

SPPH 546 Introduction to Health Economics

School of Population and Public Health, University of British Columbia

Instructors: Aslam Anis, email: aslam.anis@ubc.ca
Dean Regier, email: dean.regier@ubc.ca

Class: Thursdays 9am to 12pm, SPPH B108

Office hours: By appointment via email or call Aslam Anis' assistant at 604-366-8542.

Background:

Healthcare is the largest component of government spending in Canada and indeed in many parts of the world. Issues related to healthcare 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. It will focus on why and how the healthcare system is structured and the ensuing contractual relationships between payers and providers. We have structured the course to be a comprehensive *Introduction to Health Economics*, focusing on economic concepts underlying the delivery, organization, and regulation e.g., pharmaceutical pricing, in healthcare markets within the context of the Canadian healthcare 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 characterize different types of market failure in health markets due to externalities, imperfect information, asymmetric information. We will briefly review agency relationships as they affect physician behavior.

Learning Objectives:

1. Understand policy issues in healthcare by focusing on fundamental concepts of economics related to health, healthcare and health policy
2. Apply economic principles as a lens to understand and critically assess the healthcare 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 healthcare 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.

Course Delivery

We will be using Canvas for the course. Assignments should be submitted on Canvas. Lectures will be delivered in person.

Textbook

This course will be based on the following textbook:

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

Student Evaluation

Class participation	20%
Two Assignments	30%
Project presentation	10%
Individual Project	40%

The individual project is a critical assessment about an assertion related to the economics of healthcare that is found in an article, book, or report (10 pages recommended). 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 10 minute presentation outlining their chosen topic, including the economic ideas behind the topic. Due to a shortened term of 11 days for Thursday lectures, the presentations will be scheduled outside of regular class hours and will be delivered by zoom to a course instructor. The dates of the presentations will be confirmed in September. 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. This overview should be uploaded onto Canvas. The critical assessment is due **Monday, December 13, 2021**. The penalty for late assignments (including the project) is 3% per day of delay.

Date	Lecture Title/Description	
Week 1	Introduction and Overview. September 9, 2021 <ul style="list-style-type: none"> • Introduction to health economics • Scope of sub-discipline, including Williams' plumbing diagram • Course overview 	Anis/Regier
Week 2	The Canadian Healthcare System. September 16, 2021 Hurley Chapter 1 <ul style="list-style-type: none"> • Health and Healthcare Systems • Arrow's Welfare Economics of Medical Care 	Regier
Week 3	Economic Concepts. September 23, 2021 Hurley Chapters 2 and 3 <ul style="list-style-type: none"> • Opportunity Cost • Efficiency and Equity • Demand and supply 	Regier
Week 4	National Day for Truth and Reconciliation - September 30, 2021	No class
Week 5	Market structure and pricing in health markets. October 7, 2021. Part of Hurley Chapter 3 <ul style="list-style-type: none"> • Perfect competition and natural monopolies • Legislated Monopolies (Patent system) • Oligopoly and monopolistic competition • Bilateral monopoly • Empirical evidence: supplier induced demand 	Anis
Week 6	Market structure and pricing in health markets cont'd. October 14, 2021 Part of Hurley Chapter 3 <ul style="list-style-type: none"> • Perfect competition and natural monopolies • Legislated Monopolies (Patent system) • Oligopoly and monopolistic competition • Bilateral monopoly • Empirical evidence: supplier induced demand 	Anis

<p>Week 7 Individual-level demand for health. October 21, 2021 Hurley Chapter 5</p> <ul style="list-style-type: none"> • The health capital framework that economists use to analyze individual-level demand for health • Predictions from the human capital framework regarding the impact of factors such as age, income and education on their demand for health 	Regier
<p>Week 8 Insurance markets in healthcare I. October 28, 2021</p> <ul style="list-style-type: none"> • Hurley Chapters 9 and 10 • Risk, uncertainty and insurance • Demand (supply) for healthcare insurance <p style="text-align: center;"><i>Assignment 1 due on Canvas by 11:59pm</i></p>	Anis
<p>Week 9 Insurance markets in healthcare II. November 4, 2021</p> <ul style="list-style-type: none"> • Hurley Chapter 9 and 10 • Private Insurance: economies of scale, information, adverse selection and moral hazard • Private versus public health insurance Private Insurance: economies of scale, information, adverse selection and moral hazard • Private versus public health insurance 	Anis
<p>Week 10 November 11 Midterm Break</p>	
<p>Week 11 Information asymmetry and agency. November 18, 2020 Hurley Chapter 13</p> <ul style="list-style-type: none"> • Role of information in Market Outcomes • The doctor as agent for patient/government • Shared decision-making • Complete information, incomplete information • Culyer’s caring externality 	Anis
<p>Week 12 Pharmaceuticals. November 25, 2020 Hurley Chapter 15</p> <ul style="list-style-type: none"> • Economic analysis of research and innovation in the drug sector • Safety and efficacy regulations • Critical aspects of the design of drug benefit programs 	Regier

Week 13 Pharmaceutical pricing in Canada. December 2, 2021

Anis

- Regulatory history: Sec 31 (patent Act), Bill C22, Bill C91
- Price regulation at the federal level: PMPRB
- Price regulation at the provincial level
- Generic pricing rules, pCPA

Assignment 2 due on Canvas by December 13, 2021 11:59pm