

Doane College  
ECO 329 Healthcare Economics  
Syllabus Spring 2018  
Jody Woodworth, Ph.D.

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Office Hours: Before and after class and by appointment. Or you may contact me on my cell or email. I will respond within 24 hours. This is an 8-week course and will be held at the Omaha campus from January 17 to March 7, 2018, 6:00 – 10:30, Wednesday evenings. All final assignments will be due on March 7<sup>th</sup>.

**Course Description.** Prerequisite: ECO 203. (3 credit hours, Wednesday nights)

The U.S. health care system continues to experience problems in the financing, organization and delivery of health care services. Costs are increasing at unsustainable rates while fewer employers are offering health insurance to their employees. While the U.S. leads the world in money spent on health care, it ranks low on most measures of health status. This course will examine how economic analysis can be applied to healthcare. Students successfully completing this course will be able to: 1) understand economic theory and terminology as they relate to healthcare; 2) apply economic theory to health care problems and issues; 3) comprehend the interactions between both the private and public sectors in the struggle to find workable solutions to healthcare problems and issues; and 4) analyze and evaluate various health care policy proposals to determine feasible solutions.

**Course Objectives.**

Economics is a social science. As such, healthcare economics is an important tool that is used in a wide range of disciplines including health care, law, public policy, banking, business, forestry, and agriculture. Thus, the overarching objectives of this course is to provide you with an overview of major concepts, theories, competencies in healthcare economics.

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Upon completion of this course, the student should be able to:

1. Evaluate the relevance of economics to health care analysis,
  2. Analyze economic concepts and models presented,
  3. Application of the various economic models to the healthcare industry,
  4. Develop skills in assessing economic problems, policy development and implementation in healthcare,
  5. Analyze the health care problems facing society today within an economic framework,
  6. Correlate the comparative economic advantages of the various policy options for the delivery of health care to contemporary American society.
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**Course Materials**

1. *Required text:* Thomas Getzen, *Health Economics and Financing* (2013). Fifth Edition. John Wiley & Sons, Inc, Hoboken, NJ.
2. Handouts that will be distributed in class periodically.

3. *Recommended readings:* Periodicals such as “Business Week,” “Fortune,” “The Economist,” “Nursing Economics,” “Nursing Administrator’s Quarterly,” “Journal of Nursing,” “Inquiry,” “Medical Economics,” “Health Affairs,” “Modern Healthcare,” and the “Wall Street Journal.”

#### **Texts:**

Christopher J. Conover, *American Health Economy*, (2012). American Enterprise Institute, Washington, D.C.

Paul J. Feldstein, *Health Policy Issues: An Economic Perspective*. (2007). Fourth edition. Health Administration Press, Chicago, IL.

Sherman Folland, Allen Goodman & Miron Stano, *Economics of Health and Healthcare* (2010). Sixth edition. Prentice Hall Publishers, Upper Saddle River, NJ.

Bruce J. Fried and Laura M. Gaydos, *World Health Systems* (2002). AUPHA Press, Chicago, IL. Peter R. Kongsvedt, *Essentials of Managed Care* (2004). Fourth edition. Aspen Publishers, Gathersburg, MD.

Roger Miller, *Economics Today* (2011). 15th Edition. Addison-Wesley, NY.

#### **Websites:**

U.S. Department of Health & Human Services, <http://www.hhs.gov/> Kaiser Family Foundation, <http://www.kff.org>

Medicare Program <http://www.medicare.gov/> Agency for Health Care Policy & Research, <http://www.ahrp.gov>

Centers for Medicare and Medicaid Services, <http://www.cms.hhs.gov>

International Health Economics Association, <http://www.healthconomics.org>

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**Introductory Remarks.** This course is about your gaining an understanding of the various core dimensions of healthcare economics, how these elements interact with each other, and what contributes to and detracts from economic efficiencies. Within this framework we will explore such powerful aspects of economics as the flow of funds through the healthcare system, economic evaluation of the of health services, cost benefit and cost effectiveness analysis, health insurance, hospitals, hospital costs, managed care, long term care, pharmaceuticals and the dynamics of health spending.

This course will provide you with an enhanced understanding of the influence healthcare economics plays in our short and long-term environment. Learning about these key concepts, theories, competencies and practices has relevance and utility for you as you move forward in your professional career as a healthcare leader, follower, or entrepreneur.

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#### **Course policies**

1. **Equity:** In organizations people in leadership and followership roles are concerned with the notion of equity. “Equity” operationally defined is the idea of ensuring that everyone is treated in a fair and equal manner based on norms established in the organization. To be fair to everyone in the class the following norms are to be adhered to by all class members and me:
  - Classes start and end on time. You are expected to be in class at the start time and remain until the class ends.
  - Please turn off your mobile phone and pager in class.

- No talking in class when someone else is talking. This does not apply when you are in a small group activity.
2. **Study time:** Expectation of the amount of time the course requires students to spend preparing and completing assignments. (Typically, students could expect to spend approximately 12 hours a week preparing for and actively participating in this 8-week 3 credit hour course. This actual time for study varies depending on students' backgrounds.)
- The Higher Learning Commission's, Doane University's accrediting body, definition of a credit hour can be accessed at this link  
<https://www.hlcommission.org/Policies/assignment-of-credits.html>
- Federal Credit Hour Definition:** A credit hour is an amount of work represented in intended learning outcomes and verified by evidence of student achievement that is an institutionally-established equivalency that reasonably approximates not less than: (1) one hour of classroom or direct faculty instruction and a minimum of two hours of out-of-class student work each week for approximately fifteen weeks for one semester or trimester hour of credit, or ten to twelve weeks for one quarter hour of credit, or the equivalent amount of work over a different amount of time; or (2) at least an equivalent amount of work as required in paragraph (1) of this definition for other activities as established by an institution, including laboratory work, internships, practica, studio work, and other academic work leading toward the award of credit hours. 34CFR 600.2 (11/1/2010).*
3. **Academic Integrity:** Doane University expects and requires all its students to act with honesty and integrity, and respect the rights of others in carrying out all academic assignments. Academic dishonesty, the act of knowingly and willingly attempting or assisting others to gain academic success by dishonest means, is manifested in various measures. Gehring, et al, (1986) suggests that four categories of academic dishonesty exist:
1. Cheating
  2. Fabrication
  3. Facilitating academic dishonesty
  4. Plagiarism
- For more information on academic integrity, please visit the website:  
<http://catalog.doane.edu/content.php?catoid=4&navoid=191>
- i. Late work – The federal requirement states that students must complete 75% of the course work in order to receive an incomplete grade. If students fall more than two weeks behind, they cannot meet this requirement. A 10 point deduction per week will be given for any late work.  
 Submitting assignments – All assignments should either be mailed to the instructor or brought to class.
  - ii. Accommodations – see student handbook  
<http://catalog.doane.edu/content.php?catoid=5&navoid=452>
  - iii. Student Support – see student handbook <http://www.doane.edu/academic-success-center>
  - iv. Harassment – see student handbook  
<http://catalog.doane.edu/content.php?catoid=5&navoid=452>
  - v. Grade appeal process – see student handbook  
<http://catalog.doane.edu/content.php?catoid=5&navoid=238>

**Course Requirements:** The lecture topic dates are approximate. The materials, including the schedule and evaluation procedures, are subject to change in the event of extenuating circumstances. Such changes while not anticipated are possible. This instructor, therefore, reserves the right to change anything in the syllabus at any time and for any reason, students will be notified.

**Your Overall Evaluation.** In this class, you will be evaluated based on the following criteria:

| Activity   | Points            |
|--|-------------------|
| 1. Attendance & Participation                            | 80                |
| 2. Quizzes in designated weeks                           | 120               |
| 3. Article Critiques (4 @ 50 pts each)                   | 200               |
| 4. Self Study Set*                                       | 90                |
| 5. Team Research<br>Document (100)<br>Presentation (110) | 210               |
| <b>Total:</b>  | <b>700 Points</b> |

**Grading Scale**

Grades will be distributed by dividing the sum of the students earned points by the possible points (700). The following letter grades will be assigned:

|           |            |           |               |           |           |           |           |
|-----------|------------|-----------|---------------|-----------|-----------|-----------|-----------|
| <b>A</b>  | 100% – 94% | <b>A-</b> | 93% – 92%     | <b>B+</b> | 91% – 89% | <b>B</b>  | 88% – 87% |
| <b>B-</b> | 86% – 84%  | <b>C+</b> | 83% – 80%     | <b>C</b>  | 79% – 75% | <b>C-</b> | 74% – 70% |
| <b>D</b>  | 69% – 65%  | <b>F</b>  | 64% and below |           |           |           |           |

**Final Course Grades:** GPA calculation is accomplished according to Doane College policy. Grade point averages are computed by dividing the total grade points earned by the total number of GPA credits. AU, I, IP, W, and P grades are not included in the calculation.

**Grade Point System**

| Grade | Grade Points per credit | Grade | Grade Points per credit | Grade | Grade Points per credit |
|-------|-------------------------|-------|-------------------------|-------|-------------------------|
| A+    | 4.0                     | B-    | 2.7                     | D     | 1.0                     |
| A     | 4.0                     | C+    | 2.3                     | D-    | 0.7                     |
| A-    | 3.7                     | C     | 2.0                     | F     | 0.0                     |
| B+    | 3.3                     | C-    | 1.7                     |       |                         |
| B     | 3.0                     | D+    | 1.3                     |       |                         |

**Attendance policy & Participation:** (10 points/week) It is important that for you to be prepared, to attend, and to participate in the planned class activities. A full working knowledge of healthcare economics cannot be acquired simply by reading the assigned text. Your regular attendance and participation will help you maximize the learnings to be realized while ensuring that you gain a sense of order, flow and logic of the course. Should you be absent from more than one (1) class for whatever reason, each of these absences will result in a deduction of 10 points each from your total points accumulated. Students that miss one class will receive the maximum number of points for attendance if all materials are submitted for that week and the instructor is notified.

By hearing the diverse opinions of your peers, you will gain deeper insight into the complexities of the issues being discussed and you will be exposed to a variety of ideas about healthcare economics. By

voicing your own opinions in class, you further develop your communication skills and obtain feedback from others (including me) on your ideas. Gaining participation “marks” is not intended to be a "numbers game." My intent in class is to facilitate discussion that will contribute to a quality learning experience for you. Your participation mark is based on your demonstration of your own learning and to the learning of others in the class.

To assess your own participation (10 points each week), please think about the following statements. A “yes” answer to each suggests you are participating effectively:

- My comments reflect an understanding of the reading and lecture material.
- They reflect an attempt to connect ideas.
- I ask questions when I don't understand or don't agree with something I have read or heard.
- I encourage and allow others to participate.
- I actively listen to others and try to build on their ideas or engage in healthy discussion.
- I share my own personal life and work experiences (where appropriate) when they are relevant to the topic of discussion.

**Quizzes:** (points will be designated in each quiz) There will be quizzes in designated weeks during class to ensure your knowledge and understanding of material presented. As the material presented may not be from the required text, it is important to take all materials presented into consideration. These quizzes will consist of multiple choice and short answer.

**Article Critiques:** (50 points each) Students will be asked to prepare four article critiques during the course. When writing a critical review of an article, you will need to summarize, evaluate, and offer critical comments on the ideas and information that the author(s) present in the article. Your goal should be to read and understand the article, analyze the findings or arguments, evaluate and comment. It is **important** to apply economic concepts to your analysis. Students are to follow the format outlined below.

### **Introduction**

- Give the title of the article and name of the author(s) and provide a full citation of the article. Identify the writer by profession or importance.
- Identify the purpose of the article.
- Tell what the research question or point of the article is and explain why it is interesting and important. Give your overall impression.
- It is important that the introductory paragraph include a thesis-type statement which identifies the main points you will be discussing in the analysis section of the review.

### **Analysis**

- Describe the results or conclusion the author came to in the article.
- Write an analytical summary of the main findings, arguments, or conclusions of the article/study using economic judgements.
- Discuss the strengths and usefulness of the article/study.
- Discuss what you learned from the article and if you recommend it to other students.
- Support your analysis with quotations and/or specific examples throughout.

### **Conclusion**

- Summarize the previous discussion.
- Make a final judgment on the value of the article.
- State what you learned from the article.
- Comment on the future implications of the research.

### **Format**

Always remember to apply APA format and properly cite the resources per the APA citation style. The

rubric will be provided in the course.

**Team Research, Scholarly Paper and Presentation:** (210 points total) You will be on teams, with each team having an even distribution of members. The teams are assigned to each research article for presentation to the other members of the class. Details on the presentation will be given to each team. A written analysis of your assignment is required and will be handed in prior to the team presentation. You are required to be in attendance for your team's presentation in order to receive credit for the points that are awarded to your team. Your team can receive a maximum of 100 points for this presentation.

### **Your Team Research Document - Overview**

(100 points) Your team has been hired by a large for-profit organization as health economic consultants to prepare a presentation of the research article selected for your team. The key administrators of the organization require that your report be an independent report and presentation in which important issues that you glean from the assigned research article and your independent research are reviewed. The administrators are prepared to consider any recommendations you may have to improve the situation. You are encouraged to use additional resources when you collect data and information for this assignment.

In order to impress your client, your analysis and presentation will need to be well thought out and tightly organized. Your document and presentation will also need to be neatly prepared. To facilitate this, you may include diagrams, charts, figures, video clips and other graphic representations as you deem appropriate.

*Note: Your document including the executive summary and all elements of the report and a copy of your presentation is due just before your team gives the presentation. References are required.*

### **Specifics: Team Presentation (210 points)**

You should think of this presentation as an opportunity to explore various aspects of the assigned health care economics situation as discussed in the assigned research article in a structured manner. During your analysis you should draw from your academic training both past and present, recent work experiences, and general observations about the health care economics world. The structure of your presentation is important and all team members **must** present. Remember your economic way of thinking. The following template or roadmap provides a consistent and logical way by which you can approach analyzing and, accomplishing the assignment. Thus, your report document and presentation should include the following five (5) major elements.

**1. Summary of the Research Article. (25 points.)** This is a summary of your interpretation of the research article, a review of events, key participants, and factors leading to the current situation. You should make no attempt to summarize your findings or recommendations for resolution of the issues that may be involved. Simply summarize the key factors in the research article from your perspective in a concise, specific and factual manner.

**2. Key issues in Case. (25 points.)** In this section, be sure you identify only the key problems/issues in the research article. Be succinct, factual and specific in your identification of these issues. I recommend you focus on 4-5 issues, maximum. If you have more than 5 issues you have too many. If you have only two or three issues, you have likely missed some other important issues. Here are 3 examples of issue statements:

- Health care organizations do an inadequate job of providing a meaningful orientation to newly graduated nurses into the nursing profession.

- Organizations have antiquated cost/benefits analysis processes that hamper their ability to efficiently and properly accomplish cost/benefits issues and decisions.
- There are no development plans “in place” to replace 2 senior leaders that will be retiring within the next 12-18 months.

**3. Key issues/problems discussion (25 points).** In this section, you should provide a discussion of each of the key issues/problems you have identified in section “B” (above) and explore possible solutions to those issues. This section is an excellent “place” for you to integrate your added research into the findings of the research article assigned your team. You should not reach any decisions on the possible solutions to the issues --only discuss possibilities.

**4. Solution/decision (20 points).** In this section you should provide a summary of what you recommend be done to resolve the issues/problems you identified in section “B.” The information you present in this section should be drawn from the analysis and discussion you created in section “C.” You need only summarize the recommendations you are making to solve or positively alter the identified issues. There is no need to explain why you did not select some of the other possible solutions you discussed in section “C.”

**5. Implementation plan (15 points).** As you know, organizations do not have limitless resources. As a consequence, they must allocate their resources based on the possible return on the investment made and do so on a prioritized basis. Thus, this part of your analysis is structured to help ensure that you include the same kind of thinking in your solution to the issues in the research article. Specifically, please be sure to include the following at the beginning of this section of your presentation: In priority order this is our implementation plan. Then, organize your implementation plan as follows:

Specifics: Team In-Class Presentation/Discussion Format. Please follow this format when you present your research article assignment in class.

- 5 minutes of preparation time
- 20 minutes of uninterrupted time for your presentation including the 5 elements noted above Team, class members, me:
- 15-20 minutes for a general discussion of the presentation including our collective observations, conclusions, and learnings. For class time management and equity purposes, these time limits will need to be strictly adhered to. When you have five minutes remaining and when your time is up, I’ll let you know. Points will be deducted from your presentation if you exceed the time limit. (Practice, practice, practice.) Some thoughts about your presentation format are in order.

The most common errors teams make, in addition to poor preparation, include:

- Trying to present too many ideas. Three strong ideas presented well are generally much more convincing than 5 ideas presented quickly. Thus, your presentation should emphasize your most important ideas and include a brief discussion of the others.
- Not prepared to receive questions; that is, to answer the question, “So what?”
- Not prepared to ask questions.
- Misuse of your time by exceeding the time allowed.
- When you analyze and discuss your presentation, consider the following all of which are dimensions of the field of Health Care economics:

## Course Calendar

The instructor reserves the right to change anything in the syllabus at any time and for any reason. Notification will be provided to the students.

| WEEK            | CHAPTERS            | TOPICS   | ASSIGNMENT   |
|-----------------|---------------------|--|--|
| Week 1 – Jan 17 | Chapters 1 & 2      | Introduction & syllabus<br>Context for studying<br><br>Economic Evaluation of Health Services: Demand and Supply           | <ul style="list-style-type: none"> <li>• Introductions</li> <li>• Review of syllabus</li> <li>• Classroom activities</li> <li>• Lecture, Economic theory</li> <li>• Review basics of Law of Supply/Demand</li> <li>• Supply/Demand handout</li> </ul>  |
| Week 2 – Jan 24 | Chapters 3 & 4      | Cost-Benefit, Cost Effective Analysis<br><br>Health Insurance: Financing Medical Care                                      | <ul style="list-style-type: none"> <li>• Quiz #1 (30 pts) Chapters 1 &amp; 2</li> <li>• Review Elasticity/Production function</li> <li>• Lecture Cost Benefit Analysis/Insurance</li> <li>• Classroom activities</li> <li>• Article Critique #1 (50 pts - Due by next class)</li> </ul>  |
| Week 3 – Jan 31 | Chapters 5 & 6      | Insurance Contracts, Managed Care<br><br>Physicians  | <ul style="list-style-type: none"> <li>• Quiz #2 (30 pts) Chapters 3 &amp; 4</li> <li>• Lecture Insurance/Managed Care</li> <li>• Article Discussions in class by each student – application of economic thinking/theories</li> </ul>  |
| Week 4 – Feb 7  | Chapters 7, 8 and 9 | Medical Education, Organization and Business Practices<br><br>Hospitals<br><br>Management and Regulation of Hospital Costs | <ul style="list-style-type: none"> <li>• Quiz #3 (30 pts) Chapters 5 &amp; 6</li> <li>• Lecture Organizations and business practices / Hospitals</li> <li>• Classroom activities</li> <li>• Select teams and begin literature search in class</li> <li>• Article Critique #2 (50 pts - Due by next class)</li> </ul>                                 |
| Week 5 – Feb 14 | Chapters 10, 11, 12 | Long-Term Care<br><br>Pharmaceuticals<br><br>Finance and Ownership of HC Providers   | <ul style="list-style-type: none"> <li>• Lecture Long-Term Care/Pharmaceuticals/Finance and Ownership</li> <li>• Article Discussions in class by each student – application of economic thinking/theories</li> <li>• Teams continued work on scholarly paper and presentation</li> <li>• Article Critique #3 (50 pts - Due by next class)</li> </ul> |

|                  |   |   |   |
|------------------|---|---|---|
| Week 6 – Feb 21  | Chapters<br>13, 14, and 15                  | Macroeconomics of<br>Medical Care<br><br>Role of Government –<br>Public Goods | <ul style="list-style-type: none"> <li>• Lecture Macroeconomics/competitive markets/review circular flow model. Government intervention</li> <li>• Article Discussions in class by each student – application of economic thinking/theories</li> <li>• Teams continued work on scholarly paper and presentation – hand in drafts</li> </ul> |
| Week 7 – Feb 28  | Chapters<br>16, 17 and 18                   | International<br>Comparisons<br><br>Evaluation of HC Policy                   | <ul style="list-style-type: none"> <li>• Quiz #4 (30 pts) chpts 13 &amp; 14</li> <li>• Lecture on International Comparisons/Evaluation of Policy</li> <li>• Article Critique #4 on HC Policy (50 pts - Due by next class)</li> <li>• Teams continued work on scholarly paper and presentation updates</li> </ul>                            |
| Week 8 – March 7 | Chapters<br>18<br><br>Team<br>Presentations | Value of Money in the<br>Future of HC   | <ul style="list-style-type: none"> <li>• Lecture Value of Money in HC</li> <li>• Article Discussions in class by each student – application of economic thinking/theories</li> <li>• Team Presentations – hand in final paper and presentation.</li> </ul>  |