

University of Waterloo
Department of Economics
Economics 456 Course Outline (draft)
(Health Economics)
Fall, 2017

Instructor: Dr. Lori Curtis, Department of Economics
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Class: Tuesday and Thursdays 1000h - 1120h
Class location: PAS 1241
Office Hours: Tuesdays 1330h - 1500h or by appointment.

Course Information

General Description: The course is an introductory topics course in the economics of health and health care. The course provides, in a Canadian context, the definitions of health and health care, broadly and narrowly defined. The course delves into the economic theories and models necessary to evaluate the efficiency of the market for, and the efficient allocation of scarce resources in, health and health care. Examples of topics to that may be covered include 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 be able to:

- 1) Describe the Canadian Health Care System,
- 2) Distinguish health and health care for other goods and services,
- 3) Describe market failures in health and health care,
- 4) Apply micro theory to the analysis of the health care sector (demand, supply and their interaction)
- 5) Describe the need for and types of economic evaluation.

Format: Combination of lectures and discussion. There will be specified 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 whether listed in outline or not. I DO NOT make my class notes available.

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

Assessment	Assessment Date	Option 1	Option 2
Assignments	During Term	10%	10%
Term Test 1	October 3, 2016	15%	10%
Term Test 2	November 7, 2016	15%	10%
Final Examination	Scheduled by Registrar	55%	65%
Attendance/participation	Checked Randomly	5%	5%

Note: Students must pass the final examination to pass the course.

Course Policies

All announcements will be posted on LEARN – please check frequently.

Missed Tests/Examinations

Regular assessment and evaluation are important for both instructor and student in order to gauge progression. However, there may be rare occasions when a student is unable to participate in a scheduled evaluation. Please review the Accommodation due to Illness statement at the beginning of term (<https://ugradcalendar.uwaterloo.ca/page/Regulations-Accommodations>) – please note the following statement “Adjustment of due dates or deferrals of term tests or final examinations are not automatic upon the presentation of suitable medical verification. Instructors will use this documentation among all information available to them when determining whether accommodation is warranted.”

No make-up will be offered for the term tests. Students who do not write a term test or examination when scheduled to do so will receive a mark of zero for that test/examination unless it is determined that accommodation is warranted. If ONE term test is missed for valid reasons and acceptable documentation (a UW Verification of Illness Form (<https://uwaterloo.ca/health-services/sites/ca.health-services/files/uploads/files/VIF-online.pdf>) completed by family physician or UW Health Services health practitioner (notes from other off-campus walk-in clinics will not be accepted) is provided within 48 hours, the weight may be added to the next term test (if term test one is missed) or the final examination (if term test 2 is missed). Students who are unable to write BOTH term test 1 AND term test 2 MUST contact the instructor prior to November 16, 2017 to review academic dates for withdrawal without penalty and/or possible accommodation options or both tests will be graded as zero.

The final examination will be scheduled by the Registrar’s Office during the examination period (please see <http://www.registrar.uwaterloo.ca/exams/finalexams.html>). It is the student’s responsibility to make themselves available for the entire examination period. Final examinations must be written at the scheduled date, time, and place. Travel plans are not a sufficient reason for a final examination deferral. A student who has written AT LEAST ONE TERM TEST and has compelling evidence that they are unable to write the final examination at the scheduled time (i.e., valid reasons and with acceptable documentation (a UW Verification of Illness Form (<https://uwaterloo.ca/health-services/sites/ca.health-services/files/uploads/files/VIF-online.pdf>) completed by family physician or UW Health Services health practitioner (notes from other off campus walk-in clinics will not be accepted) provided within 72 hours of the missed examination) MUST petition the economics department to write a deferred final examination. Please carefully read the Department of Economics’ policy and procedures for deferred final examinations at: <http://economics.uwaterloo.ca/policies-and-resources>. Students MUST WRITE

AT LEAST ONE TERM TEST to qualify to write a deferred final examination.

Important Dates: <http://ugradcalendar.uwaterloo.ca/page/uWaterloo-Calendar-Events-and-Academic-Deadlines>

Attendance Policy

Attendance and participation are important for pedagogy and, as such, are required for this course. The course text provides superficial coverage while class presentations and discussion are meant to provide a deeper appreciation of topics. All class material and readings are subject to examination whether it is listed on outline or not. Instructor's class notes will not be shared with students. If a class is missed, students should ask their colleagues to share their class notes. Professional and courteous behaviour is expected in the classroom and office hours. Class will start and end on time; students should arrive and be ready for class to start on time and remain in class until it is dismissed. Students who interrupt class frequently will be assigned a zero for attendance/participation.

Electronic Device Policy

Laptop/tablets etc. may be used to view class material and/or take notes. If electronic devices are being used for other purposes (e.g., email, gaming, messaging, etc.) students will be asked to turn off the device and/or leave the lecture hall. All devices not used for class purposes must be switched off and stowed for the duration of the lecture. Photographic and/or recording devices of any kind are not allowed due to copyright/privacy. Failure to follow electronic policy may result in a zero for attendance.

Institutional-required statements for undergraduate course outlines

Economics Department Deferred Final Exam Policy

Deferred Final Exam Policy found at <https://uwaterloo.ca/economics/undergraduate/resources-and-policies/deferred-final-exam-policy>

Cross-listed course

Please note that a cross-listed course will count in all respective averages no matter under which rubric it has been taken. For example, a PHIL/PSCI cross-list will count in a Philosophy major average, even if the course was taken under the Political Science rubric.

Academic Integrity

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. See the [UWaterloo Academic Integrity](#) webpage and the [Arts Academic Integrity](#) webpage for more information.

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](#). For typical penalties check [Guidelines for the Assessment of Penalties](#).

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. When in doubt, please be certain to contact the department’s administrative assistant who will provide further assistance.

Appeals: A decision made or penalty imposed under Policy 70 - Student Petitions and Grievances (other than a petition) or Policy 71 - Student Discipline may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to [Policy 72 - Student Appeals](#).

Accommodation for Students with Disabilities

Note for students with disabilities: [The AccessAbility Services office](#), located on the first floor of the Needles Hall extension (1401), 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 AS office at the beginning of each academic term.

Mental Health Support

All of us need a support system. The faculty and staff in Arts encourage students to seek out mental health supports if they are needed.

On Campus

- Counselling Services: counselling.services@uwaterloo.ca / 519-888-4567 xt 32655
- **MATES:** one-to-one peer support program offered by Federation of Students (FEDS) and Counselling Services
- Health Services Emergency service: located across the creek from Student Life Centre

Off campus, 24/7

- **Good2Talk:** Free confidential help line for post-secondary students. Phone: 1-866-925-5454
- Grand River Hospital: Emergency care for mental health crisis. Phone: 519-749-433 ext. 6880
- **Here 24/7:** Mental Health and Crisis Service Team. Phone: 1-844-437-3247
- **OK2BME:** set of support services for lesbian, gay, bisexual, transgender or questioning teens in Waterloo. Phone: 519-884-0000 extension 213

Full details can be found online at the Faculty of ARTS [website](#)

Download [UWaterloo and regional mental health resources \(PDF\)](#)

Download the [WatSafe](#) app to your phone to quickly access mental health support information

Territorial Acknowledgement

We acknowledge that we are living and working on the traditional territory of the Attawandaron (also known as Neutral), Anishinaabe and Haudenosaunee peoples. The University of Waterloo is situated on the Haldimand Tract, the land promised to the Six Nations that includes six miles on each side of the Grand River.

Course Topics and Readings

Topics	Time (approximate)	Readings
Topic I Introduction to Course	class 1	Chapter 1
Economics for Health		
Equity/Efficiency	class 2	Chapters 2
Markets	class 3	Chapters 3
Economic Evaluation	class 4	Chapter 4
Topic II Economics of Health		
Demand for Health	class 5, 6	Chapter 5
Determinants of Health	class 7	Chapter 6
<u>Term Test 1</u>	<u>class 8</u>	
Topic III Economics of Health Care		
Health Care as Commodity	classes 9, 10	Chapter 7
Demand for Health Care	classes 11, 12	Chapters 8
Demand for Health Care Insurance	classes 13, 14	Chapters 9, 10
Topic IV Health Care Systems		
Health Care Finance	classes 15	Chapters 11
Health Care Funding	class 16	Chapters 12
<u>Term Test 2</u>	<u>class 17</u>	
Topic VII Supply of Health Care	classes 18 - 21	Chapters 13, 14, 15
Topic VIII Technology and Aging	classes 22	Chapter 16
Catch up and review	class 23, 24	

Supplemental readings –**can be found at the library website for online journal articles**

Evans, Robert G. (1984) *Strained Mercy*, Butterworths, Toronto. The text is dated but many of the core ideas hold. It is out of copyright so is available online for downloading.

Topic I 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.

Topic II Demand for Health

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

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.

Topic II Determinants of Health

Evans, Robert and Gregory L. Stoddart (1990) "Producing Health, Consuming Health Care" *Social Science and Medicine*, 31(12):1347-1362

Topic III 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 III Demand for 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

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

Topic III Demand for 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 IV Health Care Systems

Text Chapters

Topic VII Supply of Health Care 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.

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