HEALTH ECONOMICS AND POLICY (ECON 322)

Spring 2023
SABANCI UNIVERSITY

Lecturer:	Erdal Aydin	**Office Hours:**	Thursday 15:30 – 16:30
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Course Schedule:

1. Thursday / 13:40 – 15:30 , Friday / 15:40 – 16:30

Course Objectives:

By the end of the course, the students are expected to have a good understanding of the following topics:

- Microeconomic theory and key empirical studies on healthcare and health

- Introductory level data analysis in STATA

- Impact of health insurance on the demand for healthcare and its prices

- Impact of payment structures on the demand for healthcare, its price and quality

- Functioning of key healthcare markets, including healthcare providers and pharmaceuticals

- The government's role in healthcare markets and health outcomes

Description:

This course provides an introduction to the field of health economics. You will be introduced to microeconomic theory and empirical studies that will deepen your understanding of how consumer behavior, organization of firms, and the government policies influence health care expenditures, its quality, and health outcomes. The course will help you develop your skills to evaluate health policy debates from an economic framework, and to interpret empirical evidence in health economics. We will cover research on the determinants of health, the relationship between medical spending and health, how health insurance works, health care quality, the economics of prescriptions drugs, and the economics of health system reform. We will also discuss health policy issues.

Prerequisites:

Microeconomics (ECON 204)

   **Econometrics (ECON 301) is not a requirement for this course. However, familiarity with econometrics will facilitate your understanding of the empirical topics in the course. In case some students did not take econometrics course, we will cover the basics of econometrics and STATA in the first weeks of the course program.

Main Textbook:

Health Economics by Bhattacharya, Hyde and Tu (2014).

Grading Policy:

The final grade is based on 5 assignments (30%), midterm exam (30%) and a final exam (40%).

Assignments:

- There will be 5 graded assignments. Assignments will consist both theoretical and data analysis questions.

- Some of the assignments will include questions that requires data analysis in STATA. You will be provided example datasets to answer empirical research questions in Health Economics literature. In order to get familiar with data analysis, we will cover some simple techniques in data analysis in the first weeks of the course. You will also learn how to install and use STATA during the lectures.

- Solutions to assignments must be completed and submitted individually before the deadlines. For the data analysis type questions, STATA log files MUST be added to your solution sheets. **PSs submitted after their deadlines will receive zero credit.**.

- Some students might be interviewed in order to verify the originality of their solutions.

Tentative Course Outline:

WEEK 1 : Introduction & Demand for Health Care (BHT, Ch. 1&2)
WEEK 2 : Introduction to Regression Analysis
WEEK 3 : Introduction to STATA
WEEK 4 : Health and Socioeconomic Status (BHT, Ch. 4)
WEEK 5 : Supply of Health Care (BHT, Ch. 5 & 6)
WEEK 6 : Health Insurance (BHT, Ch. 7)
WEEK 7 : Adverse Selection in Health Insurance (Ch. 8 & 9)
WEEK 8 : Adverse Selection in Real World & Moral Hazard (Ch. 10 & 11)
WEEK 9 : Moral Hazard (BHT, Ch. 11)
WEEK 10 : Health Policy (BHT, Ch. 15)
WEEK 11 : Economics of Health Innovation (BHT, Ch. 12 & 13 & 14)
WEEK 12 : The Economics of Health Externalities (BHT, Ch. 20)
WEEK 13 : Economics Epidemiology (BHT, Ch. 21)
WEEK 14 : The Behavioral Economics of Health (BHT, Ch. 23 & 24)