

Introduction to Health Economics: ENRH-104

Concepts and Controversies in Health Care Reform

Course Description – Spring 2021

Faculty Sponsor/Course Director:

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Student Liaison:

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Course Website:

<https://moneyinmedicine.wordpress.com>

Objectives:

This course introduces the microeconomic principles of health care with a focus on practical, observable economic concepts. Specifically, the course will focus on the observable economic concepts associated with financing American health care.

Since the Affordable Care Act (ACA) passed in March 2010, we have seen historic changes in health care coverage and financing. We will take advantage of this opportunity by starting each session with a discussion of a key concept related to health care reform, and then proceed to the underlying economic principles and sources of controversy. Particular attention will be directed to the impact of these changes on our patients and ourselves as practitioners. Inevitably, our exploration will be dominated by three fundamental considerations: cost, quality, and access.

Structurally, the class is organized into presentation and discussion components. Each class will begin with an economic analysis of the issues at hand in lecture format. The remaining class time will be devoted to discussing the assigned short readings and considering the lecture material in its broad context. The Schedule and Course Topics contain questions, which help stimulate discussion and serve as a guide for a multifaceted analysis that will be guided by class discussion. This course assumes no prior knowledge of either economics or business.

In summary, the main focus of this course is to discuss the issues involved after familiarization of the entire class via the introductory lectures. Because the financing and organization of health care continues to evolve, some of the discussion may differ from the current plan.

Course Motto:

“Just because you do not take an interest in economics doesn't mean economics won't take an interest in you.”
– Pericles (430 B.C.) (*Adapted*)

Format

The course will consist of presentations and discussion over six two-hour sessions. Students will be assigned a short reading about the issues to be presented before the session and be expected to contribute to the discussion. We encourage the sharing of strong, well-informed opinions.

Student Evaluation:

Grading will be pass/fail. In order to receive transcript acknowledgement, students must:

- Attend 5 of 6 scheduled sessions
- Participate in class discussions
- Complete the online REDCap course evaluation

Schedule and Course Topics:

Health Economics is an elective open to all medical students (MS1-4) of UT Southwestern. The sessions will be from 3:00 pm to 5:00 pm on the selected Wednesdays listed below.

Session 1 – Wednesday, February 3, 2021

Introduction to the Course; The Function of Health Insurance

At the core of health care reform is the role of insurance: the lack of it for some Americans and the reliability of it for everyone else. We will begin with a discussion of the central importance of insurance in the development of modern economies. Then, we will consider the application of insurance mechanisms to health care – where it seems to work well and where it does not. How does private insurance differ from public insurance? What are their relative advantages and disadvantages? What is the experience of other countries – and is this relevant for us?

Session 2 – Wednesday, February 17, 2021

The Cost of Health Care

Historically, the cost of health care increases well above the rate of inflation. In this discussion, we introduce three salient economic principles: supply and demand; determination of the cost of goods; and market equilibrium. A brief summary of price elasticity of demand and the determinants of elasticity are included. With this in mind, the discussion for this week focuses on the applicability of these fundamental forces to the health care sector. We also discuss what determines consumer behavior and what physicians and society can do to prevent the seemingly inevitable rise in cost. Further questions posed include: How does “moral hazard” challenge the good intentions of patients and physicians? What are the lessons of the striking variability of medical practices as demonstrated, for example, by the Dartmouth Atlas?

Session 3 – Wednesday, March 3, 2021

The Free Market in Health Care; Affordable Care Act of 2010

Our general economy is based on free markets. Indeed, our relative affluence can be attributed to the efficiency of free markets. But can we rely on free markets to meet all of our health care needs? What are the impediments to free market allocation of health care services? What are the alternatives? What is the current role of public financing and should this be expanded? To what extent

do we now have a competitive market for health care services and what is the function of government regulation? Then, the fundamental question: should health care be a free market commodity or a right of citizenship?

Session 4 – Wednesday, March 17, 2021

Health Care Rationing – Good, Bad, or Inevitable?

In the debate over health care reform, few words are more charged – or more poorly understood – than “rationing”. Leading politicians have decried the looming menace of rationing. Is this a statement of high principle or base pandering?

We will start by defining this polarizing word, thereby making it less controversial while simultaneously drawing attention to the fact that Americans may have already experienced various forms of health care rationing. The question then becomes: How can rationing be reconciled with our values of equity and fairness?

Session 5 – Wednesday, April 21, 2021

The Allocation of Physician Services – Balancing Physician Supply with Patient Demand (with guest lecturer, Dr. Charles McConnel)

Can we predict whether we will have a sufficient number of physicians in the future? Will there be an appropriate distribution between primary and specialty care? How do the relative numbers of primary care and specialist physicians affect the cost and quality of care? Is a balance that differs from our current distribution desirable?

How will you decide on which residency to choose?

Session 6 – Wednesday, May 12, 2021

The Financial Lives of Our Patients and Their Families; Course Summary

Over the past generation a growing proportion of financial risk has been transferred from corporations and large organizations to individuals and families. This includes assuming greater responsibility for the risk of serious illness or injury. What are the health consequences for this change in risk allocation? What are the differences in health status between individuals of different socioeconomic status, considering that it not only impacts their ability to attain favorable risk sharing but also to cope with realized risks? How should this influence our perspective on health care reform?

Finally, which is the larger threat: The impact of health care reform or the failure to reform? How will these changes affect our future as physicians?