Economics of Healthcare

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CAREER FOCUS

For those interested in health care, hospitals, payers (HMOs), managing corporate healthcare costs and plans, consulting, biotechnology and pharmaceutical companies, and investing.

EDUCATIONAL OBJECTIVES

This course is designed to give the student a general understanding of the economics of healthcare.

More specifically, the course will allow students:

1) To understand what makes the Economics of Healthcare unique.
2) To understand Healthcare Markets
   a) Demand
   b) Production and Costs
   c) Supply
3) To understand the market for Healthcare, Market Failure, and the Role of Government
5) Economic Evaluation in Healthcare
   a) Equity, Efficiency, Ethics
   b) Cost-Benefit
   c) Measuring Value and Outcomes

CONTENT AND ORGANIZATION

The course will be organized into six modules.

The first module will be a general overview of how economic theory, models, and techniques can be applied to the unique case of Healthcare. (opportunity cost, wants/needs/demands, public/private mix of activities). It will give a general overview of the Healthcare, primarily domestically, and its importance to the overall economy.

The second module will introduce Healthcare Markets. Topics included in the demand for Healthcare are the demand curve, customer choice, utility, indifference curves, marginal rate of substitution, and overview of factors affecting the demand for goods and services. The production and costs of Healthcare will include the production function, law of diminishing marginal returns, cost curves/cost frontier, and economies of scale and
The supply side of Healthcare will be analyzed from the perspective of the firm (hospital, pharmaceutical, etc.) trying to maximize its profit and its competitive market (monopoly, oligopoly, perfect competition, monopolistic competition).

The third module will evaluate the market for Healthcare, Market Failures, and the Role of Government. Issues including Healthcare related externalities, public goods, asymmetrical information, and market power will be discussed. The regulations, taxes, and public policy will also be discussed.

The fourth module will evaluate the impact of the third party payment system on Healthcare. The supply, demand, and failures of Health Insurance will be discussed. Other topics to be discussed include the framework for Healthcare financing, prospective reimbursement, types of payers and methods of payment.

The fifth module will look at how to evaluate value in Healthcare. In particular, we will look at cost-benefit analysis, cost-effectiveness analysis, Health outcome measurements, and overall measurements of gain in health.

The final module will be a conclusion. It will review the role and impact of the consumer, suppliers, and government. It will touch upon how companies, consumers, the government, and others can help to change the current state of Healthcare based upon the application of economic theories in concert with synergistic strategies.