

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

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

Office hours: Tuesdays 12:30—1:30pm or by appointment (please email me to set the appointment)

Zoom link: TBA. Note that this class meets *in person*. The link is to be used in case we need to switch meeting virtually (in Zoom). Class meets virtually *only* if notified by the instructor (e.g., due to severe weather).

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:

Health Economics, by Charles E. Phelps. Sixth Edition, Routledge.

Books that complement the book used in class:

Better Health Economics, by Tal Gross and Matthew J. Notowidigdo. 2024, The University of Chicago Press. (An entry point into health economics).

Health Economics, by Sloan, Frank A. & Hsieh, Chee-Ruey, 2016. MIT Press Books, The MIT Press, edition 2. (A comprehensive book on health economics with updates related to ACA).

Health Economics, by Jay Bhattacharya, Timothy Hyde, and Peter Tu, 2014 Palgrave MacMillan.

Additional course materials including slides, supplemental readings, homework assignments, and course announcements will be posted on Canvas site.

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 (30%, the lowest homework score will be dropped), Exam 1 (35%), Exam 2 (non-comprehensive) (35%). A curve will be applied for Exams 1 and 2.

For 7357 students, your grades will be based on Homework (20%, the lowest homework score will be dropped), Exam 1 (35%), Exam 2 (non-comprehensive) (35 %), and a Final Paper (10%). A different curve than for 4357 students will be applied for Exams 1 and 2.

Assignments: Six Online Homework Assignments (quizzes or homework that will be returned using Canvas as a file upload) will be given throughout the semester. *All homework assignments are due at 6pm CST on the due date.*

The objective of homework is to support your learning, so I recommend you start working on your assignments early. Homework assignments and class material are your primary guide for the exams. I expect you to work on homework assignments independently and will specifically mention if group work is allowed. For possible group assignments, I will ask you to state your group members.

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:

Attendance is not mandatory, although *highly* recommended. If you miss class, please arrange to get notes from a classmate. I may use Panopto as a last resort back up option, but technical issues happen and may not be reliably available, particularly for discussion-based lectures. Late homework assignments are not accepted since homework assignments will be available online and can be completed at any time. An extension will only be granted for certain circumstances (e.g., severe sickness, death in the family, etc.). 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. Attend classes. Make notes during class. Keep cellphones silent. It is good to keep cellphones in your bag etc. to improve focus.
2. Go through the slides and ask clarifying questions. Read the textbook chapters as they provide useful examples and additional material to support your learning.
3. Get to know your classmates or form a study group.
4. Do not wait until the last day to start working on your homework. The due dates of all homework assignments are listed on the outline of the course and *all of them are due at 6pm CST 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.
5. Don't be late with your homework submissions. All homework assignments must be submitted electronically (for example by completing a quiz or uploading a file). 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.*
6. Stay ahead of schedule. For example, it is useful to skim the textbook chapter at least partly before the class.
7. 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. Some lectures may include material that is not covered in the book, so attendance is important for learning.

Week, dates		Topic	Homework	Chapters
		<i>Module I – Demand and supply of health and health care</i>		
1	Aug 20 Aug 22	Why health economics? Utility and health		1, 2
2	Aug 27 Aug 29	The transformation of medical care to health		2, 3
3	Sep 3 Sep 5	The demand for medical care I	HW 1 (Ch 1–3) due Sep 5, 6pm	4
4	Sep 10 Sep 12	The demand for medical care II		5

5	Sep 17 Sep 19	Healthcare workforce I	HW 2 (Ch 4–5) due Sep 19, 6pm	6
6	Sep 24 Sep 26	Healthcare workforce II		7
7	Oct 1 Oct 3	Hospitals Hospitals in the marketplace	HW 3 (Ch 6–7) due Oct 3, 6pm	8, 9
8	Oct 8 Oct 10	Hospitals in the marketplace	HW 4 (Ch 8–9) due Oct 10, 6pm	9
9	Oct 15 Oct 17	Review Exam 1		Exam chapters: 1–9
<i>Module II – Insurance and health policy</i>				
10	Oct 22 Oct 24	Demand for health insurance Health insurance supply and managed care		10, 11
11	Oct 29 Oct 31	Health insurance supply and managed care Government provision of health insurance		11, 12
12	Nov 5 Nov 7	Externalities in health and medical care	HW 5 (Ch 10–12) Nov 7, 6pm <i>Possible student presentations</i>	14
13	Nov 12 Nov 14	Managing the market: regulation, quality certification, and technical change	<i>Possible student presentations</i>	15
14	Nov 19 Nov 21	Health policy	HW 6 (Ch 14 –16) Nov 21, 6pm <i>Possible student presentations</i>	16
--	Nov 22 Dec 1	<i>Thanksgiving recess</i>		
15	Dec 3 Dec 5	Review Exam 2		Exam chapters: 10–12, 14–16

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 make audio or video recordings of course activity unless specifically prohibited by the faculty member. However, the redistribution of audio or video recordings of statements or comments from the course to individuals who are not students in the course is prohibited without the express permission of the faculty member and of any students who are recorded.

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 Equity Office](#).

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 IDE's [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 does not discriminate on the basis of race, color, national origin, ancestry, religion, sex* (including gender), pregnancy, sexual orientation, gender identity, gender expression, age, disability, protected 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. *Sex discrimination includes rape, sexual assault, sexual harassment, unwanted touching, stalking, dating/domestic violence, stalking, and sexual exploitation. Retaliation for making or supporting a report of discrimination or harassment is also prohibited.

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, see [RSVP Resources page](#). 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.

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.

DECREASING THE RISK OF COVID-19 AND OTHER RESPIRATORY VIRUSES IN CLASSROOMS

You may choose to mask at any time. [CDC](#) recommends staying at home and away from others if you have respiratory virus symptoms that aren't better explained by another cause. When you go back to your normal activities consider taking added precaution, such as taking additional [steps for cleaner air](#), [hygiene](#), [masks](#), [physical distancing](#), and/or [testing](#) when you will be around other people indoors.