

University of Missouri-Columbia, Department of Economics
Economics 4357/7357: Health Economics
Room: Middlebush Hall 309, Tuesday/Thursday, 11:00am–12:15pm.

Instructor: Liisa Laine

Email: laine@missouri.edu

Office: Locust Street Building (615 Locust Street), Office #E223

Office hours: Wednesdays 1:15–2:15 p.m. or by appointment (please email me to set the appointment)

Note that this class meets *in person*. The class meets virtually *only* if notified by the instructor (e.g., due to severe weather). A Zoom link will be shared with you in case we need to switch our class to meet virtually.

COURSE DESCRIPTION:

Health and health care are one of the central aspects of human life and well-being throughout the lifecycle. Health economics is a growing field within economics that explores the determination of prices, quality, and quantities, and allocation of scarce resources devoted to health and health care.

This course introduces the key concepts of health economics. The course will cover various features of health care markets and their implications such as uneven and unpredictable incidence of illness; externalities; asymmetric information between consumers, insurers, and health care providers; the demand and consequences of health insurance; restricted market entry; labor market monopsony. We will study how economic behavior factors into health and health care decisions and discuss how to apply economic thinking to understand issues in health care and policy.

Prerequisite(s): ECONOM 3251 or ECONOM 4351 and (STAT 2200 or STAT 2500) or equivalent.

LEARNING OBJECTIVES:

After completing the course, you will be able to:

- Identify and explain the key concepts of health economics.
- Explain how economic behavior factors into health and health care decisions.
- Apply economics to understand issues in health care and policy.

TEXTBOOK:

The Economics of Health and Health Care, by Sherman Folland, Allen C. Goodman, Miron Stano, and Shooshan Danagoulian, 2024. Routledge. 9th Edition.

Books that can be used to complement the book used in class:

Better Health Economics, by Tal Gross and Matthew J. Notowidigdo. 2024, The University of Chicago Press. (A non-mathematical book about health economics).

Health Economics, by Charles E. Phelps. 2018. Sixth Edition, Routledge. (A detailed coverage of the RAND Health Insurance Experiment)

Additional course materials including slides, supplemental readings, exercises, homework assignments, and course announcements will be shared in class. These materials are intended for class use only and should not be distributed outside the course.

ASSIGNMENTS AND GRADING:

Grading: This course will use a plus/minus grading system, as per the university's grading policy.

For 4357 students, your grades will be based on Homework (10%, the lowest homework score will be dropped), Midterm 1 (35%), Midterm 2 (non-comprehensive) (35%), and a Group Project (an oral presentation + a final paper of 5 pages) (20%).

For 7357 students, your grades will be based on Homework (10%, the lowest homework score will be dropped), Midterm 1 (35%), Midterm 2 (non-comprehensive) (35 %), and a Group Project (an oral presentation + a final paper of 15 pages) (20%).

Assignments: Seven Homework Assignments (that will be returned using Canvas as a file upload) will be given throughout the semester. *All homework assignments are due at 6pm CT on the due date.* Active participation in class is required to receive full credit for homework.

The objective of homework is to support your learning, so I encourage you to begin assignments early. Homework and class materials will serve as important preparation for exams. Unless otherwise specified, homework should be completed independently. If group work is permitted, I will clearly note this, and you will be asked to list your group members.

Group Project: Students are required to complete a group project consisting of a written paper and an oral presentation. The oral presentations will take place in class during the latter part of the course, and the final paper is due prior to the presentation.

Grades will be determined as follows: A+ 98 – 100 A 92 – 97 A- 90 – 91 B+ 88 – 89 B 82 – 87 B- 80 – 81 C+ 78 – 79 C 72 – 77 C- 70 – 71 D+ 68-69 D 62 – 67 D- 60 – 61 F < 60 Note that a 97.9 is not a 98. The minimum grade average for an A+ is 98.0. Grade averages are not rounded.

ATTENDANCE/LATE ASSIGNMENTS/MISSED EXAMS:

Regular attendance and active participation are required. Assignments include homework, group projects, class discussions, case studies, and a final project presentation. If you miss a class, you are responsible for completing any academic work you missed, including obtaining notes or materials from classmates. Late homework assignments are not accepted since homework assignments will be available online and can be completed at any time before the assignment is due.

If you miss an exam due to a university excused absence, then you must notify me as soon as feasibly possible and present written documentation to receive a make-up exam. All general class correspondence, especially questions about course material, should be submitted to the Discussion Board on Canvas.

EMAIL PROTOCOL:

Please direct emails to me with "ECONOM 4357/7357: Health economics" in the subject line. I will try to respond within 24 hours. If I have not responded within 48 hours, please feel free to resend the email. Emails should be professional and include a greeting (e.g., Hello Professor Laine, Dear Professor Laine, etc.), purpose of email (it is perfectly fine to keep it brief), and sign-off (e.g., Thanks, Sincerely, etc.).

UNUSUAL CIRCUMSTANCES:

I realize these are unusual circumstances and that each student may have their own unique obstacles this semester. A common issue might be issues with childcare. Should childcare fall through on a class day, please feel free to bring your child to class. This is not meant to be a regular solution, but these things are bound to come up and I am happy to welcome a visitor to the class. Please just sit near an exit so that you can leave if necessary to tend to your child.

ACADEMIC INTEGRITY:

Please see the University of Missouri guidelines on academic integrity. Cases of academic dishonesty will be taken very seriously.

FOR SUCCESSFUL LEARNING:

1. Do the preparatory work for classes. Attend classes. Make notes during class and ask clarifying questions. Pen and paper notes are preferred for making notes(laptops can be distracting).
2. Keep mobile devices (such as cellphones, tablets, and laptops) silent and in your bag.
3. Stay ahead of schedule. For example, it is useful to read the textbook chapter before the class.
4. Get to know your classmates or form a study group.
5. Attend office hours.
6. Do not wait until the last day to start working on your homework or your group project. The due dates of all homework assignments are listed on the outline of the course and *all of them are due at 6pm Central Time (CT) on the due date*. If you start working on the homework assignment on the day it is due, you may (and will, on many occasions) run out of time as some of the material can be difficult, you may get distracted by other tasks and requirements, etc.
7. Don't be late with your homework submissions. All homework assignments must be submitted electronically. Keep in mind that once the due date and time have passed – even by 1 second – the link to submit disappears. *Because you can do homework at any time, no extensions or make-up homework are possible.*
8. Completing homework assignments will guide you on what to study for the exam and how to prepare to be successful in the exam. Practice the concepts studied in class and homework assignments (and similar) multiple times prior exam.

OUTLINE OF THE COURSE:

The schedule outlined below is subject to change as the semester progresses. Depending on how we are doing on time I may adjust the schedule and will notify everyone in class and on Canvas. It is your responsibility to keep up with any changes to the pace of the course.

Week, dates		Topic	Homework	Chapters
1	Aug 26 Aug 28	Introduction Microeconomic Tools for Health Economics		1, 2
2	Sep 2 Sep 4	Microeconomic Tools for Health Economics Production of Health	Homework 1, due Sep 4 6pm CT	2, 4

3	Sep 9 Sep 11	Statistical Tools for Health Economics Demand for Health Capital		3, 5
4	Sep 16 Sep 18	Disparities in Health and Health Care The Production, Cost, and Technology of Health Care	Homework 2, due Sep 18 6pm CT	7, 10
5	Sep 23 Sep 25	The Production, Cost, and Technology of Health Care	Homework 3, due Sep 25 6pm CT	10
6	Sep 30 Oct 2	Asymmetric Information and Agency Demand and Supply of Insurance		12, 13
7	Oct 7 Oct 9	Demand and Supply of Insurance Midterm 1	Sign up for oral presentations due Oct 7	13 Exam chapters: 1-5, 7, 10
8	Oct 14 Oct 16	Demand and Supply of Insurance: Moral Hazard The Organization of Health Insurance Markets		13, 14
9	Oct 21 Oct 23	Managed Care Key Players in Health Care Markets: Hospitals and Long-term Care	Homework 4, due Oct 23 6pm CT	15, 16
10	Oct 28 Oct 30	Key Players in Health Care Markets: Physicians Practice and Health Care Labor Markets	Oral presentations Homework 5, due Oct 30 6pm CT	17
11	Nov 4 Nov 6	Key Players in Health Care Markets: Pharmaceutical Industry	Oral presentations Homework 6, due Nov 6 6pm CT	19
12	Nov 11 Nov 13	<i>Veterans Day (no classes)</i> Key Players in Health Care Markets: Pharmaceutical Industry	Oral presentations	19
13	Nov 18 Nov 20	Midterm 2 <i>(no classes)</i>		Exam chapters: 12-16, 17, 19
--	Nov 25 Nov 27	<i>Thanksgiving recess</i>		

14	Dec 2 Dec 4	Government Intervention in Health Care Markets Comparative Health Care Systems and other Special Topics	Oral presentations	21, 23
15	Dec 9 Dec 11	Comparative Health Care Systems and other Special Topics Digital Transformation in Health Care	Oral presentations Homework 7, due Dec 11 6pm CT	23, 18, 16

ADMINISTRATIVE MATTERS

ACADEMIC INTEGRITY

Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor or the [Office of Academic Integrity](#).

Students are expected to adhere to this honor pledge on all graded work whether or not they are explicitly asked in advance to do so: "I strive to uphold the University values of respect, responsibility, discovery, and excellence. On my honor, I pledge that I have neither given nor received unauthorized assistance on this work."

ACADEMIC INQUIRY, COURSE DISCUSSION, AND PRIVACY

When students record something that happens in a course (a lecture, class discussions, meetings, etc.) it has an impact on the rights of the people captured in that recording. For example, the instructor and the University may have rights to the intellectual property contained in that recording. At the same time, another student who may have been recorded has the right to privacy. In order to protect these rights, MU employs a policy (called "[Executive Order No. 38](#)") to govern both situations you may encounter while taking a course – when an instructor allows recordings and when they do not.

In this class, students may not make audio or video recordings of course activity, except students permitted to record as an accommodation under section 240.040 of the Collected Rules. Students who violate this policy are subject to discipline in accordance with provisions of [section 200.020](#) of the Collected Rules and Regulations of the University of Missouri pertaining to student conduct matters.

FERPA

The [Family Educational Rights and Privacy Act](#) (FERPA) of 1974 is a federal law designed to protect the privacy of educational records; to establish the rights of students to inspect and review their education records; and to provide guidelines for the correction of inaccurate and misleading data through informal and formal hearings. The law applies to any individual who is or has been in attendance at an institution *and* regarding whom the institution maintains educational records. Once students have matriculated to the University of Missouri, i.e. enrolled in course work, FERPA rights transfer to the student, regardless of the student's age.

Students can enable certain individuals to have access to their education records by signing a [FERPA waiver](#). The consent must specify records to be disclosed, state the purpose of the disclosure and identify the party or class of parties to whom the disclosure must be made.

INTELLECTUAL PLURALISM

The University community welcomes intellectual diversity and respects student rights. Students who have questions or concerns regarding the atmosphere in this class (including respect for diverse opinions) may contact the departmental chair or divisional director, the [Office of Academic Integrity](#), or the [MU Office of Institutional Equity](#).

MENTAL HEALTH

The University of Missouri is committed to supporting student well-being through an integrated network of care, with a wide range of services to help students succeed. The MU Counseling Center offers professional mental health care, and can help you find the best approach to treatment based on your needs. Call to make an appointment at 573-882-6601. Any student in crisis may call or go to the MU Counseling Center between 8:00-5:00 M-F. After hours phone support is available at 573-882-6601.

Visit our website at <https://wellbeing.missouri.edu/> to take an online mental health screening, find out about workshops and resources that can help you thrive, or learn how to support a friend.

NETIQUETTE

Your instructor and fellow students wish to foster a safe online learning environment. All opinions and experiences, no matter how different or controversial they may be perceived, must be respected in the tolerant spirit of academic discourse. You are encouraged to comment, question, or critique an idea but you are not to attack an individual. Our differences, some of which are outlined in the University's nondiscrimination statement, will add richness to this learning experience. Please consider that sarcasm and humor can be misconstrued in online interactions and generate unintended disruptions. Working as a community of learners, we can build a polite and respectful course ambiance.

RELIGIOUS HOLIDAYS & ACCOMMODATIONS

Many religious faiths are represented in the student body. The University of Missouri does not restrict student free exercise of religion, unless 1) the restriction is in the form of a rule of general applicability and does not discriminate against religion or among religions; and 2) it can be demonstrated that the application of the restriction is essential to furthering a compelling university interest, and is not unduly restrictive considering the relevant circumstance. The policy of the University attempts to strike a reasonable balance between accommodating the religious practice of students and meeting academic needs and standards.

Consult the [Guide to Religions](#) for the form that can be used to notify an instructor of an absence associated with religious practice. Students are expected to notify their instructor(s) by completing and submitting this form in a manner that is consistent with the procedure outlined in the university's policy on student religious accommodation. Providing false information regarding sincerely held religious practice is a violation of the university's Standard of Conduct and will not be tolerated.

NONDISCRIMINATION POLICY (PROHIBITED DISCRIMINATION)

The University of Missouri prohibits discrimination on the basis of race, color, national origin, ancestry, religion, sex,¹ * sexual orientation, gender identity, gender expression, age, disability, veteran status, and any other status protected by applicable state or federal law. Discrimination includes any form of unequal treatment such as denial of opportunities, harassment, and violence.

If you experience discrimination or sexual violence, you are encouraged (but not required) to report the incident to the MU Office of Institutional Equity. Learn more about your rights and options at equity.missouri.edu or call 573-882-3880. You also may make an anonymous report online.

If you are a survivor, or someone concerned about a survivor, and need immediate information on what to do, visit RSVP.missouri.edu. Both the [Office of Institutional Equity](#) and the [RSVP Center](#) can provide assistance to students who need help with academics, housing, or other issues.

In the event that you choose to write or speak about having experienced any of these forms of prohibited discrimination or harassment, Mizzou policies require that, as your instructor, I share this information with the MU Office of Institutional Equity. They will contact you to offer information about resources, as well as your rights and options as a member of our campus community.

¹ Including sex/gender and pregnancy discrimination; sexual assault; sexual harassment; dating/domestic violence; stalking; statutory rape; and incest. Retaliation for making or supporting a report of discrimination or harassment is also prohibited.

STUDENTS WITH DISABILITIES

The goal of the University of Missouri is to ensure an inclusive learning environment for all students. [The University of Missouri Disability Center](#) provides services and accommodations for students to participate fully in the learning experience and to experience equitable evaluation of their performance. Students (including online students) with a documented disability can contact the Disability Center to establish an [Accommodation Plan](#). Documented disabilities include *hearing, vision, mobility, learning and attention, psychological health, and physical health*. Students' accommodations are implemented with the input of students to maximize the learning experiences. The MU Disability Center keeps information about a student's disability confidential.

Please notify me of your eligibility for accommodations as soon as possible. Additionally, if there are aspects of the course that present as barriers, such as inaccessible course content (e.g., learning assessments, PowerPoints, non-captioned videos, images, tables, PDFs) or if you need an immediate accommodation due to an injury, please contact me or the Disability Center as soon as possible.

STATEMENT FOR FACE-TO-FACE COURSES

This course is listed in the course catalog as a face-to-face course. The instructional activities planned for this course are designed for face-to-face interactions with your classmates and instructors. These activities often do not translate well over online video platforms. Because of this, it is up to instructor discretion whether asynchronous instruction or recordings of class activities are an appropriate substitute for regular classroom attendance. For specifics regarding excused absences or disabilities accommodations, please see the relevant section of this syllabus.

USE OF AI TOOLS IN THIS COURSE

Learning to use AI responsibly and ethically is an important skill.

The use of generative AI tools **is permitted** in this course for the following activities:

- Brainstorming and refining your ideas;
- Fine tuning your research questions;
- Conducting a literature search; and
- Checking grammar and style. (Do not use AI tools for extensive rewriting!)

The use of generative AI tools **is not permitted** in this course for the following activities:

- Writing a draft or final version of a writing assignment.
- Writing entire sentences or paragraphs.
- Exam.

Except as provided above, all other uses are prohibited without the prior consent of the instructor.

AI Disclosure.

All uses of AI must be disclosed, and you may not submit any work generated by an AI program as your own. Failure to comply is a violation of academic integrity policies and will be subject to the sanctions below. Your disclosure statement should be located along with your references, and should be in a form similar to the following:

If you used AI:

“AI Disclosure Statement: During the preparation of this work, I used [e.g., ChatGPT] to [e.g., research XYZ laws]. After using this tool, I reviewed and edited the content as needed and I take full responsibility for the content of this paper.”

If you did not use AI:

“AI Statement: I did not use AI in researching or writing this paper.”

Apart from the required AI Disclosure, APA, MLA, and Chicago have guidelines for citing any AI-generated content. See, e.g., <https://apastyle.apa.org/blog/how-to-cite-chatgpt>

<https://style.mla.org/citing-generative-ai/>

<https://www.chicagomanualofstyle.org/qanda/data/faq/topics/Documentation/faq0422.html>

Fact-checking AI output.

You should assume AI-generated output is wrong unless you cross-check it with reliable sources. You are responsible for fact-checking all AI output and you bear final responsible for any errors or omissions. If you submit a paper containing fictional sources, fictional quotations, or other fictional content, your actions will be in violation of academic integrity policies and subject to the sanctions below.

Sanctions and Applicability.

- Sanctions for violation of these AI policies may include receiving a grade of F or 0 on the work submitted, as well as referral to the Academic Integrity Office.
- These AI policies apply to all written work submitted, including drafts.