tuesday, January 25

- Material: Lesson 2.1 to Lesson 2.5

Week 3- Tuesday, February 1

- 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 11:00 PM Thursday, February 3.

Week 4- Tuesday, February 8

- 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 11:00 PM Thursday, February 10.

Week 5- Tuesday, February 15

- Material: Lesson 4.4 to 4.7

Week 6- Tuesday, February 22

- Review: Lesson 1 to Lesson 4
- Midterm Exam 1 Thursday in class.
- Moodle Assignments due by Thursday at 11:00 PM CST: Cost-Benefit Analysis Assignment, Markets Assignment

Part 2

Week 7- Tuesday, March 1

- Material: Lesson 5.1 to 5.8

Week 8- Tuesday, March 8

- Review: 6.1 to 6.3
- Reading Assignment: The Market for "Lemons": Quality Uncertainty and the Market Mechanism by Akerlof due by 11:00 PM Thursday, March 10.

Week 9- Tuesday, March 22

- Material: Lesson 7.1 to 7.3

Week 10- Tuesday, March 29

- Material: Lesson 7.4 to 7.6

Week 11- Tuesday, April 5

- Review: Lesson 5 to Lesson 7
- Midterm Exam 2 Thursday in class.
- Moodle Assignments due by Thursday at 11:00 PM CST: Externality Assignment

Part 3

Week 12- Tuesday, April 12

- Material: Lesson 8.1 to 8.3

Spring Break

Week 13- Tuesday, April 19

- Material: Lesson 8.4 to 8.6

Week 14- Tuesday, April 26

- Material: Lesson 9.1 to 9.3

Week 15- Tuesday, May 1

- Material: Review Course

Examination Period- Friday May 6 to Friday May 13

- Exam Dates and Times announced on Moodle and on UIUC Course Explorer
- Insurance Assignment and Practice (After Due Date) due by 11:00 PM Friday.