

Draft Course Outline
Economics 456 (Health Economics)
January-April, 2011

Instructor: Dr. Lori Curtis, Department of Economics

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Website: <http://artsweb.uwaterloo.ca/~ljcurtis/> used to post all class information – please check often.

Class time: Tuesdays and Thursdays 1800h - 1920h

Class location: Hagey Hall Room 280

Office Hours: Tuesdays and Thursdays 1645h - 1745h Please, use my office hours or make an appointment anytime for any questions or concerns. Please, do not drop by unannounced as I am very often in meetings or out of the office doing research.

Course Information

General Description: This course is designed as a topics course in the economics of health and health care. The course will provide an overall understanding of the definitions of health and health care, broadly and narrowly defined, in the context of the Canadian health care system. The course will also delve into the economic theories or models necessary to evaluate the efficiency of the market for, and the efficient allocation of scarce resources in, health and health care. Examples of possible topics to be covered are the nature of the market, supply and demand of health care services, asymmetries of information, externalities, principal-agent relationships, insurance, and economic evaluation. Prerequisite: Economics 301 and 321 (or equivalent with permission from instructor).

Objectives: In this course the students should develop:

- 1) a broad understanding of the Canadian Health Care System;
- 2) an appreciation for the application of microeconomic theory to the analysis of resource allocation in an important sector of the economy, ie. the health sector;
- 3) a better understanding of the determinants of market success or failure and interventions that may affect efficiency in situations involving market failure in health and health care.

Format: Combination of lectures and discussion. There will be specified chapter readings for each topic. It is expected that the readings are done in advance of the class. All required readings and class information are examination material. I DO NOT make class notes available; you are expected to attend class. The assignments will in part test your familiarity with readings.

Course Text: Hurley, Jeremiah (2010) 'Health Economics – 1st Edition' McGraw-Hill Ryerson, Whitby ON

Students will be evaluated as follows:

Term test 1	25%	February 10, 2011
Term Project Proposal	5%	February 22, 2011
Term test 2	25%	March 31, 2011
Term Project	25%	April 25, 2011
Assignments (2 @10% each)	20%	

Course Policies

All posted material and announcements, including instructions for the term assignments and paper will be posted on the class website - <http://artsweb.uwaterloo.ca/~ljcurtis/> please, check frequently.

No make-up tests will be offered for the term tests. If a term test is missed, with an acceptable explanation, the weight will be added to the next term test. If the last term test is missed the weight will be added to project.

The term project must be submitted TO ME OR THE UNDERGRADUATE SECRETARY by 1200h April 25, 2011. The date and time you hand it in must be recorded and initialed by one of us. **Projects not handed by 1200h April 25, 2011, will be considered late and will be penalized a third of a grade/day** (e.g., if the paper received a B+ but was handed in after the 1200h on April 25, 2011, it will receive a B, if handed in on April 26, 2011 it will receive a B- etc.). Students submitting projects after the due date may receive an incomplete until the project grade can be assigned. Papers not handed in as instructed will be considered received when they are found.

Questions concerning marks on term tests or papers must be submitted in writing with the test/paper within 3 business days of return date. The test/paper will be remarked and returned with a written response to the question(s).

Grading Scheme: http://www.ucalendar.uwaterloo.ca/0405/UW/grading_sys.html

Important Dates: <http://www.quest.uwaterloo.ca/undergraduate/dates.html>

Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo are expected to promote honesty, trust, fairness, respect and responsibility.

Discipline: A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to Policy 71 - Student Discipline, <http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>

Grievance: A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read Policy 70 - Student Petitions and Grievances, Section 4, <http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm>

Appeals: A student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read Policy 72 - Student Appeals, <http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm>

Academic Integrity website (Arts): http://arts.uwaterloo.ca/arts/ugrad/academic_responsibility.html

Academic Integrity Office (University): <http://uwaterloo.ca/academicintegrity/>

Accommodation for Students with Disabilities: Note for students with disabilities: The Office for Persons with Disabilities (OPD), located in Needles Hall, Room 1132, collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the OPD at the beginning of each academic term.

Course Topics and Readings			
Topics		Time (approximate)	Readings
Topic I	Introduction to Health Economics	class 3	Chapters 1, 2, 3
Topic II	Health Care Systems	classes 4 & 5	Chapters 11 and 12
Topic III	Determinants of Health	class 6	Chapter 6
Topic IV	Health Care as a Commodity	classes 7 & 8	Chapter 7
Topic V	Health Care Insurance	classes 9, 10, 11	Chapters 9 and 10
Topic VI	Demand for Health & Health Care	classes 13, 14, 15, 16	Chapters 5 and 8
Topic VII	Supply of Health Care	classes 17, 18, 19, 20	Chapters 13 and 14
Topic VII	Economic Evaluation	class 21	Chapter 4

Class 1 – introduction to course

Class 2 – introduction to library – attendance mandatory (part of project proposal grade)

Supplemental text - Evans, Robert G. (1984) Strained Mercy, Butterworths, Toronto; available online at <http://www.chspr.ubc.ca/node/282>. The text is dated but many of the core ideas hold. I can provide additional suggestions for supplemental readings if needed.

Assignment Readings

Please note – unless otherwise indicated all articles can be found at the library website for online journal articles <http://sfx.scholarsportal.info/waterloo/az>

Topic II Health Care Systems

Curtis, Lori J and William J MacMinn (2008) “Health Care Utilization in Canada: Twenty-five Years of Evidence” *Canadian Public Policy*, 34(1):65-87

Mustard, Cameron et al., (1998) “Sex Differences in the Use of Health Care Services” *The New England Journal of Medicine*, (Special Article), June 4:1678-1683.

Haas, Jennifer (1998) “The Cost of Being A Women” *The New England Journal of Medicine*, (Reply to Mustard, Cameron et al., (1998) “Sex Differences in the Use of Health Care Services”), June 4:1694-1695.

Topic III Determinants of Health

Evans Robert G. and Greg L Stoddart. 2003. “Consuming Research, Producing Policy?” *American Journal of Public Health*, 93(3):371

Topic IV Health Care as a Commodity

Arrow, Kenneth J. (1963) ‘Uncertainty and the Welfare Economics of Medical Care’ *The American Economic Review*, 53(5):941-73.

Topic V Health Care Insurance

Pauly, Mark V. (1974) “Overinsurance and Public Provision of Insurance: The Roles of Moral Hazard and Adverse Selection” *The Quarterly Journal of Economics*, 88(1): 44-62

Topic VI Demand for Health and Health Care

Theoretical

Grossman, Michael "On the concept of health capital and the demand for health" *Journal of Political Economy*, 80(2):223-255

Empirical Studies in Demand for Health and Health Care

Manning, Willard G., Joseph P. Newhouse, Naihua Duan, Emmett B. Keeler, Arleen Leibowitz, and M. Susan Marquis (1987) "Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment" *The American Economic Review*, 77(3):251-277

Rosenzweig, Mark R., and T. Paul Schultz (1983) "Estimating a Household Production Function: Heterogeneity and the Demand for Health Inputs, and Their Effects on Birth weight," *Journal of Political Economy*, 91(5):723-746.

Rice, T. (1983) "The Impact of Changing Medicare Reimbursement Rates on Physician-Induced Demand" *Medical Care* 21(8):803-815.

Topic VII Supply of Health Care Services

Physician Services

Brown, D. and Lapan, H. (1979) "The supply of physician services", *Economic Inquiry*, 17, 269-79.

Woodward, Robert and Warren-Boulton, Frederick (1984) "Considering the financial incentives and professional ethics on 'appropriate' medical care." *Journal of Health Economics* 3(3):223-237.

Hospitals

Jeffrey E. Harris (1977) "The Internal Organization of Hospitals: Some Economic Implications" *The Bell Journal of Economics*, 8(2):467-82.

Topic VIII Economic Evaluation

Hoch, Jeffrey S and Carolyn S Dewa (2005) "An Introduction to Economic Evaluation: What's in a Name?" *Canadian Journal of Psychiatry* 50(3):159-166.

Drummond, Michael (2004) "Economic Evaluation in Health Care: Is It Really Useful or Are We Just Kidding Ourselves?" *The Australian Economic Review* 37(1):3-11.

Note: papers and tests will be kept only as long as the minimum policy allows – at this point 1 year.