

ECON/PUBP 324: Economics of U.S. Healthcare Policy

Fall 2023

TR 12:30-1:50 pm, Chancellors 134

Instructor

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Contacting Me

My W&M email address (jimmell@wm.edu) is the best way to get in touch with me. I will generally respond within 24 hours to emails received during the week; it will take longer to reply to emails received on the weekend, so please plan ahead. My office phone is (757) 221-1913.

Regular office hours are on Wed 2-4 pm in my office in Chancellors (#433). Office hours are first-come, first-served, and no appointment is needed. I am also available on other days/times depending on the day and I can meet on Zoom with advance notice. If you would like to meet outside these scheduled times or if you prefer Zoom, please email me to set something up.

Course Description

Economics plays an important role in the design of public policies that address problems in the U.S. healthcare system. Economic theory and analysis can point public policymakers to the underlying causes of problems, help to design policy solutions, and evaluate the effects of implemented policies. This course provides an introduction to the use of economics to address major health policy problems. After a review of the U.S. healthcare system's general structure and historical development, the course focuses on two major questions: how is healthcare financed, and what drives healthcare costs? In answering these questions, we will examine economic analysis of past, present, and future public policy to improve financial access to healthcare and lower the rate of growth of healthcare spending. A pre-requisite for the course is ECON 101. This course fulfills the Applied Economics requirement for the Public Policy major and counts as ECON elective credit for the Economics major.

Course Objectives

The US healthcare system is large, fragmented, and faces long-standing, persistent challenges. The primary goal of this course is to provide students with a framework for approaching US health policy that is organized around two major policy challenges: paying for healthcare and controlling healthcare costs. Other goals of the course are:

- To learn about the role of private insurance markets in paying for healthcare, the ways private markets can fail, and the types of government interventions that address market failures.
- To learn about the structure of two major public insurance programs (Medicare and Medicaid) and reforms to these programs related to access to care and cost containment.
- To understand the key factors behind the growth of healthcare expenditures.
- To understand how public policies can use economic incentives and market regulation to slow the growth of healthcare spending.
- To learn about the history of US healthcare reform and consider the constraints on past, present, and future policy change.

Because no existing textbooks are organized around this framework and set of goals, readings are drawn from a mix of sources (e.g., book chapters, academic journal articles, policy briefs) available on Blackboard.

Evaluation

Participation, 10%. Healthcare is something everyone in this class has used and health policy affects everyone. To encourage you to ask questions and share ideas, part of your grade is based on participation. This is more than just coming to class and being present, although your presence is a necessary condition. Good participation means coming to class having done the assigned readings and sharing questions and thoughts with others. I keep daily participation records throughout the semester.

Response papers, 15%. To encourage you to prepare for class, part of your grade is based on a series of response papers tied to course readings. That is, in about 10 weeks of the semester but no more than once a week, you will write a short response paper for one of the assigned readings that week. I'll distribute a separate handout describing what's expected of you and what I'll be looking for. Response papers submitted after the deadline (the start of class when the reading is discussed) will receive reductions of one letter grade, followed by an additional letter grade for each added day. Your lowest two grades will be dropped before the average grade is calculated.

Midterms, 45% total. There will be 2 midterm exams; the dates are October 5 and November 16. Each will contain a mix of multiple choice and free response questions. The best ways to prepare for exams are to keep up with the readings, come to class, take careful notes, be actively engaged in class, and review your notes after class. Make use of both class time and office hours as needed to ask questions and improve your understanding of concepts. Except in cases of serious illness/emergency, midterms will not be rescheduled.

Final exam, 30%. Scheduled for Monday, December 18, 9-noon. The final exam will be based on material from the full semester. Like the midterm, it will contain a mix of multiple choice and short answer questions and essay prompts. The exam will test your command of the material we covered throughout the semester and your ability to synthesize and apply concepts.

Student Wellbeing

William & Mary recognizes that students juggle different responsibilities and can face challenges that make learning difficult. There are many resources available at W&M to help students navigate emotional/psychological, physical/medical, material/accessibility concerns, including the W&M Counseling Center at (757) 221-3620, where services are free and confidential, and the W&M Health Center at (757) 221-4386. For additional support or resources & questions, contact the Dean of Students at (757) 221-2510.

Course Policies

Grading scale. Letter grades for the course will be based on a standard 100-point scale as determined by the following ranges: A (>=93 through 100), A- (>=90 through <93), B+ (>=88 through <90), B (>=83 through <88), B- (>=80 through <83), C+ (>=78 through <80), C (>=73 through <78), C- (>=70 through <73), D+ (>=68 through <70), D (>=63 through <68), D- (>=60 through <63), and F (less than 60).

Blackboard. The Blackboard website is the central repository for the course. I will use it to communicate with the class as a group, accept and grade work, and post materials for the course. Make sure that you regularly check both it and the email account associated with Blackboard.

Late work. Response papers submitted after the deadline (the start of class when the reading is discussed) will receive reductions of one letter grade, followed by an additional letter grade for each added day.

Etiquette. Please do not use devices during class for non-class-related activities. Several methodologically strong academic studies show that using laptops during class to browse social media, shop, catch-up on email, etc. distracts other students, lowers the quality of classroom interaction, and affects the multi-taskers' grades and comprehension. I reserve the right to ask you to close laptops during face-to-face meetings.

COVID and this course. Please follow W&M requirements and guidelines about COVID safety which are available here: https://www.wm.edu/about/administration/emergency/current_issues/coronavirus/.

Disabilities. W&M accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2512 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please visit www.wm.edu/sas.

Honor Code. The Honor Code reflects the university's value of integrity—in our words and our deeds. As an instructor, I strive to provide an environment that promotes honor. Reasonable measures taken to protect us from temptation are not antithetical to the Honor Code; thus, I reserve the option to proctor exams, provide multiple copies of exams for distribution, and restrict the technology tools students can possess while taking exams.

Collaborating. I permit and encourage you to collaborate with one another while you are studying for exams, but I do not permit you to collaborate on response papers. Students are not permitted to give or receive aid while exams are being administered. This includes, but is not limited to, viewing the exams of others, sharing answers with others, sharing questions with people who have not yet taken the exam, and making unauthorized use of books, notes, or the Internet while taking the exam.

ChatGPT/AI-generated content. The use or incorporation of any AI-generated content (from ChatGPT, Dall-e, etc.) in assignments is not allowed. Submitted work may be reviewed, as needed, for AI-generated content.

Intellectual Property. Posting content from this course on websites such as CourseHero, Chegg, CourseHero, and Quizlet can be considered unauthorized distribution and a violation of my intellectual property rights under the Student Handbook. Posting your own work allows these sites to profit from your intellectual property.

Other Important Dates to Know

- The add/drop period ends on September 11.
- The withdrawal period ends on October 30.

Course Outline – See Blackboard for Readings by Class Meeting Date

Module 1: The Context for and History of US Health Policy

- 8/31 Challenges Facing US Healthcare
- 9/5 The U.S. Health Care System in Context
- 9/7 The History of Comprehensive US Health Reform Attempts 1900-1954
- 9/12 The Passage of the Affordable Care Act
- 9/14 Comprehensive Health Reform Post-ACA

Module 2: Financing Healthcare through Private Insurance Contracts

- 9/19 Economics of Private Health Insurance, part 1
- 9/21 Economics of Private Health Insurance, part 2
- 9/26 Public Policy and the Employer (group) Market
- 9/28 Public Policy and the Nongroup Market
- 10/3 Long Term Care Insurance
- 10/5 MIDTERM 1

Module 3: Economics of Public Insurance

- 10/10 Overview of Medicaid
- 10/12 Fall Break - no class
- 10/17 Overview of Medicare

Module 4: Cost Containment, part 1

- 10/19 Overview of US Healthcare Spending and its Growth
- 10/24 Moral Hazard: Theory and Evidence
- 10/26 Demand-Side Incentives to Control Costs
- 10/31 Managed Care and Cost Containment
- 11/2 Price Growth and Price Transparency
- 11/7 Election Day - no class
- 11/9 Price Controls
- 11/14 Surprise Medical Billing
- 11/16 MIDTERM 2

Module 5: Cost Containment, part 1

- 11/21 Prescription Drugs Spending in the US (remote class)
- 11/23 Thanksgiving – no class
- 11/28 Prescription Drug Prices: Terms and Trends
- 11/30 Policies to Lower Prescription Drug Prices
- 12/5 Paying for Healthcare Abroad
- 12/7 Single Payer Proposals in the US

- 12/18 FINAL EXAM, 9-noon