

Lesson Plan - Introduction

(1) Preliminaries

- Attendance Role Call
- How to run a 3 hour class
- Getting to know each other. On a separate sheet of paper write the following:
 - name
 - age (optional)
 - year in school
 - major/minor
 - economics and math background (relevant courses taken).
 - why are you taking this class?
 - what do you expect from the class?
 - what is your biggest fear about ECO/HCM 504?
 - Tell me 2 interesting facts about yourself.

(2) The Social Contract

- What I will do.
 - class attendance and preparation.
 - office hours.
 - review sessions.
 - sample papers.
- What the student is expected to do.
 - have already taken ECO 165 or equivalent.
 - textbook.
 - attendance.
 - assignments.
- Exams, term paper, grading philosophy, grading.
- course policies.
 - course calendar
 - no makeup exams (except in extreme circumstances).
 - no extra credit.
 - all exams in class at the scheduled time; paper outline and paper due at the scheduled times (see course calendar).
 - cheating and penalties for doing so.

(3) Introduction to Health Economics

- why is the study of the health system interesting/important?
- why economics? how does it help our understanding of the health system?
 - examples
 - student questions (i.e., questions you've always wondered about Health Care but been afraid to ask.)

(4) Economic Tools¹

- Review Demand and Supply.
 - ^RD, S, law of D & S, equilibrium.
 - ^Relasticity.
 - ^Rallocative efficiency
 - ^Napplications to health care.
 - Consumer Choice.
 - ^Nbudget constraints for consumers.
 - ^Rconsumer preferences, indifference curves.
 - ^Rtotal utility, marginal utility, etc.
 - ^Rmaximizing utility.
 - ^Nderiving demand curves.
 - ^Napplications to health care.
 - Production and Profit Maximization.
 - ^Rproduction and production functions.
 - ^Rmarginal product (MP) and average product (AP).
 - ^Rcost curves.
 - ^Rtechnological efficiency.
 - ^Rprofit maximization.
 - ^Napplications
 - Statistical Tools (This material is all new)
 - hypothesis testing
 - difference in means tests
 - Regression analysis
 - What does it do?
 - Ordinary least squares (OLS) regression
 - Multiple regression analysis
 - Multiple explanatory variables (why?)
 - Statistics
 - How do we interpret coefficients?
 - Dummy variables
- Cost/Benefit Analysis – and other types (This material is all new)
- Definitions of three different types of approaches
 - Cost/Benefit analysis
 - How do firms/individuals behave – MB/MC approach
 - Marginal analysis
 - Marginal social benefit (MSB) vs. Marginal Social Cost (MSC)
 - What is the social optimum?
 - Discounting

¹ ^R=Review from ECO 165; ^N=New material.

- Cost/benefit
 - What is the net benefit?
 - What are problems with this approach?
- CBA in health care
- Cost Effectiveness analysis
 - Differences from CBA
 - Advantages of CEA
- Cost/Utility Analysis
 - CUA as a special case of CEA
 - QALYs
 - Problems with QALYS