

JSGS 837 – Health Economics

	UNIVERSITY OF SASKATCHEWAN CAMPUS	UNIVERSITY OF REGINA CAMPUS
INSTRUCTOR:		Michael Sherar
PHONE:		N/A
E-MAIL:		Preferred contact via URCourses email (michael.sherar@uregina.ca)
OFFICE HOURS:		Upon request
OFFICE LOCATION:		Online
TERM:		Fall 2021
ROOM:		Online via URCourses
DATE AND TIME:		<u>Asynchronous</u> Participation forums, literature discussion forums via URCourses Video lectures <u>Synchronous</u> Topic lecture via Zoom (recorded; attendance optional) Tentative timing: Tuesdays, 1900 – 2145 Class meeting dates: September 7 th 1800 – 1900 October 5 th 1900 – 2000 November 2 nd 1900 – 2000 November 30 th 1900 – 2000 *Timing open to discussion, all times in this course are Central Standard Time

The syllabus for this course is comprised of this document plus the document titled “JSGS Common Syllabus 2021-22.”

This syllabus may be updated throughout the semester, but any changes will be announced and a current version will always be available on URCourses

INTELLECTUAL PROPERTY ACKNOWLEDGEMENT

This course is based on material developed by Lihui Zhang and has been modified with her permission.

LAND ACKNOWLEDGEMENT

The Johnson Shoyama Graduate School of Public Policy is situated on Treaty 4 Territory at the University of Regina campus, on Treaty 6 Territory at the University of Saskatchewan campus, and on the Homeland of the Métis at both. Zoom is headquartered in land traditionally inhabited by the Muwekma Ohlone Tribe. You are encouraged to take a moment to reflect on your own land acknowledgement to the peoples of lands not mentioned above.

CALENDAR DESCRIPTION

This course is a broad introduction to the economic perspective of health, health care, health systems, and health policies, with particular focus on the Canadian context. The economic behaviours of different actors in the health system and their interactions are discussed, including individuals, health care providers, insurers, and governments.

LEARNING OBJECTIVES

- Having a sound understanding of economic concepts and tools that can be applied to analyze health-related issues
- Knowledgeable about the institutional arrangements in the Canadian health care system
- Capable of critical thinking and making policy recommendations using economic insight

ATTRIBUTES OF JSGS GRADUATES

1. **Management, Governance, and Leadership:** Ability to inspire support for a vision or course of action and successfully direct the teams, processes, and changes required to accomplish it.
2. **Communication and Social Skills:** Ability to communicate effectively and build enduring, trust-based interpersonal, professional relationships.
3. **Systems Thinking and Creative Analysis:** Ability to identify key issues and problems, analyze them systematically, and reach sound, innovative conclusions.
4. **Public Policy and Community Engagement:** Ability to understand how organizational and public policies are formulated, their impact on public policy and management and how to influence their development.
5. **Continuous Evaluation and Improvement:** Commitment to on-going evaluation for continuous organizational and personal improvement.
6. **Policy Knowledge:** Ability to analyze and contribute content to at least one applied policy field.

COURSE CONTENT AND APPROACH

This course starts out by covering some fundamentals of economics. It then focuses specifically on how the economic way of thinking can be applied to health, health care and health care systems. Students will have opportunities to learn economic concepts, sharpen their understanding, and practice their skills with different types of exercises. It is expected that by the end of the course students will have developed a good grasp of the essentials of health economics and can effectively apply their knowledge to provide policy insights. This course is delivered online. It is the enrollee's responsibility to regularly check the URCourses site for all course related information.

REQUIRED READINGS

There will be assigned readings *Health Systems in Transition: Canada*, Second Edition (2013) by Greg Marchildon. An electronic version of the text will be available via URCourses

There will be assigned lecture videos based on *Health Economics*, First Edition (2010) by Jeremiah Hurley.

An introductory economics textbook is recommended as a supplementary text. Recommendations will be available on URCourses

COURSE OUTLINE

Week 1 – Welcome and Course Orientation

REQUIRED ORIENTATION ACTIVITIES:

Complete student intake form
Post to introductions forum

Week 2 – Introduction to Health and Health Care Systems

REQUIRED READING:

Lectures of Ch.1, 6 & 16 of Hurley (2010)

Ch.1 & 2 of Marchildon (2012)

Canadian Institute for Health Information, 2019. *National Health Expenditure Trends, 1975 to 2019*. Ottawa, ON. Health Canada, 2012. *Canada's Health Care System*.

Marchildon, G., 2016. "Bilateral Health Agreements between the Federal and Provincial/Territorial Governments in Canada." IRPP Insight Report, 13.

Sutherland J. and R. Busse, 2016. "Canada: Focus on a Country's Health System with Provincial Diversity." *Health Policy*, 120: 729-31.

SUPPLEMENTARY READING:

Canadian Institute for Health Information, 2012. *Health Care in Canada 2012*. Ottawa, ON.

James, Paul D. et al., 2007. "Avoidable Mortality by Neighbourhood Income in Canada: 25 Years After the Establishment of Universal Health Insurance." *Journal of Epidemiology and Community Health*, 61(4): 287-296. OECD, 2019.

Health at a Glance 2019: OECD Indicators. OECD Publishing, Paris.

Week 3 & Week 4 – Essential Economic Concepts

REQUIRED READING:

Ch.2 & 3 of Hurley (2010)

Canadian Institute for Health Information, 2014. *Measuring the Level and Determinants of Health System Efficiency in Canada*. Ottawa, ON.

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

Week 5 – Health Care as an Economic Commodity

REQUIRED READING:

Ch.7 of Hurley (2010)

Chou, Shin-Yi, 2002. "Asymmetric Information, Ownership and Quality of Care: An Empirical Analysis of Nursing Homes." *Journal of Health Economics*, 21(2): 293-311.
Ward, Courtney J., 2014. "Influenza Immunization Campaigns: Is an Ounce of Prevention Worth a Pound of Cure?" *American Economic Journal: Applied Economics*, 6(1): 38-72

Week 6 – Economic Evaluation

REQUIRED READING:

Ch.4 of Hurley (2010)
Chaloupka et al., 2015. "An Evaluation of the FDA's Analysis of the Costs and Benefits of the Graphic Warning Label Regulation." *Tobacco Control*, 24: 112-119.
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.
Gafni, A. and S. Birch, 2003, "Inclusion of Drugs in Provincial Drug Benefit Programs: Should "Reasonable Decisions" Lead to Uncontrolled Growth in Expenditures?" *Canadian Medical Association Journal*, 168(7): 849-51.
Morgan, SG et al., 2016. "Estimated Cost of Universal Public Coverage of Prescription Drugs in Canada." *Canadian Medical Association Journal*, 187(7): 491-7.

SUPPLEMENTARY READING:

Sorenson, C. et al. (2008). *Policy Brief: How Can the Impact of Health Technology Assessments Be Enhanced?* Copenhagen: WHO Regional Office for Europe.
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.
Gusmano, M.K. (2015). "Objections to the Use of Cost-effectiveness Analysis in the US: Reflecting on 'Has the Time Come for Cost-Effectiveness Analysis in US Health Care?'" *Health Economics, Policy and Law*, 10(4): 419-424.
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.

Week 7 – Demand for Health and Health Care

REQUIRED READING:

Ch. 5 & 8 of Hurley (2010)
Deri, Catherine, 2005. "Social Networks and Health Service Utilization." *Journal of Health Economics*, 24(6): 1076-1107.
Grossman, Michael, 2004. "The Demand for Health. 30 Years Later: A Very Personal Retrospective and Prospective Reflection." *Journal of Health Economics*, 23: 629-636.
Richardson, J. and S. Peacock (2006). "Supplier-Induced Demand: Reconsidering the Theories and New Australian Evidence." *Applied Health Economics and Health Policy*, 5(2): 87-98.
Wodchis, W.P., P.C. Austin, and D.A. Henry, 2016. "A 3-year Study of High-cost Users of Health Care." *Canadian Medical Association Journal*, 188 (3): 182-188.

SUPPLEMENTARY READING:

Cutler, David, and Adrianna Lleras-Muney, 2010. "Understanding Differences in Health Behaviors by Education." *Journal of Health Economics*, 29(1): 1-28.
Forget, Evelyn L., 2011. "The Town with No Poverty: The Health Effects of a Canadian Guaranteed Annual Income Field Experiment." *Canadian Public Policy*, 37(3): 283-305.
Grossman M., 1972. "On the Concept of Health Capital and the Demand for Health." *Journal of Political Economy*, 80(2): 223-255.
Kenneth E. Boulding, 1966. "The Concept of Need for Health Services." *Milbank Quarterly*, 44(4): 202-23.

Kephart, G. and Y. Asada, 2009. "Need-based Resource Allocation: Different Need Indicators, Different Results?" *BMC Health Serv Res.*, 9: 122.
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.

Week 8 – Demand for Health Care Insurance

REQUIRED READING:

Ch.9 & 10 of Hurley (2010)
Nyman, J. A. (2004). "Is 'Moral Hazard' Inefficient? The Policy Implications of a New Theory." *Health Affairs*, 23(5): 194-199.
Pauly, Mark, 2007. "The Truth About Moral Hazard and Adverse Selection." Center for Policy Research. Paper 7.
Reinhardt, U., 2016. "JAMA Forum: Why Are Private Health Insurers Losing Money on Obamacare?" *News@JAMA*, August 25.
Stabile, Mark, 2001. "Private Insurance Subsidies and Public Health Care Markets: Evidence from Canada." *Canadian Journal of Economics*, 34(4): 921-942.
Wang, Chao et al., 2015. "Mandatory Universal Drug Plan, Access to Health Care and Health: Evidence from Canada." *Journal of Health Economics*, 44: 80-96.

SUPPLEMENTARY READING:

Arrow K., 1963. "Uncertainty and the Welfare Economics of Medical Care." *American Economic Review*, 53(5): 941-973.
Besley, T., 1989. "The Demand for Health Care and Health Insurance." *Oxford Review of Economic Policy*, 5(1): 21-33.
Margolis, Jesse et al., 2014. "Moral Hazard and Less Invasive Medical Treatments for Coronary Artery Disease: The case of cigarette smoking," NBER Working Paper 20373.

Week 9 – Health Care Financing and Funding

REQUIRED READING:

Ch.11 & 12 of Hurley (2010)
Ch. 3, 6 & 7 of Marchildon (2012)
Canadian Institute for Health Information, 2013. *Lifetime Distributional Effects of Publicly Financed Health Care in Canada*. Ottawa, ON.
Di Matteo, L., 2008. "Policy Choice or Economic fundamentals: What Drives the Public-Private Health Expenditure Balance in Canada." *Health Economics, Policy and Law*, 4(1): 29- 53.
Glied, S., 2008. "Universal Public Health Insurance and Private Coverage: Externalities in Health Care Consumption." *Canadian Public Policy*, 34(3): 345-57.

SUPPLEMENTARY READING:

Kutzin, J., 2001. "A Descriptive Framework for Country-level Analysis of Health Care Financing Arrangements." *Health Policy*, 56 (3): 171-204.
van Doorslaer, E. et al., 1999. "The Redistributive Effect of Health Care Finance in Twelve OECD Countries." *Journal of Health Economics*, 18(3): 291-314.
Mossialos, E. et al., 2002. *Policy Brief: Funding Health Care: Options for Europe*. Copenhagen: WHO Regional Office for Europe.

Week 10 – The Supply Side of Health Care Provision – Physicians

REQUIRED READING:

Ch.13 of Hurley (2010)

Ch.4 & 5 of Marchildon (2012)

Crossley, Thomas et al., 2009, “Physician Labour Supply in Canada: a Cohort Analysis.” *Health Economics*, 18(4): 437-456.

Hutchison, B. et al., 2011. “Primary Health Care in Canada: Systems in Motion.” *Milbank Quarterly*, 89: 256–288. doi:10.1111/j.1468-0009.2011.00628.x.

Mattison, C.A. and Wilson, M.G., 2017. *Rapid synthesis: Examining the effects of value-based physician payment models*. Hamilton, Canada: McMaster Health Forum.

Rudoler, D. et al., 2015. “Paying for Primary Care: The Factors Associated with Physician Self-selection into Payment Models.” *Health Economics*, 24: 1229–1242. doi: 10.1002/hec.3221.

SUPPLEMENTARY READING:

Devlin, Rose Anne and Sisira Sarma, 2008. “Do Physician Remuneration Schemes Matter? The Case of Canadian Family Physicians.” *Journal of Health Economics*, 27(5): 1168-81.

Kantarevic, J. and B. Kralj, 2013. “Link between Pay for Performance Incentives and Physician Payment Mechanisms: Evidence from the Diabetes Management Incentive in Ontario.” *Health Economics*, 22(12): 1417-1439.

Kantarevic, J. and B. Kralj, 2014. “Risk Selection and Cost Shifting in a Prospective Physician Payment System: Evidence from Ontario.” *Health Policy*, 115(2-3): 249-257.

Kantarevic, J. et al., 2011. “Enhanced Fee-for-service Model and Physician Productivity: Evidence from Family Health Groups in Ontario.” *Journal of Health Economics*, 30(1): 99-111.

Kralj, B. and J. Kantarevic, 2013. “Quality and Quantity in Primary Care Mixed-payment Models: Evidence from Family Health Organizations in Ontario.” *Canadian Journal of Economics*, 46(1): 208-238.

Li, J. et al., 2014. “Physician Response to Pay-for-performance: Evidence from a Natural Experiment.” *Health Economics*, 23(8): 962-978.

Week 11 – The Supply Side of Health Care Provision – Hospitals

REQUIRED READING:

Ch.14 of Hurley (2010)

Ch. 4 &5 of Marchildon (2012)

Cuellar, A. E. and P. Gertler, 2006. “Strategic Interaction of Hospitals and Physicians.” *Journal of Health Economics*, 25: 1-28.

Gagnon, Marie-Pierre, 2014. “Hospital-Based Health Technology Assessment: Developments to Date.” *PharmacoEconomics*, 32(9): 819-824.

Sutherland, Jason et al., 2013. *Paying for Hospital Services: A Hard Look at the Options*. C.D. Howe Institute Commentary No. 378. ISBN 978-0-88806-898-9.

SUPPLEMENTARY READING:

Doyle, Joseph J. et al., 2015. “Measuring Returns to Hospital Care: Evidence from Ambulance Referral Patterns.” *Journal of Political Economy*, 123 (1): 170-214. Edwards, N., 2004. *Policy Brief: Configuring the Hospital in the 21st Century*. Copenhagen: WHO Regional Office for Europe.

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

Joynt, Karen E. et al., 2014. “Association between Hospital Conversions to For-Profit Status and Clinical and Economic Outcomes.” *Journal of the American Medical Association*, 312(16): 1644-1652.

Preya C. and Pink G., 2006. “Scale and Scope Efficiencies Through Hospital Consolidations.” *Journal of Health Economics*, 25(6): 1049-1068.

Week 12 – The Supply Side of Health Care Provision – Pharmaceuticals

REQUIRED READING:

Ch.15 of Hurley (2010)

Ch.5 of Marchildon (2012)

Di Matteo, L. and P. Grootendorst, 2007. "The Effect of Pharmaceutical Patent Term Length on Research and Development and Drug Expenditures in Canada." *Health Care Policy*, 2(3): 65-86.

Grootendorst, Paul and Aidan Hollis, 2011. *Managing Pharmaceutical Expenditure: An Overview and Options for Canada*. Canadian Health Services Research Foundation.

Grootendorst, Paul et al., 2011. "New Approaches to Rewarding Pharmaceutical Innovation." *Canadian Medical Association Journal*, 183(6): 681-685.

Hollis, Aidan and Paul Grootendorst, 2016. "A Comparison of Mechanisms for Setting Generic Drug Prices in Canada." *Journal of Generic Medicines*, 13(1): 19-27. Morgan, Steven G. et al.,

2016. "A Better Prescription: Advice for a National Strategy on Pharmaceutical Policy in Canada." *Healthcare Policy*, 12(1): 18-36.

SUPPLEMENTARY READING:

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

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.

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.

Week 13 – Project presentations and discussions

EVALUATION

Participation (forum)	20 %
Discussion lead (1 paper)	10 %
Writing Assignments	30 %
Forum debate	15 %
Final paper	25%

ENROLLMENT LIMIT

Class enrollment will generally be limited to 30 students.

STUDENTS WITH SPECIAL NEEDS

Students in this course who, because of a disability, may have a need for accommodations are encouraged to discuss this need with the instructor and to contact one of the following:

USask: Disability Services for Students (DSS) – 966-7273.

U of R: Coordinator of Special Needs Services – (306) 585-4631.

STUDENTS EXPERIENCING STRESS

Students who are experiencing stress can seek assistance from one of the following:

USask: Student Affairs and Outreach – <https://students.usask.ca/health/centres/student-affairs-and-outreach.php> or call (306) 966-5757.

U of R: Counselling Services – <http://www.uregina.ca/student/counselling/contact.html> or call (306) 585-4491 between 8:30 a.m. to 4:30 p.m. Saskatchewan time Monday to Friday.

ACADEMIC INTEGRITY AND CONDUCT

Understanding and following the principles of academic integrity and 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. The JSJS has developed an Honour Code (see above) that encapsulates these values.

If you have any questions at all about academic integrity in general or about specific issues, contact any faculty member and we can discuss your questions. For more information, please see:

USask: Guidelines for Academic Conduct – www.usask.ca/university_secretary/council/reports_forms/reports/guide_conduct.php.

U of R: Academic Misconduct – <https://www.uregina.ca/president/executive-team/ed-governance-univ-secretary/student-appeals/student-behaviour.html>

JSJS GRADE DESCRIPTIONS

85+ excellent

A superior performance with consistent strong evidence of:

- a comprehensive, incisive grasp of the subject matter;
- an ability to make insightful critical evaluation of the material given;
- an exceptional capacity for original, creative and/or logical thinking;
- an excellent ability to organize, to analyze, to synthesize, to integrate ideas, and to express thoughts fluently; and
- an excellent ability to apply theories to real-world problems and intersect with related disciplines.

80-85 very good

An excellent performance with strong evidence of:

- a comprehensive grasp of the subject matter;
- an ability to make sound critical evaluation of the material given;
- a very good capacity for original, creative and/or logical thinking;
- an excellent ability to organize, to analyze, to synthesize, to integrate ideas, and to express thoughts fluently; and
- a strong ability to apply theories to real-world problems and intersect with related disciplines.

75-80 good

A good performance with evidence of:

- a substantial knowledge of the subject matter;
- a good understanding of the relevant issues and a good familiarity with the relevant literature and techniques;
- some capacity for original, creative and/or logical thinking;
- a good ability to organize, to analyze, and to examine the subject material in a critical and constructive manner; and
- some ability to apply theories to real-world problems and intersect with related disciplines.

70-75 satisfactory

A generally satisfactory and intellectually adequate performance with evidence of:

- an acceptable basic grasp of the subject material;
- a fair understanding of the relevant issues;
- a general familiarity with the relevant literature and techniques;
- an ability to develop solutions to moderately difficult problems related to the subject material; and
- a moderate ability to examine the material in a critical and analytical manner.

HEALTH ECONOMICS RESOURCES

Canadian Association for Health Services and Policy Research (CAHSPR):

<http://www.cahspr.ca/>

Canadian Centre for Health Economics: <https://www.canadiancentreforhealtheconomics.ca/>

Canadian Foundation for Healthcare Improvement (formerly known as Canadian Health Services Research Foundation): <http://www.cfhi-fcass.ca/Home.aspx>

Canadian Institute for Health Information: <http://www.cihi.ca>

Centre for Health Economics, York University, UK: <http://www.york.ac.uk/inst/che/>

Centre for Health Economics and Policy Analysis (CHEPA), McMaster University: <http://www.chepa.org/home>

Centre for Health Services and Policy Research (CHSPR), University of British Columbia: <http://www.chspr.ubc.ca/>

Health Evidence Network: <http://evidencenetwork.ca/>

International Health Economics Association (IHEA): <https://www.healtheconomics.org>