MEMORANDUM

TO: Dr. Jeannine Blackwell, Dean
The Graduate School

FROM: Mike Tearney, Associate Dean

DATE: November 19, 2004

SUBJECT: Department of Economics ~ New Courses and Minor Course Change

The Gatton College of Business and Economics faculty unanimously approves two new courses in Economics and one minor course change in Economics.

The Department of Economics has revised its fields within the Ph.D. in Economics program to phase out the traditional Environmental and Resource Economics field and phase in a new hybrid Environmental and Health Economics field. The motivation was scholarly interest, student marketability, and course supply feasibility. Therefore, two new courses are proposed, ECO 724 Environmental Economics and ECO 725 Health Economics. These courses comprise this field and have been taught provisionally under the ECO 796 number in the past.

A minor course change has also been approved by the Gatton College faculty to strengthen the prerequisites for ECO 703 Introduction to Econometrics I. Specifically, the change is to add ECO 590 Introduction to Quantitative Economics as an explicit prerequisite to clarify the level at which the course is taught. This is necessary because some students recently have signed up for the course without adequate preparation in linear algebra.

If you need any additional information on these new courses or the minor course change, please contact either Dr. Glenn Blomquist or Dr. Frank Scott in the Department of Economics.

Enclosures
APPLICATION FOR NEW COURSE

1. Submitted by College of Business and Economics Date April 21, 2004
   Department/Division offering course Economics

2. Proposed designation and Bulletin description of this course
   a. Prefix and Number ECO 725
   b. Title* Health Economics
      *NOTE: If the title is longer than 24 characters (including spaces), write a sensible title (not exceeding 24 characters) for use on transcripts
   c. Lecture/Discussion hours per week 3
   d. Laboratory hours per week 0
   e. Studio hours per week 0
   f. Credits 3
   g. Course description
      This course rigorously examines the organization, financing, and management of the U.S. health care system and programs, and emphasizes economic analysis contemporary health policy concerns. By the end of the semester, students should have the institutional knowledge and analytic tools needed to contribute to current public policy debates about health and medical care. This course and ECO 724 Environmental Economics are the two courses that are the basis for the area in Environmental and Health Economics in the Ph.D. program in Economics.
   h. Prerequisites (if any)
      ECO 601 and ECO 703 or consent of instructor
   i. May be repeated to a maximum of 0 (if applicable)

4. To be cross-listed as
   Prefix and Number Signature, Chairman, cross-listing department

5. Effective Date Fall 2005 (semester and year)

6. Course to be offered ☑ Fall ☐ Spring ☐ Summer

7. Will the course be offered each year? (Explain if not annually)
   ☐ Yes ☑ No
   Field courses in the Ph.D. program in economics are offered every other year.

8. Why is this course needed?
   This course is required for the Ph.D. field in Environmental and Health Economics in the Department of Economics

9. a. By whom will the course be taught? Aaron Yelowitz or Glenn Blomquist
   b. Are facilities for teaching the course now available?
      If not, what plans have been made for providing them?
         ☑ Yes ☐ No
APPLICATION FOR NEW COURSE

10. What enrollment may be reasonably anticipated? 5-12 students each time offered

11. Will this course serve students in the Department primarily?  
Will it be of service to a significant number of students outside the Department?  
If so, explain.

The course is likely to be taken by some Ph.D. students in the Martin School of Public Policy and Administration

12. Check the category most applicable to this course

☐ traditional; offered in corresponding departments elsewhere;
☒ relatively new, now being widely established
☐ not yet to be found in many (or any) other universities

13. Is this course applicable to the requirements for at least one degree or certificate at the University of Kentucky?  

☒ Yes ☐ No

14. Is this course part of a proposed new program:  
If yes, which?

15. Will adding this course change the degree requirements in one or more programs?*  
If yes, explain the change(s) below

☒ Yes ☐ No

16. Attach a list of the major teaching objectives of the proposed course and outline and/or reference list to be used.

17. If the course is a 100-200 level course, please submit evidence (e.g., correspondence) that the Community College System has been consulted.  
☐ Check here if 100-200.

18. If the course is 400G or 500 level, include syllabi or course statement showing differentiation for undergraduate and graduate students in assignments, grading criteria, and grading scales.  
☐ Check here if 400G-500.

19. Within the Department, who should be contacted for further information about the proposed course?

Name  Aaron Yelowitz  
Phone Extension  257-7634

*NOTE: Approval of this course will constitute approval of the program change unless other program modifications are proposed.
APPLICATION FOR NEW COURSE

Signatures of Approval:

<table>
<thead>
<tr>
<th>Signature</th>
<th>Department Chair</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Glen C. Fungquist</td>
<td>5-5-04</td>
</tr>
<tr>
<td></td>
<td>Michael O.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dean of the College</td>
<td>11-18-04</td>
</tr>
</tbody>
</table>

*Undergraduate Council

*University Studies

*Graduate Council

*Academic Council for the Medical Center

*Senate Council (Chair)

Date of Notice to University Senate

*If applicable, as provided by the Rules of the University Senate

ACTION OTHER THAN APPROVAL

Rev 3/04
ECO 796: HEALTH ECONOMICS
Syllabus and Reading List, Fall 2003
University of Kentucky
TR, 4:30-5:45 pm, BE 324 (Economic Conference Room)

Aaron Yelowitz
335W Business and Economics
Email: aaron@uky.edu

Fall 2003
Telephone: 859-257-7634
Office Hours: Tues/Thurs, 3:30-4:30 (other times are easily arranged)

Course Goals: This course examines the organization, financing, and management of the U.S. health care system and programs, and emphasizes contemporary health policy concerns. By the end of the semester, students should have the institutional knowledge and analytic tools needed to contribute to current public policy debates about health and medical care.

Specifically,
- Be familiar with basic facts about the U.S. health care system
- Be familiar with the major economic issues in health care policy
- Have experience using economic policy analysis to evaluate public policy issues in health care

In addition, one of the main goals that I have an instructor is to encourage students to explore dissertations that involve the health care system.

Grading: In order to encourage students to conduct original research in health economics and move along on their dissertations, the grading will consist of the following:
1. In class presentation (25%) – The field of health economics is vast, and the goal of the presentation is to teach the entire class about an explored aspect of health economics
2. Referee Report (25%) – The goal here is to critically review & reconcile several published/unpublished papers.
3. Data Exercises/Replications (50%) – There will be TWO exercises/replications this semester. In one of the two, all the students will use a relatively under-used health care data set, called “HCUP,” which is a nationwide inpatient sample, and contains data from approximately 7 million hospital stays for 1000 hospitals in 24 states. You will pose a narrow, health related question and try to answer it with this data. In the second exercise, you will choose your own topic & data, and answer it.

My philosophy with graduate teaching is that the main goal is to move you toward writing a dissertation.

Readings: I have put a large number on readings in Acrobat format on a CD. Most of the articles come from the Handbook of Health Economics (HHE), as well as the AER, QJE, JPE, and J. Health Economics. The HHE is expensive to buy, and many of the chapters in the HHE are freely available on the internet as NBER working papers or on the authors web sites, so we will
primarily focus on the topics where these free papers exist.

* Indicates on CD in Acrobat form.

**A. Introduction to Health Economics and the Health Sector**

D. Cutler, “Health Care and the Public Sector”, mimeo, 2001 (forthcoming in *Handbook of Public Economics*).

* D. Cutler, Chapter 1 of book.


**B. Health Issues and Measuring Health Status**


C. The Demand for Medical Care


D. The Supply of Medical Care, Malpractice Law


* D. Kessler and M. McClellan (and comment by P. Danzon), “Malpractice Pressure, Managed Care, and Physician Behavior,” in K. Viscusi (ed)

E. Market Innovation - Supply Side Policies


E.1 Evidence on Supply-side Changes


R. Miller and H. Luft, "Does Managed Care Lead to Better or Worse Quality of Care?" *Health Affairs*, September/October 1997, 7-25.


E.2 Evidence on Market Changes


F. Organizational Form and Performance


---

**G. Public Health Insurance**

**G.1 Medicare**


**G.2 Medicaid**


* S. Chou, J. Liu, and J. Hammitt, “Health Insurance and Households' Precautionary

H. Adverse Selection and Moral Hazard


I. Health Insurance and the Labor Market & Income


* B. Madrian, “Employment-Based Health Insurance and Job Mobility: Is There Evidence


J. Vulnerable Populations


K. Health Habits


L. The Enviornment and Health


M. Pharmaceutical Industry


