

ECON B217 Health Economics and Healthcare around the World

Bryn Mawr College
Department of Economics
Professor Jiyoona (June) Kim

Class time and location: MW 1:10 – 2:30 pm, Dalton 2

- Lecture can be accessed on zoom simultaneously but student needs to inform me ahead of time.

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Office Hours: MW 10:30-11:30 am (walk-in) or by appointment (zoom)

Course Prerequisites: Intro to Economics (Econ B105)

Course Description:

Welcome! This course explores issues related to population health, health care system, and health policies around the world, using tools from empirical and theoretical economics. Specifically, we cover topics such as the demand for health care, supply of health care, unique features of health care markets, socioeconomic disparities in population health outcomes, why people buy health insurance, and health care policies around the world. Throughout the course, students are encouraged to think critically about the role of the government and public policy in healthcare market.

Course Objectives:

1. To gain understanding of the major concepts in health economics, including: demand and supply of health care, uncertainty and health insurance, adverse selection, moral hazard, and healthcare policy in the U.S. and in the world.
2. To learn about recent research on major issues in health care and policy, including: socioeconomic disparities, early life health, the Covid-19 pandemic, and health care spending.
3. To develop and strengthen student's ability to use economic concepts and theories to analyze health care issues and to inform decision making and policy development.

Course Materials:

The textbook is Health Economics by Jay Bhattacharya, Timothy Hyde, and Peter Tu (hereafter, BHT). Any edition works. Textbooks are not required but highly recommended. Your own class notes are a critical reference for you during this course.

The reading assignments also include scholarly articles published in economics and medical journals. These are available online through Bryn Mawr Tripod library. I provide a link to the relevant podcasts and video clips on Moodle.

Moodle:

Check our Moodle course site as frequently as possible. You can find the syllabus, important class announcements, office hour scheduler, class slides, research articles and supplemental readings, audio/video/podcast clips.

Electronic Devices:

I have a strict no electronics policy for class. Please shut off phones, tablets, and laptops during class, and store phones and other electronics in your pocket or bag (not on your desk or lap). I want students to be fully engaged in class.

Use of Generative AI:

All work submitted in this course must be your own. Contributions from anyone or anything else, including AI sources, must be properly quoted and cited every time they are used. Failure to do so constitutes an academic integrity violation, in accordance with the College's Honor Code.

Grading Scale:

A = 95–100%

A - = 90–94.99%

B+ = 85–89.99%

B = 80–84.99%

B- = 75–79.99%

C+ = 70–74.99%

C = 65–69.99%

Below Merit grades = Below 65%

Course Grades

Two Exams: 25% + 25% = 50%

Weekly Assignments = 4%*5 = 20%

Final Project = 30%

a. In-class Exams (50%)

There will be two exams – midterm exam (25%), and final exam (25%). Note that in addition to your textbook, you are responsible for all materials covered in lectures, including group

activity questions, weekly Q&A assignments, students' questions raised and addressed in class, presentations by your classmates, and additional readings/audio/video clips.

b. Homework (20% = 5 * 4%)

Every week, you have assignments, which consist of two parts:

- 1) Before the start of class each week, read the assigned textbook chapters or research articles or listen to the podcasts, write down your own understanding of the topic for that week and one question about that topic for which you'd like an answer. You must submit these on Moodle before class each week (Due Saturday 11:59 pm).
- 2) At the end of each week, try to answer the question you posed and correct any misunderstandings you had at the beginning of the week (Due Friday 11:59 pm).

Your assignments will be graded by the following rubric:

- Excellent (4 points): questions and answers that are critical and thought-provoking, directly relevant to the core of the topic.
- Good (3 points): questions and answers that are good/moderate, relevant to the topic.
- Fair (2 points): questions and answers that can be easily found from readings (e.g. questions about simple facts or information), indicating that a student did not read the materials but shows an attempt anyway. OR questions and answers that are marginally relevant to the core of the topic.
- Completed only one part (1 point)
- Late or No submission (0 point)

There will be at least 8 assignments in the semester, 5 of which will go toward your final grade.

c. Final Group Project (30%): Learning by Teaching (credit for Prof. Michener)

"Teach a lay person about a key idea learned in class!"

Pick a concept, framework, idea or policy that you've learned about in class this semester. You are tasked with teaching someone who did not take this class about whatever concept or idea you select. Use ANY medium you would like as a teaching tool, except for a standard written essay. Be creative. You can record a podcast, create an NPR style radio segment, write a blog post or magazine article, pen a poem, create a photo exhibit, write a song, develop an animation, make a series of shorts, Vox or Vice style "news" segment, interactive websites, or anything else you think of. Use your discretion and your talent. Regardless of the medium you select, all assignments will be evaluated based on the following criteria:

- Demonstrates a thorough understanding of the concept, idea, or policy
- Articulates why the concept is important
- Uses language that is accessible to non-experts outside of this class
- Demonstrates significant effort
- Demonstrates thoughtfulness and creativity

You will work as a group of 3-4 people. You will be presenting this in front of the entire class during the last week of semester.

d. Participation in class (+Extra Credit!)

Attendance in class is *not* mandatory but I expect you to be fully present and engaged during class, which will provide you extra credit. I would appreciate your contribution to class as I think of classes as a two-way conversation, not a one-way lecture!

Course Policies

a. Academic Honesty:

Students are responsible for knowing and adhering to the Bryn Mawr Honor Code. Plagiarism or other forms of academic dishonesty are clear violations. If you have any questions about expectations or about how to avoid plagiarism in your assignments, please ask.

b. Special Needs:

Bryn Mawr College is committed to providing equal access to students with a documented disability. Students needing academic accommodations for a disability must first speak with Access Services. Students can email accessservices@brynmawr.edu to request an appointment to begin this confidential process. If eligible for accommodations as per Access Services, students should schedule an appointment with the professor as early in the semester as possible to share their verification form and make appropriate arrangements. Please note that accommodations are not retroactive and require advance notice to implement. More information can be obtained at the Access Services website. (<http://www.brynmawr.edu/access-services/>) Any student who has a disability-related need to record this class must first be found eligible to do so by Access Services and must share this eligibility with me, the instructor. Class members need to be aware that this class may be recorded.

c. Title IX:

Bryn Mawr College and Haverford College are committed to ensuring that all members of the College community have a learning and working environment that is free from sexual misconduct. All forms of sexual misconduct, including sexual harassment, sexual assault, dating violence, domestic violence, and stalking, are violations of Bryn Mawr/Haverford's policies, whether they occur on or off campus. Bryn Mawr/Haverford faculty are committed to helping to create a safe learning environment for all students and for the College community as a whole. If you have experienced any form of sexual misconduct or other gender-based misconduct, know that help and support are available. Staff members are trained to support students in navigating campus life, accessing health and counseling services, providing academic and housing accommodations, and more. The College strongly encourages all students to report any incidents of sexual misconduct. Please be aware that

all Bryn Mawr/Haverford employees (other than those designated as confidential resources such as counselors, clergy, and healthcare providers) are required to report information about sexual misconduct to the to their respective Title IX Offices.

d. Religious Observances

I respect students' religious identities and commitments and that any student who is unable to attend classes, exams or work due to a religious observance may be excused and given an opportunity to make up missed work without penalty. You need to inform me *ahead of time* regarding the religious observance and missing classes/work.

Class Schedule

Note that the course outline and exam dates are subject to change at the instructor's discretion. Reading lists and podcasts will continue to be updated throughout the semester.

(Week 1: Aug 31) Introduction to Health Economics

- Intro to Economics revisited
- Overview of Health Economics
- How the health care market is different from other markets

Readings:

- BHT Chapter 1
- Fuchs, V. (2014): "Why Do Other Rich Nations Spend So Much Less on Healthcare?" The Atlantic, July 23, 2014.

Podcasts:

- [NPR The Indicator] [Healthcare and Economic Despair](#), March 2020
- [NPR The Indicator] [An Economist goes to the hospital](#), May 2019
- [Freakonomics] How to Fix the Hot Mess of U.S. Healthcare, March 2021
- [Korean. American.] [An Ounce of Prevention](#), July 2023

(Week 2: Sep 2,9) Demand for Healthcare (No class on Sep 7, Labor day)

- The demand for healthcare
- The demand curve for healthcare
- Health Insurance Experiment in the U.S. (RAND Health Insurance Experiment, Oregon Medicaid Experiment)
- Non-experimental evidences in the U.S. and in Korea

Readings:

- BHT Chapter 2
- Finkelstein, A, Taubman, S., Wright, B., Bernstein, M., Gruber, J., Newhouse, J.P., Allen, H., Baicker, K., & Oregon Health Study Group. 2012. "The Oregon Health Insurance Experiment: Evidence from the First Year," *Quarterly Journal of Economics*, 127(3): 1057-1106.
- Manning et al. (1987). Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment," *American Economic Review* 77(3): 251-277

- Aron-Dine, A., Einav, L., & A. Finkelstein (2013): "The RAND Health Insurance Experiment, Three Decades Later," *Journal of Economic Perspectives* 27(1): 197-222.

Podcasts:

- [Freakonomics MD] [Does Health Insurance make you healthier?](#) Dec 2022
- [Freakonomics MD] [How Do We Know What Really Works in Healthcare?](#) Apr 2015

(Week 3: Sep 14, 16) Demand for Health: the Grossman Model

- Healthcare vs. Health
- The demand for health
- The Grossman Model

Readings:

- BHT Chapter 3
- Grossman, M., 2000. The human capital model. In Handbook of health economics (Vol. 1, pp. 347-408). Elsevier. (Update of: "On the Concept of Health Capital and the Demand for Health," *Journal of Political Economy*, 1972, 80(2), 223-255.)

(Week 4: Sep 21, 23) Socioeconomic disparities in health

- Pervasiveness of Health Disparities (The SES Health Gradient)
- Hypothesis to explain health disparities
- Fetal origins hypothesis and policies targeting child health

Presentation (replacing weekly Q&A assignment):

- You will be asked to find relevant plots/graphs/statistics on socioeconomic disparities in health to present in class.
 - By race, by education, by gender, by income level, by regions, by age, etc.
 - Health outcome: mortality, morbidity, self-reported health, life expectancy at birth, probability of hospitalization/death due to Covid/during pregnancy,
 - Think about the observed disparity in health through the framework of the Grossman model.

Readings:

- BHT Chapter 4
- Egerter, S., Braveman, P., Sadegh-Nobari, T., Grossman-Kohn, R., and Dekker, M., "Education and Health", Issue Brief Number 5, Robert Wood Johnson Foundation, 2011, part of the series: Exploring the Social Determinants of Health." (on RWJF site).
- Currie, J. 2011. "Inequality at Birth: Some Causes and Consequences," *American Economic Review: Papers and Proceedings*, 101(3): 1-22.
- Almond, D. & Currie, J. 2011. "Killing Me Softly: The Fetal Origins Hypothesis," *Journal of Economic Perspectives*, 25(3): 153-72.
- Chetty, R., Stepner, M., Abraham, S., Lin, S., Scuder, B., Turner, N., Bergeron, A., Cutler, D. 2016. "The Association Between Income and Life Expectancy in the United States, 2001-2014," *JAMA*, 315(16): 1750-1766.
- James P. Smith, "Healthy Bodies and Thick Wallets: The Dual Relation Between Health and Economic Status," *Journal of Economic Perspectives*, 1999, 12(2): 145-167.

- [Beyonce, Serena Williams open up about potentially fatal childbirths, a problem especially for black mothers, The Washington Post, August 2018](#)

(Week 5: Sep 28, 30) Health care supply (I): Physicians

- The costs and returns of being physicians
- Barriers to entry
- Physician as Agents
- Physician-induced Demand

Readings:

- BHT Chapter 5
- Sandy et al. (2009): "The Political Economy of the U.S. Primary Care," *Health Affairs* 28 (4): 1136-1144
- [Healthcare Beyond the Horizon: Exploring Korea's Healthcare System](#)

Podcasts:

- [\[NPR Planet Money Newsletter\] Are Doctors Overpaid?](#), March 2019
- [Tradeoffs] Becoming a doctor, June 2020
- [\[Freakonomics MD\] How can you choose the best doctor? Feb 2022](#)
- [\[Freakonomics MD\] Why Do Doctors Have to Play Defense? Sep 2022](#)
- [\[Freakonomics MD\] The Doctor is Out. The Physician Assistant Is In, Nov 2022](#)
- [\[Freakonomics MD\] Why Are There Still So Few Female Surgeons? Jan 2023](#)
- [\[Big Take Asia, Bloomberg\] South Korea has plenty of botox but not enough doctors, Jan 2025](#)

(Week 6: Oct 5, 7) Health care supply (II): Hospitals

- History of Hospitals
- The relationship between hospitals and hospitals
- The relationship between hospitals and insurance companies

Podcasts:

- [The Dark Side of Seoul] [Korean Hospitals: Tales of Good Healthcare, Bad Treatment](#) (Nov, 2024)

(Week 7: Oct 12, 14) Fall break

(Week 8: Oct 19, 21) Midterm week

Class Catch-up and Review (Oct 19); In-class Midterm Exam (Oct 21)

(Week 9: Oct 26, 28) Demand for Insurance

- Why people buy insurance?
- A basic health insurance contract
- Single-payer system (Korea) vs multi-payer system (US)

Readings:

- BHT Chapter 7

Podcasts:

- [NPR Planet Money] Summer School 8: Risk & Disaster, August 2020
- [Tradeoffs] The Good Stuff, December 2019

Videos:

- [Healthcare Triage] [What is Health Insurance, and Why Do You Need It?: Health Care Triage #2](#)

(Week 10: Nov 2, 4) Adverse Selection

- The intuition behind the market for lemons
- Akerlof's market for lemons Model
- Adverse selection death spiral
- When can the market for lemons work?
- Evidence for/against adverse selection
- Which country suffers more from adverse selection?

Readings:

- BHT Chapter 8, and 10
- Krugman, P (2005): "Health Economics 101," New York Times, November 14, 2005.
- Michael Geruso and Timothy Layton, "Selection in Health Insurance Markets and Its Policy Remedies," *Journal of Economic Perspectives*, 31(4), 2017, 2013-50.

(Week 11: Nov 9, 11) Moral Hazard

- A graphical representation of Moral hazard
- How to limit moral hazard
- The upside of moral hazard
- Which country suffers more from moral hazard?

Readings:

- BHT Chapter 11
- Gladwell, M. 2005. "The Moral-Hazard Myth," *The New Yorker*.
- Baicker, K, Taubman, S.L., Allen, H.L., Bernstein, M., Gruber, J.H., Newhouse, J.P., Schneider, E.C., Wright, B.J., Zaslavsky, A.M., & Finkelstein, A, 2013. "The Oregon Experiment – Medicaid's Effects on Clinical Outcomes," *New England Journal of Medicine*, 368: 1713-1722.
- Aviva Aron-Dine, Liran Einav, and Amy Finkelstein, "The RAND Health Insurance Experiment, Three Decades later," *Journal of Economic Perspectives*, 27(1), 2013, pp. 197-222.

Videos:

- [Healthcare Triage] [RAND and the Moral Hazard: Healthcare Triage #10](#)

(Week 12-13: Nov 16, 18, 23) Different Health Care systems around the world

- The Health policy conundrum
- The Beveridge model (U.K)
- The Bismarck model (Germany)

Readings:

- BHT Chapter 15-17

Videos:

- [Healthcare Triage] Healthcare in the UK, Healthcare in Germany
- [Washington Post] What experts say about who has the world's best health-care system (June 2021)

Final Group Project Proposal Due: Nov 25 Wednesday

(Week 13: Nov 25) Thanksgiving Eve – NO CLASS

(Week 14: Nov 30, Dec 2) Healthcare policy in the U.S.

- Employer-Sponsored Health Insurance
- Medicare and Medicaid
- Uninsurance
- 2010 Health Care Reform, ACA

Readings:

- BHT Chapter 18
- Gruber, J. 2017. "Delivering Public Health Insurance Through Private Plan Choice in the United States," *Journal of Economic Perspectives*, 31(4): 3-22.
- Cutler, D. 2013. "The Economics of the Affordable Care Act," New York Times, August, 2013

Podcasts:

- [What The Health?] All about Medicare (August, 2019)
- [What The Health?] All about Medicaid (October, 2019)
- [Tradeoffs] Why millions could lose Medicaid next year (July, 2021)
- [JPAM's Closer Look] Unraveling the Effects of the Affordable Care Act After 10 Years (Dec, 2019)

Videos:

- [The New York Times] What Does U.S. Health Care Look Like Abroad? (April, 2021)

(Week 15: Dec 7) Healthcare policy in South Korea

- Mandatory universal health insurance (National Health Insurance)
- Medical aid
- Single-payer system

(Week 15: Dec 9) Final Group Project Presentation and Final Exam Review Session

(Week 16) In-class Final exam