Health Economics

Instructor:
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MA level, 2 CEU credits

The course consists of 12 interactive lectures, each lasting for 100 minutes.

Pre-requisites:
1st year MA level courses on Microeconomics and Econometrics.

Course description:
This course gives an introduction to the field of Health Economics, which is a growing field within Microeconomics. Our focus during the course is on theoretical considerations, with linkages to health policy issues. We build on basic microeconomic models and theories, and see how those can be applied to address topics such as the demand for health and health care, or the functioning of health insurance markets.

Each week we cover a different topic of Health Economics (see the course outline below), complemented with the discussion of a related recent publication from leading economic journals. This way the students become familiar not only with the key concepts of Health Economics, but also with how researchers approach these concepts.

Why study Health Economics? Because the health care sector is large, large amounts of public and private money are spent on financing the health care sector, people make health related decisions every day, and these decisions involve issues such as uncertainty, time trade-off, information asymmetry, externality etc. In the sector of health care, almost unlimited patient needs are confronted with limited resources.

Learning outcomes:
• Students become familiar with the main aspects of Health Economics, and understand their importance.
• They learn how to apply economic concepts, and in particular, microeconomic theory to analyse problems related to Health Economics, such as the demand for and supply of health care, the demand for health insurance, and health related behaviors.
• Students understand how to link theoretical reasoning to health policy decisions.
• They improve their abilities of critical thinking, problem solving, especially through the problem sets, essay tasks and discussions during class.

Assessment:
• Active participation (paper presentation and engagement in discussions in class): 15%
• 2 short essays (to be submitted by lectures 4 and 9, details TBA): 20%
• 2 problem sets (to be submitted by lectures 6 and 11, details TBA): 20%
Final exam: 45%

Course outline (planned schedule, subject to change):


The BHT reading is the core material, the knowledge of the chapters covered at the class will be examined at the final exam. Additional readings are listed under the course outline, each week one student (or student group, depending on the class size) will present a paper. These papers support the understanding of and engagement with the material, but will not be directly examined at the final exam.

1. Introduction, demand for health care
   BHT 1, 2

2. Grossman model, socioeconomic disparities in health
   BHT 3, 4

3. Supply of health care
   BHT 5, 6

4. Demand for insurance, Akerlof’s model
   BHT 7, 8

5. Adverse selection: the Rothschild-Stiglitz model
   BHT 9

6. Moral hazard
   BHT 11

7. Economics of health innovation
   BHT 12, 13

8. Health policy issues
   BHT 15, 19

9. Health externalities
10. Economic epidemiology, obesity
   BHT 21, 22

11. Prospect theory
   BHT 23

12. Time inconsistency and health
   BHT 24