

San José State University
Department of Economics
Econ 170: Health Economics
Fall 2025

Course and Contact Information

Instructor:	Fahmida Fakhruddin, Ph.D.
Office Location:	DMH 214
Email:	fahmida.fakhruddin@sjsu.edu (Remember to write “Econ 170 or something similar, together with the topic of the email)
Office Hours:	Tuesdays and Thursdays 8 AM to 8:50 AM and zoom meetings by appointment only
Class Days/Time:	Tuesday & Thursday/ 10:30 AM -11:45 AM
Classroom:	DMH 165
Prerequisites:	Economics 1B, 101 <i>Economics 3 is recommended but not required</i>

Catalog Description

Introduction to the application of economics to healthcare and medical care issues including demand and supply of healthcare, health insurance, health quality and safety, and the role of regulations within a healthcare system.

Course Learning Outcomes (CLO)

Upon successful completion of this course, students will be able to:

1. Understand the “uniqueness” of the problems faced in the economics of healthcare.
2. Analyze the provision of health services, goods, and insurance using economic analysis.
3. Explain the current institutional and regulatory structure of the US healthcare system.
4. Assess the benefits and limitations of common approaches to address health care issues.

Course Description

ECON 170 is an upper division course on economics of healthcare provision and payment. Health economics is one of the growing fields of microeconomics. In the last 35 years, some of the most controversial public policies contemplated by state and federal governments have involved issues that have been analyzed by health economists. This course uses microeconomic analysis to analyze the complexities of the demand and provision of healthcare services and goods.

We will learn about U.S. health care system and key economic concepts that health economists

use for analyzing health care markets. The goal of this course is threefold. First, is to better understand the economic theory of health and health care. Second is to learn about the specific institutional details and policies relevant to those markets. Third, is to learn how to evaluate and interpret empirical findings in health economics. So, students need to read intensively and be comfortable with basic statistical/econometric concepts.

Textbook and Supplementary Readings

No Required Textbook

Supplemental Reading:

[Health Economics, Jay Battacharya, Timothy Hyde, and Peter Tu, Palgrave Macmillan, 2014.](#)

Other Required Book/ Readings

These readings will be available on canvas.

MYSJSU Messaging and Canvas

Course materials such as syllabus, handouts, grades, messages regarding the class can be found on [Canvas Learning Management System course login website](#). You are responsible for regularly checking with the messaging system through [MySJSU](#) to learn of any updates. See [University Policy F13-2](#) for more details.

Library Liaison

Christa Bailey, christa.bailey@sjsu.edu

Class Philosophy

Some of you start classes feeling isolated and lost but not in our class! This class is a community and each of you is part of the community. We all have the same objective: to learn. This class is designed to have you learn in community with your peers. When you're a member of a community, you can rely upon others for help and support when you need it, but you must also be willing to step up and contribute regularly, as well! Let's work together to make this semester awesome for everyone!

Canvas

Canvas is the “hub” for the course and will house all communication, content, activities, assignments, and grades. Check out all of the [Canvas student resources](#).

Course Expectations and Requirements

As this class is a four-unit class, successful students should expect to spend about 180 hours throughout the semester, including reading, preparing for class, attending class, participating in course activities, and so on. *More details can be found from [University Syllabus Policy S16-9](#).*

It is expected that you will attend classes two times per week, participate in class discussions, finish assigned readings before class each week, turn in problem sets/paper on time, and take both midterm and final exam.

If you feel you are lost or experience any difficulty in this course, please do not hesitate to come to me for help. Please remember that I am just an email away. I am always happy to clarify difficult concepts, resolve any lingering confusion, or otherwise assist you in making this course fun and productive.

Course Assignments and Grading

Your grade will depend on the following assignments:

Problem Sets	15%
Term Paper	20%
Class Attendance and Participation	15%
Midterm	20%
Final Exam	30%

Converting number grades to letter grades:

97-100	A plus	93-96	A	90-92	A minus
87-89	B plus	83-86	B	80-82	B minus
77-79	C plus	73-76	C	70-72	C minus
67-69	D plus	63-66	D	60-62	D minus
<60	F				

Problem Sets

Two problem sets will be given during the semester to help you understand the economic tools and techniques used to study health care. The problem sets will be based on the material discussed in class and in the readings. You can work with your peers on the problem sets, but you must turn in your own answers. More details will be given with each problem set as it is assigned.

Term Paper

Each student will choose a health, health policy, or health-related subject upon instructor's approval to write a term paper with a maximum of 20 pages of text, double spaced. The purpose of this paper is to get each of you to engage with a current health/ health policy issue by using online health economics resources and the assigned readings. More detailed information will be provided and be available on canvas.

Class Attendance and Participation

Attendance and active participation in class are expected and required. Learning material is directly correlated with attending class. Also, the more you attend, the better you will perform on tests.

Class discussion is important for both individual and collective learning. Your active participation is as critical for your learning as mere attendance is. Each of you will be randomly asked to answer a question based on health economics news/policy you read, from the assigned reading articles. You will be graded based on your effort not for answering/solving a question correctly.

Midterm and Final

The midterm and final exam will cover material presented in class as well as material from assigned readings. The questions will be similar to problem set questions. The final exam will be comprehensive. All exams will be closed book and closed note.

Classroom Protocol

- Please come to class prepared and on time.
- Turn your cell phone off during class sessions.
- Cheating will not be tolerated. Copying another student's work or using an external source of information for which you were not explicitly given permission during an exam will result in disciplinary action. This disciplinary action might include anything from receiving zero points on the exam to an F in the class.

Technical Support for Canvas

Email: ecampus@sjsu.edu

Phone: (408) 924-2337

<https://www.sjsu.edu/ecampus/support/>

Communication Policy

What You Can Expect From Me

I will be an active participant in this course and will be with you on the journey through the entire semester. You can expect that I will:

- Communicate with you via Announcements, Canvas Inbox messages, grading feedback, and/or class discussion
- Respond to all student questions within 48 hours
- Provide grades within 1 week of the due date

Late Policy

Plan on submitting work on time

You are expected to submit assignments on or before the assigned due date. To receive an extension, you are responsible for notifying me of your situation prior to a due date and receiving an email from me with an agreed upon extension. Assignments submitted after the deadline may receive a 5% grade point deduction for each day following the due date and time.

Don't want the penalty?

If you recognize a due date might be a problem, advocate for your success by following these steps:

1. Identify the problem
2. Contact me to propose a solution
3. Let's negotiate

Statement Regarding Generative Artificial Intelligence (AI)

The World Economic Forum defines generative AI as “a category of artificial intelligence (AI) algorithms that generate new outputs based on the data they have been trained on. Unlike traditional AI systems that are designed to recognize patterns and make predictions, generative AI creates new content in the form of images, text, audio, and more.”

Some examples of generative AI tools include but are not limited to: ChatGPT, Google Gemini, Microsoft Copilot, Stable Diffusion, GrammarlyGo, and Adobe Firefly.

No Generative Artificial Intelligence (AI) Allowed

In this class, all work submitted must be your own. The use of generative AI tools will be considered academic misconduct and will be treated as such. If you are unsure if the tool or website you are using is a generative AI tool, please contact the instructor for further clarification before using the tool or website.

Academic Integrity

Students must abide by the San José State University [Academic Integrity Policy](#). There is zero tolerance for cheating, plagiarism, or any other violation of academic integrity. Students who are suspected of academic integrity violations will be referred to the Student Conduct and Ethical Development office and depending on the severity of the conduct, will receive a zero on the assignment or a grade of F in the course. Grade Forgiveness does not apply to courses for which the original grade was the result of a finding of academic dishonesty.

Accommodation for Learning Disabilities

Students with learning disabilities are encouraged to request accommodation for the course. Please contact the [Accessible Education Center](#) to schedule an appointment with an AEC coordinator to determine eligibility and register.

Policy on Consent for Sharing Instructor and Course Materials

Students are prohibited from recording, distributing, or posting instructor and course materials (including assessment questions, solutions, feedback, PowerPoint presentations, guides, class lectures, office hours, advising sessions, etc.), without prior written approval ([University Policy S12-7](#)). Materials created by the instructor for the course (syllabi, lectures and lecture notes, presentations, etc.) are copyrighted by the instructor. Students who record, distribute, or display (post/upload) these instructor and course materials in any way — whether or not a fee is charged — will be referred to the Student Conduct and Ethical Development office.

University Policies

Per [University Policy S16-9](#), relevant information to all courses, such as academic integrity, accommodations, dropping and adding, consent for recording of class, etc. is available on Office of Graduate and Undergraduate Programs' [Syllabus Information web page](#).

Course Schedule and Readings

ECON 170/ Health Economics, Fall 2025

The schedule is subject to change with fair notice in class and on Canvas

Week	Date	Topics	Readings/Assignments
1	Aug 21	Syllabus	
2	Aug 26- Aug 28	Are health care markets unique? An economist's view. Using economic tools to study health economics.	
3	Sep 02- Sep 04	Demand for Medical Care	<p>Aron-Dine, Aviva, Liran Einav and Amy Finkelstein, "The RAND Health Insurance Experiment, Three Decades Later," <i>Journal of Economic Perspectives</i>, 2013. Read only 197 to middle of page 208.</p> <p>Garber and Skinner (2008) "Is American Health Care Uniquely Inefficient?" <i>Journal of Economic Perspectives</i> 22(4): 27-50.</p> <p>Rand Experiment Summary: http://www.rand.org/pubs/research_briefs/RB9174/index1.html</p> <p>Fuchs, "Economics, Values, and Health Care Reform," <i>American Economic Review</i> 86 (March, 1996), 1-24</p> <p>Aaron, H. and P. Ginsburg. 2009. "Is Health Spending Excessive? If So, What Can We Do About it?" <i>Health Affairs</i>, 28(5): 1260-1275.</p>
4	Sep 09- Sep 11	Human Capital and Health	<p>Manning, Willard; Newhouse, Joseph; Nhaihua, Duan; Keeler, Emmett; and Leibowitz, Arleen. "Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment." <i>American Economic Review</i> 77 (June, 1987): 251-277.</p> <p>Marcus Dillender, "Do more health insurance options lead to higher wages? Evidence from states extending dependent coverage," <i>Journal of Health Economics</i>, 36 (2014): 84-97.</p>

5	Sep 16- Sep 18	Health and Technological Change	<p>Cutler, D. and M. McClellan. "Is Technological Change Worth It?" <i>Health Affairs</i> Sept/Oct. 2001.</p> <p><u>Gawande, A. "The Cost Conundrum" <i>The New Yorker</i>, June 2009.</u></p>
6	Sep 23- Sep 25	<p>Demand for Health Insurance: Introduction and Moral Hazard</p> <p>Demand for Health Insurance: Adverse Selection</p>	<p><u>Gladwell, M. "The Moral Hazard Myth," <i>The New Yorker</i>, August 2005.</u></p> <p>Finkelstein, Amy et al., "The Oregon Health Insurance Experiment: Evidence from the First Year," <i>Quarterly Journal of Economics</i>, 2012.</p> <p>Taubman, Sarah L., et al. "Medicaid increases emergency-department use: evidence from Oregon's Health Insurance Experiment." <i>Science</i> 343.6168 (2014): 263-268.</p> <p><u>Paul Krugman, "Health Economics 101", <i>The New York Times</i>, November 14, 2005.</u></p> <p><u>Gruber, Jonathan, "Why We Need the Individual Mandate," <i>Center for American Progress Report</i>, April 8, 2010.</u></p> <p>Handel, B. "Adverse Selection and Inertia in Health Insurance Markets: When Nudging Hurts," <i>American Economic Review</i> 103 (December, 2013): 2643-2682.</p> <p>Akerlof (1970) "The Market for "Lemons": Quality Uncertainty and the Market Mechanism," <i>Quarterly Journal of Economics</i>, 84(3): 488-500.</p> <p>Cutler, David M., and Richard J. Zeckhauser. "Adverse Selection in Health Insurance." <i>Forum for Health Economics & Policy</i>. Vol. 1. No. 1. De Gruyter, 1998.</p>

7	Sep 30- Oct 02	Social Insurance: Medicaid and Medicare	<p>Iglehart (1999) “The American Health Care System: Medicaid,” <i>The New England Journal of Medicine</i> 340(5): 403-8</p> <p>Iglehart (1999) “The American Health Care System: Medicare,” <i>The New England Journal of Medicine</i> 340(4): 327-32</p> <p>Baicker, Katherine, et al., “The Oregon Experiment- The effects of Medicaid on Clinical Outcomes”, <i>The New England Journal of Medicine</i>, May 2, 2013.</p>
8	Oct 07- Oct 09	Uninsurance and the Affordable Care Act	<p>Molly Frean, Jonathan Gruber, Benjamin D. Sommers, “Premium subsidies, the mandate, and Medicaid expansion: Coverage effects of the Affordable Care”, <i>Journal of Health Economics</i>, 53(2017): 72-86.</p> <p>Baicker, Katherine and Chandra, Amitabh, 2008. “Myths and Misconceptions about U.S. Health Insurance,” <i>Health Affairs</i>, Web Exclusive: w533-w543.</p> <p>Gruber, Jonathan, 2008. “Covering the Uninsured in the United States,” <i>Journal of Economic Literature</i>, 46(3): 571-606.</p> <p>Kaiser Family Foundation, April 2013. “Summary of the Affordable Care Act”</p> <p>Kleinke, J.D. “The Conservative Case for Obamacare,” New York Times, September 2012.</p> <p>Cutler, D. “The Economics of the Affordable Care Act,” New York Times, August, 2013.</p> <p>Sommers, B, G. Kenney and AM Epstein. 2014, New Evidence on The Affordable Care Act:</p>

			<p>Coverage Impacts Of Early Medicaid Expansions <i>Health Affairs</i>, 33(1): 78-87.</p> <p>30 Economists: We Need the Individual Mandate, Health Insurance, July 2013</p> <p>“Young, Fit, and Uninterested,” The Economist, January 2014.</p> <p>L. Levitt et al., “Assessing ACA Marketplace Enrollment,” Kaiser Family Foundation.</p> <p>M. Dickstein, SIEPR policy brief on ACA participation</p> <p>Diamond, Rebecca, Michael J. Dickstein, Tim McQuade, and Petra Persson, “Insurance without Commitment: Evidence from the ACA Marketplaces”, 2020, Working Paper.</p> <p>C. Cox, “Analysis of UnitedHealth Group’s Premiums and Participation in ACA Marketplaces,” Kaiser Family Foundation</p> <p>Problem Set 1</p>
9	Oct 14- Oct 16	<p>Uninsurance and the American Health Care Act of 2017</p> <p>Review for midterm</p>	<p>Kaiser Family Foundation, May 2017. “Summary of the American Health Care Act”</p> <p>Rand Health Care, “The Future of U.S. Health Care: Replace or revise the Affordable Care Act”</p> <p>Midterm on October 16</p> <p>Term Paper Topic due</p>
10	Oct 21- Oct 23	<p>Delivery of Health Care: The Labor Market for Physicians</p>	<p>Steven M. Ewer, Todd H. Wagner, “Returns to Physician Human Capital: Analyzing Patients Randomized to Physician Teams” <i>Journal of Health Economics</i>, 2010.</p> <p>L. Baker, “Acquisition of MRI Equipment by Doctors Drives Up Imaging Use and Spending,” <i>Health Affairs</i>, December 2010 29(1) 2252-2259.</p> <p>N. Agarwal, “Does the medical residency match lower salaries for residents?” <i>Microeconomic Insights</i>, March 2016.</p>

			Chan, David, and Michael J. Dickstein. "Industry Input in Policymaking: Evidence from Medicare," <i>Quarterly Journal of Economics</i> , 134(3), August 2019, 1299–1342.
11	Oct 28- Oct 30	Delivery of Health Care: The Hospital Industry	<p>E. Munnich and S. Parente, "Procedures Take Less Time At Ambulatory Surgery Centers, Keeping Costs Down And Ability To Meet Demand Up," <i>Health Affairs</i>, vol. 33, no. 5, May 2014.</p> <p>J. Horwitz "Making Profits and Providing Care: Comparing Nonprofit, For-Profit, And Government Hospitals" <i>Health Affairs</i>, 24, no. 3 (2005): 790-801.</p> <p>"Examination of Health Care Cost Trends and Cost Drivers," Massachusetts Attorney Generals' Office, March 16, 2010.</p>
12	Nov 04- Nov 06	Why are costs so High? Technology Growth and Innovation Population Aging	Read introduction: Cutler, D. and M. McClellan. "Is Technological Change in Medicine Worth It?" <i>Health Affairs</i> Sept/Oct. 2001.
13	Nov 11- Nov 13	Why are costs so High? Physician Decision Making Organizational Management and Efficiency	<p>Gawende, A. "Big Med" New Yorker, August 2012.</p> <p>Cutler, D. "Where are the Health Care Entrepreneurs? The Failure of Organizational Innovation in Health Care," NBER working paper no. 16030, May, 2010.</p> <p>Gawende, A. "The Checklist" New Yorker, May 2010.</p>
14	Nov 18- Nov 20	Pharmaceutical Markets and Innovation	<p>Lakdawalla, D. et al. "U.S. Pharmaceutical Policy in a Global Marketplace," Health Affairs, 2009.</p> <p>Joseph A. DiMasi, Henry G. Grabowski, Ronald W. Hansen, "Innovation in the pharmaceutical industry: New estimates of R&D costs", <i>Journal of Health Economics</i>, 57(2016): 20-33.</p> <p>Follow the Pill: Understanding the U.S. Commercial Pharmaceutical Supply Chain"</p>

			<p>Kaiser Family Foundation.</p> <p>Scherer, F. “The Pharmaceutical Industry: Prices and Progress”, New England Journal of Medicine, 351(9), August 26, 2004, p.927-32.</p> <p>J. Rockoff and E. Silverman, “Pharmaceutical Companies Buy Rivals’ Drugs, Then Jack Up the Prices: List prices soar on Valeant’s heart medications and other firm’s drugs, driving up costs,” Wall Street Journal, 4/26/15.</p>
15	Nov 25- Nov 27	<p>International Health Care Systems and Alternative Design</p> <p>International Health Care Systems and Comparison to U.S.</p>	<p>“The U.S. Health System in Perspective: A Comparison of Twelve Industrialized Nations,” The Commonwealth Fund, July 2011.</p> <p>Frank, Richard G., and Richard J. Zeckhauser, “Health Insurance Exchanges: Making the Markets Work”, New England Journal of Medicine, 2009, 361, 1135-1137.</p> <p>Garthwaite, Craig, Tal Gross, Matthew J. Notowidigdo, “Public Health Insurance, Labor Supply, and Employment Lock”, Quarterly Journal of Economics, 2014, 129(2) 653–696.</p> <p>No Class-Thanksgiving Holiday on November 27</p>
16	Dec 02- Dec 04*	<p>Health Economics and Policy: Past, Present, Future</p> <p>Review for Final</p>	<p>Problem Set 2</p> <p>Final Paper</p>
17	Dec 11	Final Exam, Thursday 12/11/2025	10:45 AM to 12:45 PM

* Last class meeting