

## SPPH 546 Introduction to Health Economics

### School of Population and Public Health, University of British Columbia

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**Class:** Thursdays 9am to 12pm, SPPH Room B108

**Office hours:** By appointment.

#### **Background:**

Healthcare is the largest component of government spending in Canadian provinces and in many parts of the world. It permeates almost all aspects of society, from government announcements on spending priorities and surgical wait times, to national news and interest groups advocating health system change, to personal encounters with physicians, clinics, and hospitals.

This course will help students gain a broad understanding of the health system and health system change from an *economics* perspective. We have structured the course to be a comprehensive *Introduction to Health Economics*, focusing on economic concepts that help make sense of the delivery, organization, and financing of healthcare, with emphasis on the Canadian health care system. The course will overview concepts related to the production of health, demand and supply of healthcare services, and economic efficiency. In addition, we will cover ideas related to externalities, imperfect information, asymmetric information, physician behavior, and economic evaluation.

**Prerequisites:** None

#### **Learning Objectives:**

1. Understand policy issues in healthcare by focusing on fundamental concepts of economics related to health, health care and health policy
2. Apply economic principles as a lens to understand and critically assess the health care system
3. Explain economic theory related to the behaviour of economics agents, markets, and government policies.
4. Understand the economic and non-economic factors affecting health status, the health care market, and the role of institutions and public policy

### Course Format

The learning strategy for this class will be the use of lectures supplemented by student-led discussion. Lecture sessions will be used to introduce key themes and will represent a starting point for students to engage in self-directed study. Through class participation and individual student presentations, student-led class learning is encouraged and will be used to stimulate critical discussion of the class material.

### Textbook

This course will be based on the following textbook:

- Primary textbook: Hurley JE, Health Economics. First Edition. McGraw-Hill Ryerson; 2010.

### Student Evaluation

Class participation	15%
2 Assignments	35%
Project presentation	10%
Individual Project	40%

The individual project will include a critical assessment about an assertion related to the economics of healthcare that is found in an article, book, or report. The review should be around 3,000 words. The topics covered during the course provide examples of possible sources and topics. The critical assessment need not be on a topic relating to the Canadian healthcare system specifically. Each student will need to give a 20-25 minutes presentation outlining their chosen topic, including the economic ideas behind the topic. To facilitate student-led learning, each presenter should provide the class with an electronic copy of their presentation or a ½ - 1 page summary of the topic. The critical assessment is due **Monday, December 10, 2018**. The penalty for late assignments (including the project) is 3% per business day.

**Date    Lecture Title/Description**

**Week 1** Introduction and Overview. September 6, 2018 **Anis, Regier**

- Introduction to health economics
- Scope of sub-discipline, including Williams' plumbing diagram
- Course overview

**Week 2** The Canadian Health Care System. September 13, 2018 **Regier**

Textbook: *Hurley Preface and Chapter 1*

- Health and Health Care Systems
- Economics and the design of health systems

**Week 3** Economic Concepts. September 20, 2018 **Regier**

Textbook: *Hurley Chapters 2 and 3*

- Opportunity Cost
- Efficiency and Equity
- Demand and supply

**Week 4** Market structure and pricing in health markets. September 27, 2018. Textbook: Part of Hurley Chapter 3 **Anis**

- Perfect competition and natural monopolies
- Legislated Monopolies (Patent system)
- Oligopoly and monopolistic competition
- Bilateral monopoly
- Empirical evidence: supplier induced demand

**Week 5** Market structure and pricing in health markets cont'd. September 28, 2017. Textbook: Part of Hurley Chapter 3 October 4, 2018 **Anis**

- Perfect competition and natural monopolies
- Legislated Monopolies (Patent system)
- Oligopoly and monopolistic competition
- Bilateral monopoly
- Empirical evidence: supplier induced demand

**Week 6** Information asymmetry and agency. October 11, 2018 **Anis**

Textbook: *Hurley, Chapter 7*

- Role of information in Market Outcomes
- The doctor as agent for patient/government
- Shared decision-making
- Complete information, incomplete information
- Culyer's caring externality

***Assignment 1 is due to Dr. Regier***

<p><b>Week 7</b> Health care systems financing. October 18, 2018  <i>Textbook: Hurley Chapter 11, 12</i></p>	<p><b>Regier</b></p>
<ul style="list-style-type: none"> <li>• Health care systems and financing</li> <li>• Public subsidies, private subsidies, taxation</li> <li>• Cost sharing: Demand and supply side</li> <li>• Managed care systems</li> </ul>	
<p><b>Week 8</b> Methods of Economic Evaluation (overview). October 25, 2018; <i>Textbook: Hurley Chapter 4</i></p>	<p><b>Regier</b></p>
<ul style="list-style-type: none"> <li>• Cost minimization, Cost effectiveness, Cost utility, Cost benefit</li> </ul>	
<p><b>Week 9</b> Grossman human capital (Derived Demand)  November 1, 2018</p>	<p><b>Regier</b></p>
<p><b>Week 10</b> Insurance markets in health care. November 8, 2018  <i>Textbook: Hurley Chapters 8 and 9</i></p>	<p><b>Anis</b></p>
<ul style="list-style-type: none"> <li>• Demand (supply) for health care insurance</li> <li>• Risk, uncertainty and insurance</li> </ul>	
<p><b>Week 11</b> Insurance markets in health care II. November 15, 2018  <i>Textbook: Hurley Chapter 10</i></p>	<p><b>Anis</b></p>
<ul style="list-style-type: none"> <li>• Private Insurance: economies of scale, information, adverse selection and moral hazard</li> <li>• Private versus public health insurance</li> </ul>	
<p><b>Week 12</b> Class Presentations  November 22, 2018</p>	<p><b>Regier</b></p>
<p><b>Week 13</b> Class presentations  November 29, 2018</p>	<p><b>Regier</b></p>

***Assignment 2 is due to Dr. Regier December 3, 2018 9am***