

This version: October 26, 2012

## HEALTH ECONOMICS AND PUBLIC POLICY

Public Policy 644  
Fall 2012 (second half)  
MW 1 - 2:30 pm, 1210 Weill Hall

**Professor:** Helen Levy ([hlevy@umich.edu](mailto:hlevy@umich.edu))

**Course goals:** This course provides an overview of the economics of health and medical care, with a focus on current issues in health reform. By the end of the semester students should have the institutional knowledge and analytic tools needed to contribute to public policy debates about health and medical care.

**Prerequisites:** At least one semester of introductory microeconomics.

**Assignments:** The course assignments include three short policy briefs (1 – 2 single-spaced pages each) in which students will comment on existing or proposed public policies. Each student will also be responsible for presenting one of the assigned readings in class. The final exam will be a take-home and will be similar to the policy briefs. The scheduled time for the final exam is December 20, 1:30 – 3:30. We will have a take-home exam that will be handed out on the last day of class. The exam must be turned in by 3:30 pm on December 20.

**Grading:** Grades will be based on policy briefs (15% each = 45% total), presentation of assigned reading (10%), participation in class discussions (20%) and the final exam (25%).

**Readings:** The assigned readings are available on the ctools site.

**Office hours:** Monday 2:30 – 3:30 pm  
4125 Weill Hall  
615-6951

| Date             | Topic/reading  | Assign-<br>ment |
|------------------|--|-----------------|
| Mon.<br>Oct. 29  | <b>1. Introduction</b><br>Course overview & framework for thinking about policy  |                 |
| Weds.<br>Oct. 31 | <b>2. Private insurance coverage</b><br><br><b>Required:</b><br><br>2.1 Willard Manning, Joseph Newhouse, Naihua Duan, et al. “Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment,” <i>American Economic Review</i> 1987; 77(3): 521-27<br><br>2.2 Teresa B. Gibson et al. “A Value-Based Insurance Design Program at a Large Company Boosted Medication Adherence For Employees With Chronic Illnesses.” <i>Health Affairs</i> , 30, no.1 (2011):109-117<br><br><b>Optional:</b><br><br>2.3 Dafny, Leemore S. 2010. “Are Health Insurance Markets Competitive?” <i>American Economic Review</i> , 100(4): 1399–1431<br><br>2.4 Jonathan Gruber. “The Incidence of Mandated Maternity Benefits.” <i>American Economic Review</i> , Vol. 84, No. 3 (Jun., 1994), pp. 622-641   |                 |
| Mon.<br>Nov. 5   | <b>3. Medicaid and Medicare</b><br><br><b>Required:</b><br><br>3.1 Katherine Baicker and Amy Finkelstein. “The Effects of Medicaid Coverage – Learning from the Oregon Experiment,” <i>New England Journal of Medicine</i> , 365: 683-685, August 25, 2011<br><br>3.2 David Cutler and Jonathan Gruber, “Medicaid and Private Insurance: Evidence and Implications,” <i>Health Affairs</i> , 16(1), January/February 1997, pp. 194-200.<br><br>3.3 Michael E. Chernew, Ph.D., Katherine Baicker, Ph.D., and John Hsu, M.D., M.B.A., M.S.C.E.. The Specter of Financial Armageddon — Health Care and Federal Debt in the United States.” <i>New England Journal of Medicine</i> 2010; 362:1166-116.<br><br>3.4 Cooper and Trivedi (2012). “Fitness Memberships and Favorable Selection in Medicare Advantage Plans.” <i>New England Journal of Medicine</i> 366:150-157 |                 |

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**Optional:**

3.5 Amy Finkelstein. "The Aggregate Effects of Health Insurance: Evidence from the Introduction of Medicare." 2007. *Quarterly Journal of Economics*, 122(1): 1-37

3.6 Jonathan Gruber and Kosali Simon, "Crowd-out 10 Years Later: Have Recent Public Insurance Expansions Crowded Out Private Health Insurance?" *Journal of Health Economics*, March 2008, 27(2):201-17.

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Weds.  
Nov. 7

**4. The uninsured/history of reform efforts**

**#1  
handed  
out**

**Required:**

4.1 Kaiser Family Foundation. 2009. "National Health Insurance – A Brief History of Reform Efforts in the US."  
<http://www.kff.org/healthreform/upload/7871.pdf>

4.2 Gruber, Jonathan. 2008. "Covering the Uninsured in the United States," *Journal of Economic Literature*, 46(3), 571-606.

4.3 Jonathan Oberlander. "The Politics Of Paying For Health Reform: Zombies, Payroll Taxes, And The Holy Grail." *Health Affairs*, 27, no.6 (2008):w544-w555

**Optional:**

4.4 Herring, Bradley. "The Effect of the Availability of Charity Care to the Uninsured on the Demand for Private Health Insurance," *Journal of Health Economics* 24.2, 2005: 225-252

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Mon.  
Nov.12

**5. ACA overview and Supreme Court ruling**

**#1 due**

**Required:**

5.1 Oberlander, Jonathan. 2010. "Long time coming: Why health reform finally passed," *Health Affairs*, 29, no.6 (2010):1112-1116

5.2 Health Affairs Health Policy Brief. September 27, 2012. "The Supreme Court and Health Reform."  
[http://healthaffairs.org/healthpolicybriefs/brief\\_pdfs/healthpolicybrief\\_77.pdf](http://healthaffairs.org/healthpolicybriefs/brief_pdfs/healthpolicybrief_77.pdf)

**Optional:**

5.3 The Patient Protection and Affordable Care Act

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<http://housedocs.house.gov/energycommerce/ppacacon.pdf>

5.4 Congressional Budget Office, December 2010. “Selected CBO Publications Related to Health Care Legislation, 2009–2010.”  
(look at Tables 4 and 5 on pages 23 – 35 of the pdf)

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Weds. **NO CLASS**  
Nov. 14

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Mon. **6. ACA: Coverage expansion part 1 – Health insurance exchanges**  
Nov. 19

**Required:**

6.1 Robert E. Moffit. “The Rationale for a Statewide Health Insurance Exchange.” Heritage Foundation web memo; 2006.

6.2 Kingsdale, Jon. 2010. “Health Insurance Exchanges — Key Link in a Better-Value Chain,” *New England Journal of Medicine* 362:2147-2150

6.3 Bredesen, Phil. “Obamacare’s Incentive to Drop Insurance.” Wall St Journal Oct 21 2010.

<http://online.wsj.com/article/SB10001424052702304510704575562643804015252.html>

6.4 Jon R. Gabel, Heidi Whitmore, Jeremy Pickreign, Will Sellheim, KC Shova and Valerie Bassett. “After The Mandates: Massachusetts Employers Continue To Support Health Reform As More Firms Offer Coverage.” *Health Affairs*, 27, no.6 (2008):w566-w575

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Weds. **7. ACA: Coverage expansion part 2 – Medicaid expansions**  
Nov. 21

**#2  
handed  
out**

**Required:**

7.1 Udow-Phillips, Marianne; Fangmeier, Joshua; Buchmueller, Thomas; Levy, Helen. The ACA’s Medicaid Expansion: Michigan Impact. October, 2012. Center for Healthcare Research & Transformation. Ann Arbor, MI.

<http://www.chrt.org/assets/price-of-care/CHRT-Issue-Brief-October-2012.pdf>

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Mon. **8. Providers and provider behavior**  
Nov. 26

**#2 due**

**Required:**

8.1 Health Affairs Health Policy Brief, “Medicare Payments to Physicians,” February 28, 2012

[http://healthaffairs.org/healthpolicybriefs/brief\\_pdfs/healthpolicybrief\\_64.pdf](http://healthaffairs.org/healthpolicybriefs/brief_pdfs/healthpolicybrief_64.pdf)

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8.2 Gerald B. Hickson, William A. Altemeier and James M. Perrin. "Physician Reimbursement by Salary or Fee-for-Service: Effect on Physician Practice Behavior in a Randomized Prospective Study," *Pediatrics* September 1987 80(3):344 – 350.

8.3 Atul Gawande. 2009. "The Cost Conundrum," *The New Yorker*, June 1 2009.  
[http://www.newyorker.com/reporting/2009/06/01/090601fa\\_fact\\_gawande?currentPage=all](http://www.newyorker.com/reporting/2009/06/01/090601fa_fact_gawande?currentPage=all)

**Optional:**

8.4 Sherry Glied and Joshua Graff Zivin. "How do doctors behave when some (but not all) of their patients are in managed care?" *Journal of Health Economics*, Volume 21, Issue 2, March 2002, Pages 337–353

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Weds.  
Nov. 28

**9. ACA: Delivery system reforms**

**#3  
handed  
out**

**Required:**

9.1 Meredith B. Rosenthal, "Beyond Pay for Performance – Emerging Models of Provider Payment Reform," *New England Journal of Medicine*, September 18, 2008, 359(12):1197-1200.

9.2 Elliott Fisher et al. "Fostering Accountable Health Care: Moving Forward In Medicare," *Health Affairs*, 28, no.2 (2009):w219-w231

9.3 Robert Berenson. 2010. "Shared Savings Program for Accountable Care Organizations: A Bridge to Nowhere?" *American Journal of Managed Care* October 2010, Vol. 16 Issue 10, p721-726

9.4 Neeraj Sood et al. "Medicare's bundled payment pilot for acute and postacute care: analysis and recommendations on where to begin." *Health Affairs*, 30, no.9 (2011):1708-1717

9.5 Grace M. Lee et al. "Effect of Nonpayment for Preventable Infections in U.S. Hospitals," *New England Journal of Medicine* 2012; 367:1428-1437

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Mon.  
Dec. 3

**10. The conservative alternative: premium support and block grants**  
Readings TBA

**#3 due**

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Weds.  
Dec. 5

**11. Other health reform topics**  
Readings TBA

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Mon.  
Dec. 10

**12. Conclusion**  
Readings TBA

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