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 contributes 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 important 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:
  

- Handouts
- Videos
- Computer applications (Excell 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.

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
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</table>
| 1 & 2 | Introduction: Money, Medicine and Health.  
- Defining the term Economics. 
- Describe the terms of Trade. 
- Explain the term value. 
- Describe the financing sources of health care 
- Economic Principles as conceptual tools in Health care projects. |

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<thead>
<tr>
<th>Week</th>
<th>Readings</th>
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<tr>
<th>Week</th>
<th>Readings</th>
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| 3 | Demand and Supply  
- Understanding Demand Curve  
- The Supply Curve  
- Price sensitivity in health care  
- Needs versus Demand  
- Determinants of Health |

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<thead>
<tr>
<th>Week</th>
<th>Readings</th>
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</thead>
</table>
-Effeciency of health services.
-Lawc Of Demand.
-Elasticity Of Demand.
-Demand for Medical care.

Robert H. Frank,
The Economic Naturalist

Paul Heyne,
The Economic Way of Thinking

Joseph Newhouse,
Pricing the Priceless

Thomas Rice,
The Economics of Health Reconsidered
(Chicago: Health Administration Press, 2002).

John Eisenberg,
Doctor’s Decisions and the Cost of Medical Care

Jerome Groopman,
How Doctors Think

Anil Gawande,
Complications:
A Surgeon’s Notes on an Imperfect Science
(New York: Picador, 2002).

John Eisenberg,
Doctor’s Decisions and the Cost of Medical Care

Robert Fogel,
The Escape from Hunger and Premature Death, 1700–2100: Europe, America and the Third World

David Cutler, Angus Deaton, Adrianna Lleras-Muney, “The Determinants of Health,”
Journal of Economics Perspectives
20, no. 3 (2006): 97-120. See also the variety of sources cited in Chapter 16.

Atul Gawande,
Complications: A Surgeon’s Notes on an Imperfect Science
(New York: Holt & Co., 2002) and “The Velluvial Matrix.”
The New Yorker,

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

George D. Lundberg,
Severed Trust: Why American Medicine Hasn’t Been Fixed

Michael Millenson,
Demanding Medical Excellence: Doctors and Accountability in the Information Age
(Chicago:
| 5 | Hospitals As A Source Of Financing:  
-From charitable Institution to Corporate Chain.  
-Development of Modern Hospitals.  
-Hospital Financing :Revenues.  
-Hospitals Source Of Finance.  
-Hospital Financing :Expenses.  
-Financial Management and Cost Shifting .  
-How Do Hospitals compete .  
-Organization of Hospital.  
-Pharmaceuticals as a source of funding | HEF: 8,9  
American Hospital Association,  
Hospital Statistics and Hospital Guide is published annually.  
David M. Cutler, ed.,  
Modern Healthcare and Hospitals and Health Networks are biweekly magazines covering the hospital industry in depth.  
Rosemary Stevens,  
| 6&7 | Health Insurance : Financing and Managing medical Care  
Contracting:  
-Methods of covering Risks .  
-Insurance- Third Party .  
-Risk Aversion .  
-Moral Hazard.  
-Tax Benefits.  
-Contracting and Managing Health care contracts .  
-Sources of Insurance. | HEF 3.4  
Michael Morrisey,  
Health Insurance (Chicago: AUPHA/Health Administration Press, 2007).  
John Nyman,  
Institute of Medicine,  
AHIP (America’s Health Insurance Plans),  
www.AHIP.org  
Employee Benefit Research Institute, www.ebri.org  
Mark V. Pauly, “Risks and Benefits in Health Care: The View from Economics.”  
| 8&9 | Financing of health care services expenses.  
-What is financing.  
-Value and Rate of Returns.  
-Types of Risks.  
-Ownership and Agency.  
-Capital Financing Hospitals.  
Health Care for Profit | HEF 13,14  
CFO Magazine  
, http://www.cfo.com  
Fitch Ratings, Rating Process for Nonprofit Health Care  
Credits, http://www.fitchratings.com/  
Louis C. Gapenski,  
Healthcare Finance: An Introduction to Accounting and  
Financial Management  
(Chicago:  
Health Administration Press, 2004).  
Healthcare Financial Management Association,  
http://www.hfma.org  
Moody’s U.S. Municipal Bond Rating Scale,  
http://www.moodys.com/  
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  
J. B. Silvers, “The Role of Capital Markets in  
Restructuring Health Care,”  
Journal of Health Politics, Policy and Law  
Standard & Poors, Understanding Capital Markets,  
http://www2.standardandpoors.com  
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  
Enterpreneurs? The Failure of Organizational  
|---|---|
| 10&11 | The Role Of Government  
-The Role of Government in Financing  
Medical firms /  
-Governmental Health Financing.  
-Monopoly and Market Failure.  
-Law and Order.  
-Public Goods and Expenditure.  
Information. | HEF 14  
American Journal of Public Health  
and  
Public Health Reports  
, published monthly.  
U.S. Centers for Disease Control and Prevention  
(http://www.cdc.gov/).  
Institute of Medicine,  
For the Public’s Health  
Journal of Law & Economics  
3 (1960): 1–44.  |

**Disclaimer:** This project has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.
<table>
<thead>
<tr>
<th>Authors</th>
<th>Works</th>
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<tbody>
<tr>
<td>Joseph Stiglitz</td>
<td>Economics of the Public Sector (New York: W. W. Norton, 2000).</td>
</tr>
</tbody>
</table>

**Future of health Care services sectors:**
- The consumption Function.
- Adjusting to Change: Dynamics.
- Forecasting future Health Expenditure.
- Cost Control.
- Workforce Dynamics.

**HEF 13**

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

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<th>14</th>
<th>Modern trends in medical care services expenditures and revenues</th>
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<td></td>
<td>- Wide Difference among Nations.</td>
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<td>- Micro versus Macro Allocation.</td>
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<td>- Casualty.</td>
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<td>- Low income Countries Middle Income Countries. High Income Countries.</td>
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<td></td>
<td>- International Trends In Health Care.</td>
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</tbody>
</table>

HEF 15,16
- OECD Health Data. www.oed.org
- World Health Organization,
World Health Statistics 2011;
Rupa Chandra, “Trade in Health Services,”
Bulletin of the World Health Organization
David M. Cutler, “Equality, Efficiency and Market Fundamentals: The Dynamics of International Medical Care Reform,”
Journal of Economic Literature
Health Policy
Bruce J. Fried and Laura M. Gaydos, eds.,
Alan Garber and Jonathan Skinner, “Is American Health Care Uniquely Inefficient?”
Journal of Economic Perspectives
Philip Musgrove, Riaadh Zeramdini, and Guy Carrin, “Basic Patterns in National Health Expenditure,”
Bulletin of the World Health Organization
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

DISCLAIMER: This project has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.
5th Week: Hospitality as a Source of Financing Health care

6th & 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)

