



Health Care Economics

Syllabus

Health Care Economics provides insights into the interactions between industries in the health care sector and teaches what economic forces are shaping health care.

Modules	Case Studies	Takeaways	Key Exercises
Module 1	Spending Growth Why is US health care so expensive (absolutely)? Why is US health care so expensive (relative to other countries)? Why is health care spending growing?	• Drivers of health care spending • Geographic variation in spending • Technology and spending	• Make health care spending growth predictions • Compare US health care costs to costs in other countries • Analyze the math behind health care spending • Examine sources of waste in the health care industry • Explore the role of technology in health care spending growth
Module 2	The Role of the Patient What role should patients play in making important choices about their care? What role should money play in the decisions of patients? Why do people use too much care? How do we know what “too much” is?	• Moral hazard • Distortions caused by insurance • The normative nature of the demand curve for health care • Demand elasticity • Willingness to pay	• Interpret demand curves • Explore willingness to pay for health care • Evaluate different solutions to inefficient consumption of care, such as moral hazard
Module 3	The Role of the Provider and Health Care Production What role should the provider play in determining care patterns? What factors affect provider behavior? What do we know about production of health care? How do provider behavior and competition influence care?	• Variation in care delivery • Supply curve • Medical arms race • Economics of prevention • Integration and care coordination	• Analyze clinical decision-making • Recognize supplier-induced demand and the consequences of the medical arms race • Explore practice ownership trends • Determine whether prevention programs and care coordination are cost saving

Modules		Case Studies	Takeaways	Key Exercises
Module 4	Risk and Insurance	What is the role of insurance in health care? Why is the risk pool for health insurance so important and how do we manage it? What policies stabilize the risk pool? How does the health care system deal with heterogeneous risk?	• Risk • Risk pooling • Stability of insurance markets • Adverse selection • Role of employers	• Explore risk preferences • Calculate actuarially fair premiums to understand what health insurance is and how it works • Examine solutions for solving some of the problems with insurance • Evaluate policy proposals for dealing with information asymmetry and adverse selection
Module 5	Benefit Design	How can we design insurance plans to promote efficient consumer decision-making?	• High deductible plans • Tiered and narrow network plans • Reference pricing • Value-based insurance designs	• Explore patient decision-making in health care • Analyze different approaches for improving patient incentives
Module 6	Payment Reform	How do we structure payments to promote efficient provider decision-making?	• Distortions generated by fee-for-service • Episode-based payment models • Population-based payment models	• Explore provider decision-making in health care • Analyze different approaches for improving provider incentives

Learning requirements: In order to earn a Certificate of Completion from Harvard Online, participants must thoughtfully complete all 6 modules, including associated assessments, by stated deadlines.