

McMaster University, Department of Economics

ECON 2CC3/HLTHAGE 2C03 - Health Economics and its Applications to Health Policy

Winter 2020

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Course Outline

- **Instructor:** Anastasios Papanastasiou, Ph.D.
- **Office hours:** Mon, Thu: 3pm-4pm or by appointment
- **Lectures:** Mon, Wed, Thu: 1:30pm-2:20pm, PGCLL M16
- **Office:** KTH 434
- Office Phone: 905-525-9140, ext. 24593
- **e-mail:** papanasa@mcmaster.ca

– Please use your *McMaster email account* and include the course number in your emails.

It is your responsibility as a student to be aware of and to abide by the University's policies regarding academic misconduct, e-mail communication, maintaining copies of out-of-class assignments, what to do when you cannot meet a course requirement and the drop date for this semester. To better understand these policies, visit: <https://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicIntegrity.pdf> and <http://academiccalendars.romcmaster.ca/index.php>.

Course Description

This course is an introduction to health policy analysis under the lens of microeconomics. The purpose is to show that many apparently complex issues in health policy can be greatly clarified when they are analysed using principles of microeconomics. We begin with an overview of health and health care systems with an emphasis on the Canadian context, and a concise exposition of the microeconomic tools that we will employ in our analysis. We then introduce modifications to our baseline tools to capture salient features of the demand for health and health care, and extend our toolbox to consider the impact of externalities, risk and asymmetric information. Our focus then turns to the supply of health care and on the impact of institutional arrangements and the role of government in health care markets.

Prerequisites

- Registration in Level II or above
 - Not open to students registered in an Economics program or with credit or registration in ECON 2G03, 2X03 or 3Z03. Students excluded from ECON 2CC3 or those wishing to do further work in Health Economics are referred to ECON 3Z03. May not be used to satisfy Economics unit requirements by students in Economics programs or a minor in Economics.

Class Format

The lecture presentations will include handwritten notes and slides. You are encouraged to take notes during the lectures, but your primary focus should be understanding the lecture material - this will minimize the amount of time you have to study at home to do well in the course. Although in-class participation is not part of the formal evaluation, you are strongly encouraged to participate in our discussions during the lectures, and much of the focus of the lectures, and consequently the focus of the exams, will be based on questions raised and concepts that were given special emphasis in class. You are responsible for all material presented in the lectures whether you choose to attend lectures or not.

Course Materials and Texts

Required Textbook

- **Health Economics, Jeremiah E. Hurley**
 - *Electronic Version:* An electronic version of the text is available for a price of \$40. The e-book is available for sale through Campus EBookstore. It can be purchased from this site <http://www.campusbookstore.com/>, by clicking Shop and then selecting e-books. The ISBN for the e-book is 9780666386199. Individuals who purchase the e-book will be emailed a redemption code and instructions on how to access the e-book online.
 - *Print Version:* Health Economics is now set up to purchase through our website at a price of \$65.00. The direct link to the page on the Campus Store website is <https://goo.gl/jtH3tB>. On Avenue-to-Learn you will find a PDF document with steps to find the page using the menus available on the Campus Store's site. Print versions (if the Campus Store does not have them in stock) will be printed in a few days. The store can ship to most places in Canada within 2-3 days.

Course Evaluation - Overview

There will be one midterm exam, worth 25% of the course grade, a second midterm exam worth 30% of your final grade, a final exam covering the entire semester's work worth 35%, to be written during the final exam period, and four homework assignments worth 2.5% each, assigned periodically.

Component	Date	Weight (% of final grade)
Assignments	Assigned periodically	10%
Midterm 1	TBD	25%
Midterm 2	TBD	30%
Final Exam	TBD	35%

Course Evaluation - Details

Problem Sets: Four short-answer problem sets worth 2.5% each will be assigned through the *Avenue to Learn* website (<http://avenue.mcmaster.ca/>). The questions listed at the end of chapters in the textbook for this course are examples of the type of problems that will be assigned. You are encouraged to use graphs in formulating your answers where applicable. **You must submit your problem assignments through the Drop Box on Avenue to Learn.** The problem sets will be posted at least one week before their due date and you will receive your marks at least one week after the due date. It is your responsibility to check the Avenue-to-Learn website on a regular basis to keep up with the assignments of problem sets. Late submissions will not be accepted.

Examinations: Both midterms will be written during class time - classroom and dates TBA on Avenue. The midterms and the final exam will consist of short answer questions. Some questions may require graphs or simple calculations. You may bring a calculator in the exam. If you miss a midterm exam you will receive a grade of zero unless you complete the *McMaster Student Absence Reporting Form - MSAF* within **five business days** of the test date. Students must take their documentation to their faculty Associate Dean's Office or Program Office and file a *Permission to use MSAF*. Once I receive the MSAF, the weight of the missed exam will be added to the weight of the final exam.

Important Notes:

1. It is your responsibility to check the Avenue-to-Learn website on a daily basis to keep up with the course (problem sets and due dates, announcements, lecture slides etc.)
2. The final exam will be comprehensive and based on the entire course.
3. If you find yourself facing difficulties that are too great, course related or otherwise, you are encouraged to discuss them with me in person as early in the semester as possible. If something is unclear, ask for clarification in advance! **You are strongly encouraged to express your thoughts and questions during the lectures.**
4. While there is no golden rule, if you are pursuing an A+ in this course you might find the following recommendations useful:
 - a. Attend all lectures. Doing so will make homework much easier and help you prepare for the examinations.
 - b. Read and understand the lecture notes and related textbook chapters.
 - c. Keep up with the lectures. Catch up if you miss a lecture as soon as possible and monitor the course on Avenue on a daily basis. Do not postpone studying until the exam period!

Course Policies

- **Grades Scale:** Based on McMaster University scale: for more information, please visit <https://registrar.mcmaster.ca/exams/grades/>
- **Absences, Missed Work, Illness (MSAF):** No make-up midterms and no early writes are provided.

Please note the MSAF regulations have changed beginning Spring/Summer 2015:

- The timeframe within which the MSAF is valid has been reduced from 5 days to 3 days.
- The upper limit for when an MSAF can be submitted has been reduced from 'less than 30%' to 'less than 25%' of the course weight.
- **Where to Get Help:** If you find that your difficulties in this course are too great you are encouraged to discuss them with the instructor as early in the semester as possible. If something is unclear, ask for clarification in advance not just the day before the exam!

- **Academic Accommodation of Students with Disabilities:** Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements. Academic accommodations must be arranged before classes or academic work begins, and for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail sas@mcmaster.ca. For further information, consult McMaster University's Policy for Academic Accommodation of Students with Disabilities.
- **Course Modification:** The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check his/her McMaster email and course websites weekly during the term and to note any changes.
- **Faculty of Social Sciences E-mail Communication Policy:** Effective September 1, 2010, it is the policy of the Faculty of Social Sciences that all e-mail communication sent from students to instructors (including TAs), and from students to staff, must originate from the student's own McMaster University e-mail account. This policy protects confidentiality and confirms the identity of the student. It is the student's responsibility to ensure that communication is sent to the university from a McMaster account. If an instructor becomes aware that a communication has come from an alternate address, the instructor may not reply at his or her discretion.

Course Content

Material	Chapter in textbook
1. Health and Health Care Systems	1
2. Efficiency and Equity	2
3. The Basics of Markets	3
4. Individual Level Demand for and Production of Health	5
5. Health Care as an Economic Commodity	7
6. The Demand for Health Care	8
7. The Demand for Health Care Insurance	9
8. Systems of Health Care Finance	11
9. Health Care Funding	12
10. Physicians, Their Practices and the Market for Physician Services	13
11. Pharmaceuticals	15

Other Notes

- **Students Writing with SAS:** Students registered with SAS must book time to write the midterm tests with SAS. You may only write on the same day as the rest of the class. Tests written on any other day will not be accepted and a grade of zero will be assigned.
- **Classroom Protocols:** The highest level of courtesy and professional behavior is expected from every student. Be punctual and turn off all audible ringers on all devices during class. As a courtesy to the custodial staff, if you have coffee, water, etc., please dispose of your garbage when you leave the classroom.