

University of Waterloo
Department of Economics
ECON 643: Health Economics
Winter 2022

Instructor: Emmanuelle Piérard

Class : Wednesdays 1-2:30 pm online – *please note that this class is taught online only using a combination of synchronous meetings set on this day and time and asynchronous lectures posted on D2L*

Office Hours: Mondays 12:30-3:30 pm or by appointment

Email: emma.pierard@uwaterloo.ca

Reading break: February 19-27, 2022 – No class or office hours that week, although I will be available by appointment

Course Description

This course introduces students to the role of economics in health care and health policy. It is meant to be a survey of major topics in health economics and an introduction to the ongoing debate over health care policy. Topics include the economic determinants of health and health policy, the market for medical care, the market for health insurance, and the role of the government in health care, and health care reform.

Course Learning Outcomes

- Identify the different stakeholders in the health care system, their objectives and the constraints they face, using economic models
- Describe the different sources of market failure in health and health care that justify governmental intervention
- Critically evaluate the tradeoffs between different types of equity and efficiency in setting priorities in a health care system
- Understand and constructively critique health economics research articles
- Using data and econometrics, analyze a health economics problem

Optional Text

- Hurley, J. E. Health Economics, 1st edition, McGraw-Hill Ryerson, 2010, 434 p.

This book is out of print but is available electronically for purchase - it is also on reserve at the Dana Porter Library (physical copy). While I will follow the general structure of Hurley, other readings are added; a complete reference list has been posted on Desire2Learn.

Topics covered and partial reading list (* refers to compulsory readings that must be done before class). A complete reading list, including links to journal articles, is posted on D2L – please note that some compulsory readings are not included in the list below.

Week 1: Introduction to Health Economics, Health and Health Care Systems

*Hurley, Chapter 1

*Arrow, Kenneth J., Uncertainty and the Welfare Economics of Medical Care, The American Economic Review, Vol. 53, No. 5. (Dec., 1963), pp. 941-973.

Week 2: Efficiency and Equity

*Culyer, A.J. and Wagstaff, Adam, Equity and equality in health and health care, 01676296, Journal of Health Economics (Vol: 12, Issue: 4), pp. 431-457

Hurley, Chapter 2

Week 3: Demand for and Production of Health

*Grossman, Michael, 1972. "On the Concept of Health Capital and the Demand for Health," Journal of Political Economy, University of Chicago Press, vol. 80(2), pages 223-255, March-Apr.

Hurley, Chapter 5

Week 4: Determinants of Health

*Case, Anne ; Fertig, Angela ; Paxson, Christina, The lasting impact of childhood health and circumstance, Journal of Health Economics, 24(2), March 2005, 365-389

Hurley, Chapter 6

Week 5: Health Care as an Economic Commodity

*Culyer, A. J., The Nature of the Commodity 'Health Care' and its Efficient Allocation, Oxford Economic Papers, New Series, Vol. 23, No. 2. (Jul., 1971), pp. 189-211.

Hurley, chapter 7

Week 6: Demand for Health Care

Hurley, Chapter 8

*Labelle, Roberta; Stoddart, Greg; Rice, Thomas, A re-examination of the meaning and importance of supplier-induced demand, 01676296, Journal of Health Economics (Vol: 13, Issue: 3) pp. 347-368

Week 7: Insurance

* Manning, Willard G., Joseph P. Newhouse; Naihua Duan; Emmett B. Keeler; Arleen Leibowitz. Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment, The American Economic Review, Vol. 77, No. 3. (Jun., 1987), pp. 251-277.

Hurley, Chapters 9 and 10

Week 8: Health Care Finance and Funding

*Carrin, G. P. Hanvoravongchai. Provider payments and patient charges as policy tools for cost-containment: How successful are they in high-income countries? in Human Resources for Health, 2003, 1(6).

Hurley Chapters 11 and 12

Week 9: Physicians and Hospitals

* Newhouse, Joseph P. Toward a Theory of Nonprofit Institutions: An Economic Model of a Hospital, The American Economic Review, Vol. 60, No. 1. (1970), pp. 64-74.

Hurley, Chapters 13 and 14

Week 10: Pharmaceuticals

* Light, D. W. and R. Warburton, Demythologizing the high costs of pharmaceutical research, Biosocieties, suppl. Special Issue: The Health Complex, 6.1 (Mar 2011): 34-50.

* Morgan, SG, M. Law, JR Daw et al. Estimated cost of universal public coverage of prescription drugs in Canada, in CMAJ, Jan. 2015, Hurley, Chapter 15

Week 11: Long Term Care

* Béland, D and P. Marier, COVID-19 and Long-Term Care Policy for Older People in Canada, Journal of Aging & Social Policy. 32(4-5), 2020, 358-364

I will post class announcements, notes and other relevant material on Learn/D2L (learn.uwaterloo.ca).

Course Requirements and Assessment

Assessment	Date of Evaluation	Weighting
Weekly discussions	Weekly, in class, best 8 out of 10	20%
Article presentation	Student's choice – in class	20%
Paper Proposal	Wednesday February 2nd	10%
Final Paper	Wednesday March 23rd	40%
Term paper presentation	Wednesday March 30th (Additional date Wednesday March 23rd if needed)	10%
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Total		100%

Expectations

For the term paper, you are expected to analyze data using regression analysis to answer a question related to health economics. Data can be obtained from the library's web site (Statistics Canada) or from external sources (CIHI, WHO, etc.). The paper should contain the usual sections of a research paper (Introduction, literature review, data, models, results, discussion and conclusion). The marking rubric is posted on D2L. You will be given feedback on your proposal (worth 10%) prior to handing in your term paper on March 23rd. You can choose to submit a draft 2 weeks before the due date, by March 9th, if you would like feedback on your work, although this is not compulsory.

You are expected to present an article from the reading list posted on D2L to the class. The article cannot be one of the ones that are compulsory to read prior to lectures but it has to appear on the reading list.

You are also expected to participate in weekly in-class discussions. Your best 8 grades out of 10 will count towards your final grade.

If you foresee that your internet connection will prevent you from presenting your paper or a research article live, you are welcome to pre-record your presentation and email it to me before the day you should have presented.

Late Work

You have one slip day to use during the term: you can hand in one weekly paper, the term paper proposal or the term paper 1 day late, no questions asked. Please hand it in through the D2L dropbox as usual and let me know that you are using your slip day in the comments. For any work that is later than 1 day (or in cases in which you already have used your slip day), you will be penalized by 10%.

[Economics Department 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 ext 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), Anishinaabeg 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.