

Health Economics
ECONOMICS 327
Department of Economics
Stony Brook University

Fall 2023

General Information:

Instructor: Robert Millard
Office: SBS 633-S
E-mail: robert.millard@stonybrook.edu
Office hours: Office hours: Tuesdays and Thursdays 12:00pm-1:00pm
Delivery mode: TUTH 10:00-11:20am - In person Melville Library E4320
Teaching Assistant: TBD
Undergraduate inquiries: Undergraduate coordinator is Victoria Judd: 631-632-7540, or SBS Room 601-S, or ugeconomics@stonybrook.edu

Prerequisite(s): C or higher in ECO 303 and ECO 305

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken any anti-requisite courses. Lack of prerequisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

Course Description:

An application of microeconomics to the health sector of the economy. Topics include the demand for health care; the roles of hospitals, physicians, and HMOs in the supply of health care; the role of the government in the provision of health care; and the detriments of health care costs.

Course Objectives:

Health Economics provides a broad overview of health policy, both in the U.S. and abroad, and explores the role that economic theory plays in the national healthcare reform debate. The student will be introduced to a number of basic theoretical tools used in economics to better understand supply and demand for health in healthcare markets, the role of innovation in health markets, and health policy. We will use our economic tools to better understand market failures in these markets and the role for health policy to address these issues.

Course Learning Outcomes:

These are your course level learning outcomes, or broad goals you will achieve in this course. There may be more specific outcomes in your modules or units. You can refer back to these to study for quizzes and exams.

Upon completion of the course, students will be able to Formally develop and grasp the intuition behind the supply and demand for health, and the economic theory underlying health markets. Students will apply the intuition from this framework to

- Demonstrate an understanding of healthcare systems in the USA healthcare system and other systems around the world.
- Examine social, economic, and political determinants of health care systems and the evolution of various systems around the world.
- Analyze public policy in health and medical care from an economic perspective.

Textbook(s) and Course Materials:

The required textbook for this class is **Health Economics** by Jay Bhattacharya, Timothy Hyde, Peter Tu that may be purchased via Perusal

Bhattacharya, Jay, Timothy Hyde, and Peter Tu. *Health economics*. Bloomsbury Publishing, 2014.

(Tentative) Course Schedule:

The possibility exists that unforeseen events will make schedule changes necessary. Any changes will be clearly noted in course Announcements and/or through Stony Brook email.

Week	Day	Chapter	Due Dates
1	Aug 29	Intro: syllabus, course tools	
	Aug 31	Math Review	
2	Sept 5	C1: Why health economics?	
	Sep 7	(Demand) C2: demand for health care	
3	Sep 12	C3: Grossman model	
	Sep 14	C3: Grossman model	
4	Sep 19	C3 continued	Assignment 1 due
	Sep 21	C4 : Socioeconomic disparities	
5	Sep 26	C4: continued	
	Sep 28		Midterm 1
6	Oct 3	(Supply) C5: Lab mkt for physicians	
	Oct 5	C6 Hospital industry	
7	Oct 10		Fall break
	Oct 12	(information economics): C7 demand for insurance	
8	Oct 17	C7 continued	
	Oct 19	C8 : Adverse selection: Akerlofs market for lemons	
9	Oct 31	C9: Adverse selection: Rothschild-Stiglitz model	
	Nov 2	C10: adverse selection in real markets	
10	Nov 7	C11: Moral hazard	

	Nov 9	C11 continued	Assignment 2 due
11	Nov 14	(Econ of health innovation): C12: big pharma and innovation	
	Nov 16	C13: tech and price of health care	
12	Nov 21	C14: health tech assessment	
	Nov 23	(Health Policy): C15 – health policy conundrum	
13	Nov 28		Midterm 2
	Nov 30	C16-18: Beveridge model: Bismark model	
14	Dec 5	C18: The American model	
	Dec 7	Review	

Assessments and Grading:

All assessments will be based on lecture material. The breakdown of the grades are as follows:

Assessment	Description	% of Grade
Participation	Attendance will be taken at random dates throughout the course and a question will be prompted.	10%
Midterms (x2)	1 hour length: Demonstrate understanding of course material	15% each
Assignments (x2)	Gain experience using methods learned in class	15% each
Final Exam	Cumulative exam - Date TBD	30%

Participation: I will take attendance at several random dates throughout the semester. Students will be required to write their name and student number to prove attendance, as well as answer an associated question related to the course material. Questions will be related to the course material and delivery (e.g., “tell me one thing you do not understand about [an example topic]”). The participation grade is based on class attendance and answering the question, not the content of the answer. This will help me identify topics the class is having trouble understanding.

Midterms: 1 hour in length, delivered on dates shown in schedule above. No make-up midterms will be given. Students who miss a midterm with an **approved/ valid excuse** will have their final and other midterm equally reweighted of account for missed midterm.

Assignments: Consists of short answer questions related to the course material. Assignments are to be handed in person at the start of the class. Late submissions will be penalized 10% per day. Late assignments will be penalized 10% for each day. Assignments handed in more than 48 hours following the due date will receive a grade of zero.

Final Exam: The Final will be 2 hours in length and will cover material from the entire semester.

Grade Distribution

Letter Grade	Points or Percentage
93% - 100%	A
90% - 92.9%	A-
85% - 89.9%	B+
82% - 84.9%	B
80% - 81.9%	B-
78% - 79.9%	C+
73% - 77.9%	C
70% - 72.9%	C-
65% - 69.9%	D+
60% - 64.9%	D
0% - 59.9%	F

NOTE: There will be NO reweighting of final grades. The best way to make up for a bad mark, is by improving your grade with other course assessments.

Tips on How to Be Successful in this Class:

Students in this class should understand the level of autonomy and self-discipline required to be successful.

- Read text before each class. You may not understand everything initially, but you will be a step ahead when we cover topics in class.
- Make it a daily habit to ensure you have seen everything posted to help you succeed in this class.
- Connect with others. Try forming an online study group and meet on a weekly basis for study and peer support.
- Do not be afraid to ask questions. If you have questions or are struggling with a topic, check the online discussion boards or contact your instructor(s) and or teaching assistant(s).

University and Course Policies

Student Accessibility Support Center Statement:

If you have a physical, psychological, medical, or learning disability that may impact your course work, please contact the Student Accessibility Support Center, Stony Brook Union Suite 107, (631) 632-6748, or at sasc@stonybrook.edu. They will determine with you what accommodations are necessary and appropriate. All information and documentation is confidential.

Students who require assistance during emergency evacuation are encouraged to discuss their needs with their professors and the Student Accessibility Support Center. For procedures and information go to the following website:

<https://ehs.stonybrook.edu/programs/fire-safety/emergency-evacuation/evacuation-guide-people-physical-disabilities> and search Fire Safety and Evacuation and Disabilities.

To receive an accommodation for a COVID related absence please see:

<https://www.stonybrook.edu/commcms/studentaffairs/student-support/Covid%20Support.php>

Academic Integrity Statement:

Each student must pursue his or her academic goals honestly and be personally accountable for all submitted work. Representing another person's work as your own is always wrong. Faculty is required to report any suspected instances of academic dishonesty to the Academic Judiciary. Faculty in the Health Sciences Center (School of Health Technology & Management, Nursing, Social Welfare, Dental Medicine) and School of Medicine are required to follow their school-specific procedures. For more comprehensive information on academic integrity, including categories of academic dishonesty please refer to the academic judiciary website at http://www.stonybrook.edu/commcms/academic_integrity/index.html

Important Note: Any form of academic dishonesty, including cheating and plagiarism, will be reported to the Academic Judiciary.

Critical Incident Management:

Stony Brook University expects students to respect the rights, privileges, and property of other people. Faculty are required to report to the Office of University Community Standards any disruptive behavior that interrupts their ability to teach, compromises the safety of the learning environment, or inhibits students' ability to learn. Faculty in the HSC Schools and the School of Medicine are required to follow their school-specific procedures. Further information about most academic matters can be found in the Undergraduate Bulletin, the Undergraduate Class Schedule, and the Faculty-Employee Handbook.

Course Policies:**Understand When You May Drop This Course:**

If you need to drop or withdraw from the course, it is your responsibility to be aware of the tuition liability deadlines listed on the registrar's [Academic Calendar](#). Before making the decision to drop/withdraw you may want to [contact me or] refer to the University's policies:

- [Undergraduate Course Load and Course Withdrawal Policy](#)
- [Graduate Course Changes Policy](#)

Incomplete Policy:

Under emergency/special circumstances, students may petition for an incomplete grade. Circumstances must be documented and significant enough to merit an incomplete. If you need to request an incomplete for this course, contact me for approval as far in advance as possible. You should also read the University's policies that apply to you:

[Undergraduate Bulletin](#)
[Graduate Bulletin](#)

Course Materials and Copyright Statement:

Course material accessed from Blackboard, Zoom, Echo 360, VoiceThread, etc. is for the exclusive use of students who are currently enrolled in the course. Content from these systems cannot be reused or distributed without written permission of the instructor and/or the copyright holder. Duplication of materials protected by copyright, without permission of the copyright holder is a violation of the Federal copyright law, as well as a violation of Stony Brook's Academic Integrity.