

# Health Economics I

## The demand for health and health care payments

### Winter Term 2021/22

Teachers: Prof. Dr. Katharina Blankart  
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Lecture: Wednesdays 08:30 – 10:00 hrs, room A-A-B02 (exact schedule via Moodle)

Tutorial: Thursdays 16:00 – 17:30 hrs, room A-A-B07

Sign up Registration via LSF is not required. The Moodle password will be communicated in the first lecture

Office hours: Please sign up via email:  
Katharina Blankart: Tuesday, 13.30-14.30 hrs  
Tim Brand: Thursday, 13:30-14:30 hrs

#### Course description

The course provides an overview of the economics of health and health care. We use microeconomic methods to analyze how decisions are taken by actors in the health care system. The aim of the course is to provide the economic analytical tools needed to inform public policy debates about health and health care. We will examine a number of important policy issues, e.g., the consequences of ageing and the regulation of health insurance markets. We will also discuss latest empirical evidence that allows making causal statements about the effectiveness of policies and health care system design. This includes discussion of the impacts of the Covid-19 pandemic. The course is structured into 9 sections:

Section 1: Introduction

Section 2: How to measure health and quality of health care

Section 3: Possible market failures in the health care sector

Section 4: The impacts of individuals as producers of their own health

Section 5: Market failures when offering health insurance

Section 6: Individual risk and the demand for insurance

Section 7: The supplier-induced-demand hypothesis

Section 8: How providers react to different reimbursement schemes (Economic contract theory)

Section 9: The pharmaceutical market

Upon successful completion of this course, you will be able to

- Identify the actors in health care systems and the flow of resources in the German and other health care systems across health care providers, payers and patients / consumers
- Describe the structure of the health insurance industry, explain the incentives facing insurers.
- Understand the value of health and health care.
- Understand the demand for health and health care.
- Describe situations that justify government intervention to increase overall welfare.
- Describe the incentives behind different ways of paying health care providers for their services and their consequences.
- Describe the pharmaceutical industry and the related trade-offs in static and dynamic inefficiency

### Prerequisites

The course requires a good knowledge of microeconomics. In addition, students should be familiar with regression analysis. The reading for this course is based on the textbook *Health Economics* (2<sup>nd</sup> edition, 2009) and selected articles.

### Technology requirements

The class is planned to be held remotely and in person. Remote and in-person sessions will alternate. All students will need a device that connects to the internet and a good internet connection. The course materials including lecture notes and videos along with the schedule will be provided via Moodle.

All online classes including the tutorial will be on Zoom. The online classes will *not* be recorded. The link to the Zoom lecture room will be provided via Moodle.

#### Before class:

- Make sure you join the Zoom sessions a few minutes before they begin. This gives you time in case you have any issues connecting.
- It is almost inevitable that there will be connection problems at some point during the semester:
  - If the connection is poor (slow or frozen) try turning off the video.
  - If everything is frozen
    - Wait a few moments
    - Leave the Zoom meeting and rejoin the meeting.
    - If there is a connection problem to everybody, we will try to do our best to reconnect to the meeting. If that is the case, there is a parallel chat available in moodle to exchange technical issues.

#### During class:

- Please turn your camera on during class. Sharing video should be the default because it helps to facilitate a better learning environment and promote engaging discussions.
- Please keep your microphone muted unless you are sharing with the class or your breakout group.
- If you have a question or want to answer a question, please use the chat or the “raise hand” feature. We will be monitoring these channels in order to call on students to contribute.

**Assessment**

There will be a written final exam (90 minutes) at the end of the semester.

**Literature**

The course is based on

Zweifel, P., F. Breyer and M. Kifmann. *Health Economics*, 2<sup>nd</sup> edition. Springer, New York et al., 2009.

*Useful reference books are*

Culyer, A. *Encyclopedia of Health Economics*. Elsevier, Oxford. 2014.

Culyer, A. and J. Newhouse (eds.). *Handbook of Health Economics*, Vol. 1A & 1B. North-Holland, Amsterdam, 2000.

Pauly, M.V., McGuire, T.G. and Pita Barros, P. (eds.). *Handbook of Health Economics*, Vol. 2. North-Holland, Amsterdam, 2012.

Glied, S. and P.C. Smith (eds.). *The Oxford Handbook of Health Economics*. Oxford University Press, Oxford, 2011.

Jones, A.M. (ed.). *The Elgar Companion to Health Economics*, 2<sup>nd</sup> edition. Edward Elgar, Cheltenham, 2012.

Folland, S., Goodman, A.C. & Stano, M., 2014. *The economics of health and health care* 7. ed., new internat. Harlow, Essex: Pearson.

**Statement of support for Student's Health and Wellbeing**

We are all under a lot of stress and uncertainty at this time. Attending online classes can take its toll on our mental health. Take care of yourself. Do your best to maintain a healthy lifestyle this semester e.g. by eating well, exercising, getting enough sleep and taking some time to relax. This will help you achieve your goals and cope with stress. If you or anyone you know experiences any academic stress, difficult life events, or feelings like anxiety or depression, we strongly encourage you to seek support. Counseling and psychological services are here to help: <https://www.stw-edu.de/en/advisory-services/counselling/>.