Economic Issues of Health Policy  
ECON 3690  
July 8, 2014

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<th>Location .................</th>
<th>244 University College</th>
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<tr>
<td>Time</td>
<td>Tuesday/Thursday 11:30 am - 12:45</td>
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<tr>
<td>Instructor ..............</td>
<td>Greg Mason</td>
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<tr>
<td>Office Hours</td>
<td>10:00 – 11:00 (Tuesday and Thursday)</td>
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<tr>
<td>Contact phone ..........</td>
<td>987-2030 (PRA Inc.)</td>
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<tr>
<td>Contact e-mail ..........</td>
<td><a href="mailto:gregory.mason@ad.umanitoba.ca">gregory.mason@ad.umanitoba.ca</a> (this is the preferred mode of contact)</td>
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<tr>
<td>Course website ..........</td>
<td><a href="http://gregorymason.ca/courses/">http://gregorymason.ca/courses/</a></td>
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Communication: I will only use university assigned e-mails to communicate to the class as a group and to individual students. Please do not send questions using hour personal e-mail and only use the e-mail above. Make sure you have claimed a university e-mail account and that it is properly recorded by the registrar.

**Objectives of the course**

Health care is rapidly dominating public expenditures, raising all sorts of policy issues. Should I be required to pay to cure those with “lifestyle” diseases caused by bad choices of others? Does prevention make economic sense? Should we make vaccination compulsory? What was the economic cost of banning DDT? Why is the last year of life so expensive? Why do doctors in North America have such high incomes relative to doctors in other countries? Should we regulate natural remedies?

This course presents an economic analysis of the demand, supply, and markets for health care as the foundation for health care policy. We will examine the core policy question of how society should organize and deliver health care. The key issue is whether health care is a commodity uniquely different from other goods and services such as housing, food and clothing.

**Course overview**

This course will explore four dimensions of the economics of health:

1. **Demand for health care**
   - a. What makes health unique as a product/service
   - b. Nature of the demand for health care services

2. **Supply of health care**
   - a. Supply of health practitioners
   - b. Supply of health care infrastructure
   - c. Supply of pharmaceuticals and technology (e-health)
   - d. Features of primary, secondary, and tertiary care

3. **The nature of health care markets**
   - a. Features of private supply
   - b. Market failure (Information failures, industrial organization, and decision limits to optimal consumption and provision of health services)
   - c. Public supply and mixed models

4. **Policy planning in health**
   - a. Cost-benefit and cost-effectiveness analysis
   - b. Health insurance models
   - c. Distribution and access to health care
   - d. New developments in health care policy

**Course approach**

After four introductory lectures, the course will comprise two sessions a week – The “Tuesday” session will usually be a lecture with student Q&A and discussion on theory, principles and policy debates; the “Thursday” session will typically involve problem solving in a “lab” setting. Student teams will present the findings of questions/problems posed in class and present their take on current policy debates and issues as presented in class. These lab sessions will serve as
preparatory exercises for the term tests – attendance is recommended

**Course philosophy**
The goal of the course is to increase your confidence in applying economic principles to issues in health policy. I also want you to acquire skills in researching a policy problem and then expressing your findings in clear prose. This is an essential workplace skill. The labs are intended to provide you with practice in developing and presenting your analysis and attendance is strongly recommended. 10% of the marks will derive from your participation (as subjectively valued by the instructor)

**Texts:**
- Selected notes and material on the course website.

**Mark Allocation:**
The philosophy I apply is that student performance is best assessed across several modalities. Therefore, the final grade will draw from participation in class, submission of written material (term project), and exams. Note all exams will be in class. Writing is very important in the workplace and I will pay attention to grammar, style, and clarity of expression on the term project.

- Contribution in labs (This is a subject valuation by the instructor in the participation and contribution made by each student, primarily in the labs.) (10 marks)
- Term-tests - 3 @ 20 marks each. (Oct 7; Nov 13; Dec 2) **(60 marks)** (20 marks each)
- Term project – **(30 Marks)** Divided into Part A (literature review) and Part B (briefing note) each worth 15 marks.

The labs are intended to extend the material in the lecture. Students will participate in small group to solve problems, develop discussion points and present solutions/perspectives to the class. Attendance is recommended as this is a prime source of questions for the term-tests.

**Academic integrity**
Each student must read and understand university regulations regarding academic integrity as described in the General Calendar.

- Plagiarism and Cheating - [http://webapps.cc.umanitoba.ca/calendar10/regulations/plagiarism.asp](http://webapps.cc.umanitoba.ca/calendar10/regulations/plagiarism.asp)

**Claims that these regulations were not understood will not be accepted.**

**Term Project - General instructions**
The literature review – briefing is often the first step in any academic work and is a very common task for an economist working in business or government. There are two steps to this project:

1. The literature review will be a 6 – 7 page summary of a specific issue (e.g. economics benefits/costs of flu vaccination). In about 1200 – 1500 words, you will review the salient aspect of a topic, using principles of economics. You will have the opportunity to re-submit this, based on comments received. This is intended to give you the opportunity to learn and improve your mark.
2. The briefing note is one page synopsis of the literature review (250 word max). This is intended to present the essential ideas of the literature review for senior managers.

The literature review and briefing note must only be in WORD (no .pdf) and formatted according to APA or similar style. Please submit the papers to my academic e-mail (see above) and you must use the following subject line –
ECON3690_Lit Review_**yourlastname_yourfirstname**.doc and
ECON3690_Lit Review Re-submit_**yourlastname_yourfirstname**.doc
ECON3690_Briefing Note_**yourlastname_yourfirstname**.doc

(I am very strict about this as it allows me to keep track and organize the files. I will ignore any e-mails and files not following this convention)
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<tr>
<th>Lecture/Date (Key dates in Bold)</th>
<th>Topic</th>
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| 1. Sept 4                     | **Overview of Canada's health care system in the context of the OECD**  
Reading – Chapter 1 (Hurley), selected tables and references on the website |
| 2. Sep 9                      | Efficiency and equity  
Reading – Chapter 2 |
| 3. Sep 11 (Lab)               | Appendix 2a Working with the concepts of efficient allocation and measures of equity and fairness. |
| 4. Sep 16                     | **Market processes**  
Reading – Chapter 3 |
| 5. Sep 18 (Lab)               | Appendix 3a Imperfect markets – market failure and economics of ignorance and irrationality |
| 6. Sep 23                     | **Methods of economic evaluation 1**  
Reading – Chapter 4 |
| 7. Sep 25 (Lab)               | Basic finance concepts (supplementary material on course website) |
| 8. Sep 30                     | **Methods of economic evaluation 2**  
Reading – Chapter 4 |
| 9. Oct 2 (Lab)                | Appendix 4a Cost-benefit methods in Health economics |
| 10. Oct 7                     | Review of material to date |
| 11. Oct 9 (Test-1)            | **1:15 hour mid-term** (short definitions, worked problem, essay (choice of topic)) (Answer sheet posted on website) |
| 12. Oct 14                    | **Demand for health**  
Reading – Chapter 5 |
| 13. Oct 16 (Lab)              | Appendix 5a – Health as human capital |
| 14. Oct 21                    | **Health as an economic commodity and Demand for Health Care**  
Reading – Chapter 7/8 |
| 15. Oct 23 (Lab)              | Appendix 7 – externalities and public goods |
| 16. Oct 28                    | **Managing risk – the demand for insurance**  
Reading – Chapter 10 |
| 17. Oct 30 (Lab)              | Appendix 10 – Economics of risk and insurance |
| 18. Nov 4                     | **Demand for Health Care Insurance**  
Reading – Chapter 9 |
| 19. Nov 6 (Lab)               | Appendix 9 – Risk pooling |
| 20. Nov 11 (Lit review due)   | No class (Lit Review due at 24:00 Nov 11) |
| 21. Nov 13 (Test – 2)         | **1:15 hour** (short definitions, worked problem, essay (choice of topic)) (Answer sheet posted on website) |
| 22. Nov 18                    | **Supply – Health practitioners (doctors, nurses, and alternative suppliers)**  
Reading – Chapter 13 |
| 23. Nov 20 (Lab)              | Appendix 13 – Alternatives to experts (the private supply of health information) |
| 24. Nov 25                    | **Supply – Pharmaceuticals**  
Reading – Chapter 15 |
| 25. Nov 27 (Lab) (Lit Review re-submit) | (Course Review)  
Note students can resubmit their lit reviews making improvements from the comments received. (Due 24:00 Nov 27) |
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<td>26. Dec 2 (Test – 3)</td>
<td>1:15 hour (short definitions, worked problem, essay (choice of topic) (Note these examinations will not be returned) This test will cover the year</td>
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<td>27. Dec 9 (Briefing note due)</td>
<td>24:00 Dec 9</td>
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