

## Course Syllabus : Health Economics and financing

Instructor's Name:	
Date:	
Place:	
Contact Information:	
Office Hours:	

### I. Course Description

This course provides students with an understanding of the importance of health economics and financing. It introduces the students the basic concepts related to health economics and financing which is concerned with how financial resources are generated, allocated and used in health systems effectively.

It provides students with the skills, knowledge and basic economic arguments that are central to discussion about health policy options and resources allocation choices. This course aims also to share knowledge and policy experience on how health system can improve utilization of financing sources and improving efficiency of health care services firms by exposing the students to key theoretical and empirical knowledge in the field of health care economics and financing. Furthermore, the course helps students to identify the important role that it plays in informing how sound financial policy planning is essential to strengthening health services firms which will contribute to improve its efficiency. Additionally, it focuses on identifying sources of health financing to be used in health care.

### II. Student Performance Objective

***Upon the completion of this course, the students will be able to***

1. Describe the basic concepts, components and processes related to the health economics and financing .
2. To identify the basics of health care costs in health care services .
3. Distinguish the various sources of financing health care services.
4. To explain the meaning of value in health care industry.
5. Identify the nature of demand and supply in health care industry.
6. To clarify the primary benefits – value accounted in health care services.
7. Identifying the importance of health insurance as a source of financing health services firms.
8. Identifying the relationship between insurance contracts and managing health care projects.
9. Sources of Hospital revenue as a source of financing Health care projects.
10. Explaining the techniques of managing and regulating hospitals costs .

### III. Evaluation and Requirements:

Attendance Policy: Students have to attend all classes, except in However, they are allowed to be absent according to the university regulations (6 hours) during the semester.

Grade Determination:

Grading Scale: (please list the scale you use in order to determine a final letter grade. Example 90-100 = A or 900 – 1000 points = A)

Gradable Content:

Project = 30%  
Assignment = 10%  
Mid-term Exam = 20%  
Final exam = 40%  
TOTAL = 100% or

## IV. Instructional Materials:

- Text book:  
(HEF) **Health Economics and Financing** -5 th Edition, Thomas E. Getzen (2013), Aptara. Inc. Collier Kendallville (USA). This text is available as a PDF for no charge at <http://link.springer.com>.
- Handouts
- Videos
- Computer applications (Excel and Access)
- Internet applications

## V. Weekly Class Schedule:

Indicate below on a daily basis the topical areas to be covered in the course. Include scheduled assignments, quizzes, tests, final exam date, etc.

Week	Topic	Readings	HW
1&2	<p><b>Introduction: Money, Medicine and Health.</b></p> <ul style="list-style-type: none"> <li>-Defining the term Economics .</li> <li>-Describe the terms of Trade .</li> <li>-Explain the term value .</li> <li>-Describe the financing sources of health care</li> <li>-Economic Principles as conceptual tools in Health care projects .</li> </ul>	<p><b>HEF 1,</b></p> <p>Kaiser Family Foundation Health Policy Studies (<a href="http://www.kff.org">www.kff.org</a>).</p> <p>Victor Fuchs, "Economics, Values and Health Care Reform,"</p> <p>American Economic Review 86, no. 1 (1996): 1–24. .</p> <p>Department of Health and Human Services, Health United States, 2010(annual),<a href="http://www.cdc.gov/nchs/hus.htm">http://www.cdc.gov/nchs/hus.htm</a>.</p> <p>U.S. Department of Health and Human Services, Centers for Medicare and Medicaid, National Health Accounts, National Health Expenditures 1960–2010 and National Health Expenditure Projections 2011–2021, <a href="http://www.cms.gov/NationalHealthExpendData">http://www.cms.gov/NationalHealthExpendData</a></p>	
3	<p><b>Demand and Supply</b></p> <ul style="list-style-type: none"> <li>-Understanding Demand Curve</li> <li>-The Supply Curve</li> <li>-Price sensitivity in health care</li> <li>-Needs vurses Demand</li> <li>-Determinants of Health</li> </ul>	<p><b>HEF 2</b></p> <p>Katherine Baker and Amitabh Chandra, "Aspirin, Angioplasty and Proton Beam Therapy: The Economics of Smarter Health Spending," Kansas City Federal Reserve Bank Publication (2011), download at <a href="http://www.kc.frb.org/publicat/sympos/2011/2011.Baic">http://www.kc.frb.org/publicat/sympos/2011/2011.Baic</a></p>	

	<p>-Efficiency of health services . -Law of Demand . -Elasticity of Demand . -Demand for Medical care .</p>	<p>kerandChandra.paper.pdf Robert H. Frank, The Economic Naturalist (New York: Basic Books, 2008). Paul Heyne, The Economic Way of Thinking (Upper Saddle River, N.J.: Prentice Hall, 2002). Joseph Newhouse, Pricing the Priceless (Cambridge, Mass.: MIT Press, 2002). Thomas Rice, The Economics of Health Reconsidered (Chicago: Health Administration Press, 2002). John Eisenberg, Doctor's Decisions and the Cost of Medical Care (Ann Arbor, Mich.: Health Administration Press, 1986). Jerome Groopman, How Doctors Think (Boston: Houghton Mifflin, 2007). Atul Gawande, Complications: A Surgeon's Notes on an Imperfect Science (New York: Picador, 2002). 6. Robert Fogel, The Escape from Hunger and Premature Death, 1700– 2100: Europe, America and the Third World (New York: Cambridge University Press, 2004). David Cutler, Angus Deaton, Adrianna Lleras-Muney, "The Determinants of Health," Journal of Economic Perspectives 20, no. 3 (2006): 97-120. See also the variety of sources cited in Chapter 16</p>	
4	<p>PHYSICIANS : -Financing Physicians :Revenues . -Physician Income . Physician Financing Expenses . The Medical Transactions . Licensure :Quality of Profits . Long term care</p>	<p><b>HEF 7</b> Atul Gawande, Complications: A Surgeon's Notes on an Imperfect Science (New York: Holt &amp; Co., 2002) and "The Velluvial Matrix." The New Yorker, June 16, 2010. Paul L. Grimaldi, "Medicare's Physician Fees Are Resource Based," Journal of Health Care Finance, (Spring 2002): 88–104. Institute of Medicine, To Err Is Human (Washington, D.C.: National Academies Press, 2000); Crossing the Quality Chasm (Washington, D.C.: National Academies Press, 2001). George D. Lundberg, Severed Trust: Why American Medicine Hasn't Been Fixed (New York: Basic Books, 2001). Michael Millenson, Demanding Medical Excellence: Doctors and Accountability in the Information Age (Chicago:</p>	

		University of Chicago Press, 2000). Roy Porter, The Greatest Benefit of Mankind: A Medical History of Humanity (New York: WW Norton, 1999).	
5	<p>Hospitals As A Source Of Financing:</p> <ul style="list-style-type: none"> <li>-From charitable Institution to Corporate Chain.</li> <li>-Development of Modern Hospitals.</li> <li>-Hospital Financing :Revenues.</li> <li>-Hospitals Source Of Finance.</li> <li>-Hospital Financing :Expenses.</li> <li>-Financial Management and Cost Shifting .</li> </ul> <p>How Do Hospitals compete .</p> <ul style="list-style-type: none"> <li>-Organization of Hospital.</li> </ul> <p>Pharmaceuticals as a source of funding</p>	<p><b>HEF: 8,9</b></p> <p>American Hospital Association, Hospital Statistics and Hospital Guide is published annually. David M. Cutler, ed., The Changing Hospital Industry: Comparing Not-for-Profit and For-Profit Institutions (Chicago: University of Chicago Press, 2000). Modern Healthcare and Hospitals and Health Networks are biweekly magazines covering the hospital industry in depth. Rosemary Stevens, In Sickness and In Wealth: American Hospitals in the Twentieth Century (New York: Basic Books, 1989).</p>	
6&7	<p>Health Insurance : Financing and Managing medical Care Contracting:</p> <ul style="list-style-type: none"> <li>-Methods of covering Risks .</li> <li>-Insurance- Third Party .</li> <li>-Risk Aversion .</li> <li>-Moral Hazard.</li> <li>Tax Benefits.</li> <li>-Contracting and Managing Health care contracts .</li> <li>-Sources of Insurance.</li> </ul>	<p><b>HEF 3,4</b></p> <p>Michael Morrissey, Health Insurance (Chicago: AUPHA/Health Administration Press, 2007). John Nyman, Health Insurance (Palo Alto: Stanford University Press, 2002). Institute of Medicine, Employment and Health Benefits: A Connection at Risk (Washington, D.C.: National Academies Press, 1993). AHIP (America's Health Insurance Plans), <a href="http://www.AHIP.org">www.AHIP.org</a> Employee Benefit Research Institute, <a href="http://www.ebri.org">www.ebri.org</a> Paul Gertler and Jonathan Gruber, "Insuring Consumption Against Illness," American Economic Review 92, no. 1 (2002): 51–70, available at <a href="http://nber.org/papers/w6035">http://nber.org/papers/w6035</a>. Jonathan Gruber and Helen Levy, "The Evolution of Medical Spending Risk," Journal of Economic Perspectives 23, no. 4 (2009): 25–48. Mark V. Pauly, "Risks and Benefits in Health Care: The View from Economics." Health Affairs 25, no. 3 (2007): 653–662</p>	

8&9	<p><b>FINANCING of health care services expenses.</b></p> <ul style="list-style-type: none"> <li>-What is financing.</li> <li>-Value and Rate of Returns .</li> <li>-Types of Risks .</li> <li>Ownership and Agency .</li> <li>-Capital Financing Hospitals.</li> <li>Health Care for Profit</li> </ul>	<p><b>HEF 13,14</b></p> <p>CFO Magazine , <a href="http://www.cfo.com">http://www.cfo.com</a> Fitch Ratings, Rating Process for Nonprofit Health Care Credits, <a href="http://www.fitchratings.com/">http://www.fitchratings.com/</a> Louis C. Gapenski, Healthcare Finance: An Introduction to Accounting and Financial Management (Chicago: Health Administration Press, 2004). Healthcare Financial Management Association, <a href="http://www.hfma.org">http://www.hfma.org</a> Moody's U.S. Municipal Bond Rating Scale, <a href="http://www.moodys.com/">http://www.moodys.com/</a> Kristin R. Reiter, John R. C. Wheeler, and Dean G. Smith, "Liquidity Constraints on Hospital Investment When Credit Markets are Tight," Journal of Health Care Finance 35, no. 1 (2008): 24–33. J. B. Silvers, "The Role of Capital Markets in Restructuring Health Care," Journal of Health Politics, Policy and Law 26, no. 5 (2001): 1019–1030. Standard &amp; Poors, Understanding Capital Markets, <a href="http://www2.standardandpoors.com">http://www2.standardandpoors.com</a> Burton Weisbrod, The Nonprofit Economy (Cambridge, Mass.: Harvard University Press, 1988); "Rewarding Performance That Is Hard to Measure: The Private Non-Profit Sector," Science 244, no. 4904 (1989): 541–546. David Cutler, "Where Are The Health Care Entrepreneurs? The Failure of Organizational Innovation in Health Care," NBER working paper#16030, May 2010.</p> <p>.</p>	
10&11	<p><b>The Role Of Government</b></p> <ul style="list-style-type: none"> <li>-The Role of Government in Financing Medical firms /</li> <li>-Governmental Health Financing .</li> <li>-Monopoly and Market Failure .</li> <li>-Law and Order .</li> <li>-Public Goods and Expenditure. Information.</li> </ul>	<p><b>HEF 14</b></p> <p>American Journal of Public Health and Public Health Reports , published monthly. U.S. Centers for Disease Control and Prevention (<a href="http://www.cdc.gov/">http://www.cdc.gov/</a>). Institute of Medicine, For the Public's Health (Washington, D.C.: National Academies Press, 2012). Ronald Coase, "The Problem of Social Cost," Journal of Law &amp; Economics 3 (1960): 1–44.</p>	

		<p>Paul Feldstein, The Politics of Health Legislation: An Economic Perspective (Ann Arbor, Mich.: Health Administration Press, 2006). Theodore Marmor, The Politics of Medicare (Chicago: Aldine, 2000). Douglass North, Structure and Change in Economic History (New York: W.W. Norton, 1981). George Rosen, A History of Public Health (New York: MD Publications, 1958). Paul Samuelson, "A Diagrammatic Exposition of a Theory of Public Expenditure," Review of Economics and Statistics 37, no. 4 (1955): 350–356. Joseph Stiglitz, Economics of the Public Sector (New York: W. W. Norton, 2000).</p>	
12&13	<p><b>Future of health Care services sectors :</b> -The consumption Function . -Adjusting to Change: Dynamics. -Forecasting future Health Expenditure . -Cost Control. -Workforce Dynamics.</p>	<p><b>HEF 13</b>Centers for Medicare and Medicaid Services, NHE Projections 2007–2017, <a href="http://www.cms.hhs.gov/NationalHealthExpendData">www.cms.hhs.gov/NationalHealthExpendData</a>. Cynthia Engel, "Health Services Industry: Still a Job Machine?" Monthly Labor Review (122, no. 3 (1999): 3–14 (<a href="http://www.bls.gov">www.bls.gov</a>). Milton Friedman, A Theory of the Consumption Function (Princeton: Princeton University Press, 1957) and with Simon Kuznets, Income from Independent Professional Practice (New York: National Bureau of Economic Research, 1945). Thomas E. Getzen, "Aggregation and the Measurement of Health Care Costs," Health Services Research 41, no. 5 (2006):1938-1954; and "Health Care Is an Individual Necessity and a National Luxury: Applying Multilevel Decision Models to the Analysis of Health Care Expenditures," Journal of Health Economics 19, no. 2 (2000): 259–270. Marian Osterweis et al., eds., The U.S. Health Workforce: Power, Politics, and Policy (Washington, D.C.: Association of Academic Health Centers, 1996).</p>	

14	<p>Modern trends in medical care services expenditures and revenues</p> <ul style="list-style-type: none"> <li>-Wide Difference among Nations .</li> <li>-Micro versus Macro Allocation.</li> <li>-Casualty.</li> <li>-Low income Countries</li> <li>Middle Income Countries.</li> <li>High Income Countries .</li> <li>-International Trends In Health Care.</li> </ul>	<p><b>HEF 15,16</b></p> <p>.OECD Health Data. <a href="http://www.oed.org">www.oed.org</a></p> <p>World Health Organization, World Health Statistics 2011; World Health Report 2010, 2012. <a href="http://www.who.int">www.who.int</a></p> <p>Rupa Chandra, "Trade in Health Services," Bulletin of the World Health Organization 80, no. 2 (2002): 158–163.</p> <p>David M. Cutler, "Equality, Efficiency and Market Fundamentals: The Dynamics of International Medical Care Reform," Journal of Economic Literature 40, no. 3 (2002): 881–906. "The Danish Health System through an American Lens," Health Policy 59, no. 2 (2002): 119–132.</p> <p>Bruce J. Fried and Laura M. Gaydos, eds., World Health Systems (Chicago: AUPHA Press, 2002).</p> <p>Alan Garber and Jonathan Skinner, "Is American Health Care Uniquely Inefficient?" Journal of Economic Per- spectives 22, no. 4 (2008): 27–50.</p> <p>Philip Musgrove, Riadh Zeramdini, and Guy Carrin, "Basic Patterns in National Health Expenditure," Bulletin of the World Health Organization 80, no. 2 (2002): 134–1146; <a href="http://www.who.org">www.who.org</a>.</p> <p>Wynand P. M. M. van de Ven and Frederik T. Schut, "Universal Mandatory Health Insurance in the Netherlands: A Model for the United States?" Health Affairs 27, no. 3 (2008): 771–781</p>	
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1st & 2nd Week: Introduction :Money, Medicine and Health .

3rd Week: Demand and Supply in Health Care Industry .

4th Week: Physicians as a Source of Financing Health Care Firms

Health Insurance and Managing Medical Contracting.

5th Week: Hospitality as a Source of Financing Health care

6an 7th Week: Health Insurance : Financing and Managing medical Care

8 & 9th Week: FINANCING of health care services expenses.

10 & 11th Week: The Role Of Government in financing health care services

12th& 13th Week: Future of health Care services sectors

14th Week: Modern trends in medical care

## **VI.Final Exam**

## **VII. Further Readings (Recommended Literature)**

Thomas E.Getzen.(2013) ,Health Economics and Financing ,5th Edition ,Aptara Inc. Collrier Kendalluil;(USA)

Pequignot H, Sandier S (2007). Naissance de l'économie médicale aux origins du Credes. In Santé de l'économie, économie de la santé. Prospective et santé.

Une santé qui compte ? Les coûts et les tarifs controversés de l'hôpital public. Pierre-André Juven 2016.



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