

GSPP 837: Health Economics

University of Regina Campus	
Instructor:	Lihui Zhang Greg Marchildon
Phone:	585-5465 (Lihui Zhang) 585-5464 (Greg Marchildon)
E-mail:	Lihui.Zhang@uregina.ca Greg.Marchildon@uregina.ca
Office Hours:	By appointment
Office Location:	110 – 2 Research Drive
Term:	Winter 2010
Room:	CL 312
Time:	Wednesday 7:00 – 9:45pm

CALENDAR DESCRIPTION

This course is designed to provide students with an introduction to economic concepts and analysis relevant to health, health care and health care systems. Students will examine economic aspects of various elements of the health-care sector, identify relevant policy questions and apply economic concepts and techniques to analyze them.

COURSE CONTENT AND APPROACH

REQUIRED TEXTS

McPake, Barbara and Charles Normand (2008). *Health Economics: An International Perspective*. Second Edition. Routledge. ISBN: 978-0-415-39129-0.

Marchildon, Gregory (2005). *Health Systems in Transition*. Copenhagen, WHO Regional Office for Europe on behalf of the European Observatory on Health Systems and Policies (available online: <http://www.euro.who.int/Document/E87954.pdf>)

SUPPLEMENTARY TEXTS

Drummond et al. (2005). *Methods for the Economic Evaluation of Health Care Programmes*. Third Edition. Oxford University Press (on reserve)

Evans, Robert G. (1984). *Strained Mercy*. Butterworths, Toronto. (available online: <http://www.chspr.ubc.ca/node/282>)

EVALUATION

Assignments	30%
Project	20%

Class Participation	10%
Final Exam	40%
Total	<u>100%</u>

LATE ASSIGNMENTS

All assignments must be submitted by the due date. Please see the instructor if your assignment is going to be late.

STUDENTS WITH SPECIAL NEEDS

Please inform the professor if you have special needs and a way of accommodating them will be found.

ACADEMIC INTEGRITY AND CONDUCT

Ensuring that you understand and follow the principles of academic integrity and conduct as laid out in the University of Regina's Graduate Calendar and the University of Saskatchewan's Guidelines for Academic Conduct is vital to your success in graduate school. Ensuring that your work is your own and reflects both your own ideas and those of others incorporated in your work is important: ensuring that you acknowledge the ideas, words, and phrases of others that you use is a vital part of the scholarly endeavour. If you have any questions at all about academic integrity in general or about specific issues, contact your course instructor to discuss your questions.

TENTATIVE COURSE OUTLINE:

Session 1 – Introduction to Health Economics and Health Systems

Required Reading:

Ch.1, 19, 20 of *McPake and Normand* (8+10+15=33pp)

Ch.1 of *Marchildon* (18pp)

Arrow K. (1963). "Uncertainty and the Welfare Economics of Medical Care." *American Economic Review* 53(5): 941-973 (34pp)

WHO (2000). Chapter 1. "Why do health systems matter?" from *The World Health Report 2000. Health System: Improving Performance*. Geneva: World Health Organization. The entire report is available at: <http://www.who.int/whr/2000/en/> (18pp)

Supplementary Reading and Audio-Visual Resources:

Health Canada (2005). *Canada's Health System*. http://www.hc-sc.gc.ca/hcs-sss/alt_formats/hpb-dgps/pdf/pubs/2005-hcs-sss/2005-hcs-sss-eng.pdf (26pp)

Figueras, J. et al. (2008). *Health Systems, Health and Wealth: Assessing the Case for Investing in Health Systems*. Copenhagen: WHO Regional Office for Europe, 2008 (64 pp). This background document is available at: http://www.euro.who.int/document/hsm/3_hsc08_eBD3.pdf

Reinhardt, U.E. (2008), video presentation on health systems, health and wealth and social well-being: an international perspective, WHO European Ministerial Conference on Health Systems (running time, 20 minutes): <http://www.whoconference2008.org/video/10>

Session 2 – The Demand for Health and Health Services

Required Reading and Video Resource:

Ch. 2 of *McPake and Normand* (9pp)

Kenneth E. Boulding (1966). "The Concept of Need for Health Services." *Milbank Quarterly* 44(4): 202-23 (21pp)

Sir Michael Marmot, video presentation on social determinants of health and health systems, WHO European Ministerial Conference on Health Systems, 2008 (running time, 20 minutes):

<http://www.whoconference2008.org/video/17>

Supplementary Reading and Video Resources:

Grossman M. (1972). "On the concept of health capital and the demand for health." *Journal of Political Economy*, 80(2):223-255 (34pp).

Session 3 – The Elasticity of Demand and Supply Induced Demand

Required Reading:

Ch. 3, 7 of *McPake and Normand* (8+8=16pp)

Labelle, R., G. Stoddart, and R. Rice (1994). "A Re-examination of the Meaning and Importance of Supplier-Induced Demand" *Journal of Health Economics* 13(3): 347-68 (22pp)

Richardson, J. and S. Peacock (2006) *Reconsidering Theories and Evidence of Supplier Induced Demand*. Centre for Health Economics, Research Paper 2006(13), Monash University, Australia:

<http://www.buseco.monash.edu.au/centres/che/pubs/rp13.pdf>

Supplementary Reading:

Auster, R.D, and R.L. Oaxaca (1981) "Identification of Supplier Induced Demand in the Health Care Sector" *Journal of Human Resources*, 16(3): 327-42 (17pp)

Mysliwiec, P.A. et al. (2004) "Are Physicians doing too much Colonoscopy? A National Survey of Colorectal Surveillance after Polypectomy" *Annals of Internal Medicine* 141(4): 264-71 (7pp):

<http://www.annals.org/content/141/4/264.full.pdf+html>

Session 4 – The Production of Health Care and Health Services

Required Reading:

Ch. 4, 5 in *McPake and Normand* (7+7=14pp)

Ch. 6 of *Marchildon* (16pp)

Lavis, J.N. and G.L. Stoddard. 1994. Can we have too much health care? *Daedalus* 123(4): 43-60 (17pp)

Buchan, J. (2008) *Policy Brief: How can the migration of health service professionals be managed so as to reduce any negative effects on supply*. Copenhagen: WHO Regional Office for Europe (28pp):

http://www.euro.who.int/document/hsm/7_hsc08_epb_10.pdf

Supplementary Reading:

McKee, M. (2004) *Policy Brief: Reducing hospital beds: what are the lessons to be learned?* Copenhagen: WHO Regional Office for Europe (16pp): <http://www.euro.who.int/Document/E85032.pdf>

Session 5 – Hospitals, Physicians and Pharmaceuticals

Required Reading:

Ch. 16 in *McPake and Normand* (9pp)

Harris, J.E. (1977) "The Internal Organization of Hospitals: Some Economic Implications" *Bell Journal of Economics* 8(2): 467-82 (17pp)

Scherer, F.M. (2000) "The Pharmaceutical Industry" In A.J. Culyer and J.P. Newhouse, Eds., *Handbook of Health Economics, Vol. 1*, New York: Elsevier, pp. 1298-1336 (40pp)

Supplementary Reading:

Edwards, N. (2004) *Policy Brief: Configuring the hospital in the 21st Century*. Copenhagen: WHO Regional Office for Europe (8pp): <http://www.euro.who.int/document/E84697.pdf>

Preya C, Pink G. (2006). "Scale and scope efficiencies through hospital consolidations." *Journal of Health Economics*, 25(6): 1049-1068. (20pp)

Brown, D. and Lapan, H. (1979) "The supply of physician services", *Economic Inquiry*, 17(2), 269-79. (11pp)

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 (15pp)

Paris, V. and E. Docteur (2006) *Pharmaceutical Pricing and Reimbursement Policies in Canada*. Paris: OECD Health Working Paper (85 pp)

Willison, D. et al. (2001) "International Experience with Pharmaceutical Policy, Common Challenges & Lessons for Canada," Centre for Health Economics and Policy Analysis Working Paper 01-08, McMaster University (66pp)

Session 6 – Market Imperfections I: Externality, Market Power, and Public Goods

Required Reading:

Ch. 6, 8, 15 of *McPake and Normand* (10+8+14=32pp)

Ch. 3 of *Evans* (16pp)

Glied, S. (2008) "Universal Public Health Insurance and Private Coverage: Externalities in Health Care Consumption." *Canadian Public Policy* 34(3): 345-57 (12pp)

Session 7 – Market Imperfections II: Asymmetric Information and Transaction Costs

Required Reading:

Ch. 7, 14, 18 of *McPake and Norman* (8+11+15=34pp)

Ch. 2, 4 of *Evans* (26+23=49pp)

Ozawa, S. (2008) *The Role of Trust in Health Care Settings: Does Trust Matter*. Oxford: Oxford Policy Institute (20 pp): <http://www.opi.org.uk/publications/documents/TrustinhealthcareOzawaJune2008.pdf>

Supplementary Reading:

Pauly, M.V. (1974) "Overinsurance and Public Provision of Insurance: The Roles of Moral Hazard and Adverse Selection" *Quarterly Journal of Economics* 88(1): 44-62 (20pp)

Marini, G. and A. Street (2007) "A Transaction Cost Analysis of Changing Contractual Relations in the English NHS" *Health Policy* 83(1): 17-26 (9pp)

Session 8 – Regulatory Redress of Market Failures

Required Reading:

Ch. 17 of *McPake and Normand* (11pp)

Ch. 4 of *Marchildon* (12pp)

Saltman, R. (2002). *Policy Brief: Regulating entrepreneurial behaviour in Europe*. Copenhagen: WHO Regional Office for Europe (11pp): <http://www.euro.who.int/document/obs/regbrief170202.pdf>

Supplementary Reading:

Mintzes, B. et al. (2003) “How Does Direct-to-Consumer Advertising Affect Prescribing” *Canadian Medical Association Journal* 169(5): 405-12 (7pp): <http://www.cmaj.ca/cgi/reprint/169/5/405>

Session 9 – Overview and the Theoretical Foundation of Economic Evaluation

Required Reading:

Ch. 9, 12, 13 of *McPake and Normand* (17+9+8=34pp)

Ch. 2, 3 of *Drummond et al.* (20+28=48pp)

Supplementary Reading:

Ch. 10 of *Drummond et al.* on presentation and use of economic evaluation results (42pp)

Drummond, Michael (2004) “Economic Evaluation in Health Care: Is It Really Useful or are we just Kidding Ourselves?” *Australian Economic Review* 37(1): 3-11 (9pp)

Sorenson, C. et al. (2008) *Policy Brief: How can the impact of health technology assessments be enhanced?* Copenhagen: WHO Regional Office for Europe (26pp): http://www.euro.who.int/document/hsm/2_hsc08_ePB_5.pdf

Session 10 – Cost Analysis and Cost-effectiveness Analysis

Required Reading:

Ch. 10 of *McPake and Normand* (11pp)

Ch. 4, 5 of *Drummond et al.* (48+34=82pp)

Bryan, S. et al. (2009) “Has the Time Come for Cost-Effectiveness Analysis in US Health Care?” *Health Economics, Policy and Law* 4(4): 425-43 (18pp)

Session 11 – Cost-utility Analysis and Cost-benefit Analysis

Required Reading:

Ch. 11 of *McPake and Normand* (15pp)

Ch. 6, 7 of *Drummond et al.* (74+36=110pp)

Supplementary Reading:

Bennett, K.J. et al. (2000) Cost-Utility Analysis in Depression : The McSad Utility Measure for Depression Health States. *Psychiatric Services* 51(9): 1171-6 (6pp):
<http://psychservices.psychiatryonline.org/cgi/reprint/51/9/1171>

Session 12 – Health Care Financing

Required Reading:

Ch. 21, 22, 23, 24, 25 of *McPake and Normand* (57pp)

Ch. 3, 8 of *Marchildon* (22+12=34pp)

Supplementary Reading and Videos

Kutzin, J., 2001, A descriptive framework for country-level analysis of health care financing arrangements, *Health Policy*, 56 (3), pp. 171-204 (34pp)

Video session on financing at WHO European Ministerial Conference on Health Systems, 2008
<http://www.whoconference2008.org/video/35>

van Doorslaer, E., A. Wagstaff, et al. 1999. "The Redistributive Effect of Health Care Finance in Twelve OECD Countries." *Journal of Health Economics*, 18(3): 291-314 (23pp)

Mossialos, E. et al. (2002) *Policy Brief: Funding health care: options for Europe*. Copenhagen: WHO Regional Office for Europe (16pp): <http://www.euro.who.int/document/obs/Fhcpolbrief4.pdf>