

ECON 3Z03: Health Economics

Fall 2019

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Office Hours: 3.30-5pm Mon and Wed

Lecture: Mon, Wed 14.30-15.20, Fri 16.30-17.20 CNH 106

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COURSE DESCRIPTION

In this course we will use principles from intermediate microeconomics to examine health policy issues and the allocation of resources in health care markets. Many apparently complex health policy issues can be greatly clarified when they are analysed using fundamental economic reasoning. Some of the topics that we will consider include the supply of and demand for healthcare services, factors underlying individual decisions about engaging in healthy and unhealthy behaviours, the role of government in health care, the nature of health insurance, the pricing of pharmaceuticals, current issues in the Canadian health care system and comparisons between the Canadian and other countries' health care systems.

PREREQUISITES

- Econ 2Z03/2G03/2X03

Optional: Econ 2B03 or another course in statistics is recommended.

COURSE MATERIALS AND TEXTS

The lecture presentations will include handwritten notes and slides. You are encouraged to take notes during the lectures, but your primary focus should be on 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 discussions during the lectures. You are responsible for studying all material covered in the lectures whether you choose to attend lectures or not.

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.campusebookstore.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>.

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.

Other Texts

- The Economics of Health and Health Care (8th Edition) Sherman Folland, Allen C. Goodman & Miron Stano, pub. Prentice Hall (2018)
- The Elgar Companion to Health Economics 2nd edition ed AM Jones (2012)
- The Oxford Handbook of Health Economics, eds Sherry Glied and Peter C. Smith, Oxford University Press (2013)

Students are advised to keep whichever intermediate microeconomics text they used in Econ 2G03/2X03 handy.

AVENUE TO LEARN

Avenue to Learn is McMaster's Learning Management System. I will be using [Avenue to Learn](#) (A2L) to post lecture notes, course announcements, files that you can download, and your grades. You are responsible for monitoring Avenue **on a daily basis**. You are also responsible for using A2L to submit your assignments by the posted deadlines.

Students should be aware that, when they access the electronic components of this course, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

COURSE EVALUATION

There will be four problem sets worth 3 % each, one midterm exam worth 20% of the course grade, to be written in class time on **Friday October 11** on material covered up to the end of the previous week of classes, a final exam worth 35% of the course grade, covering the entire semester's work, to be written during the final exam period, and a paper (up to 10 pages in length) which reviews 3 articles from the recent health economics literature and is worth 30% of the course grade. 3% will be given for the

review outline. More details on the review paper will be given in a separate handout. For the review outline and final paper: Late by 24 hours or less: 10% penalty. Work submitted more than 24 hours late will normally not be graded and earn a grade of zero.

Component	Date	Weight (% of final grade)
Problem Sets	Assigned periodically	12%
1 page Review outline	October 4	3%
Midterm	October 11	20%
10 page Review paper	December 4	30%
Final Exam	TBA	35%

Problem Sets: Four short-answer problem sets worth 3% 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 are examples of the kind of problems that will be assigned.

You should 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. It is your responsibility to check the Avenue-to-Learn website on a regular basis to keep up with the deadlines for the problem sets: Late by 24 hours or less: 10% penalty. Work submitted more than 24 hours late will normally not be graded and earn a grade of zero.

Examinations: The midterm and the final exam will consist of short-answer and longer answer analytical questions.

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.
4. If something is unclear, ask for clarification but first check the course outline and avenue for the information.
5. You are strongly encouraged to express your thoughts and questions during the lectures.
6. **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.

COURSE POLICIES

Grades

Grades will be based on the McMaster University grading scale:

MARK	GRADE
90-100	A+
85-90	A
80-84	A-
77-79	B+
73-76	B
70-72	B-
67-69	C+
63-66	C
60-62	C-
57-59	D+
53-56	D
50-52	D-
0-49	F

Late Submissions

If you submit your work late you will be penalized. Late by 24 hours or less: 10% penalty. Work submitted more than 24 hours late will normally not be graded and earn a grade of zero.

Absences, Missed Work, Illness (MSAF)

The only valid excuses for missed classes, presentations and late submissions are those approved by your Faculty office. No make-up midterms and no early writes are provided. If you miss the midterm exam you will receive a grade of zero unless you complete the *McMaster Student Absence Reporting Form - MSAF* within **three 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 normally be added to the weight of the final exam.

Where to Get Help

My office hours are listed at the top of this document. Note that if you need help with writing, McMaster students now have free access to an on-line program to help with writing. This program is called Grammarly. The user copies and pastes text into the program and receives notification of errors and suggestions for corrections. To register as a user, go to <http://www.grammarly.com/edu/> and "Sign Up".

Academic support services are also available from the Student Success Centre. Please see

<https://studentsuccess.mcmaster.ca/academic-support/academicsupport/>.

UNIVERSITY POLICIES

Academic Integrity Statement

You are expected to exhibit honesty and use ethical behavior in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behavior can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](#).

The following illustrates only two forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which credit has been obtained.
2. Failure to reference in quotation marks a direct quote from another source.

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](#).

Academic Accommodation for Religious, Indigenous and Spiritual Observances

Students who require academic accommodation due to an Observance must submit a RISO form to their Faculty office, electronically or in person, normally within ten working days from the beginning of each term in which they are anticipating a need for Accommodation. For further information, consult McMaster University's [Policy on Academic Accommodation for Religious, Indigenous and Spiritual Observances](#).

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 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.

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. Methods of Economic Evaluation	4
5. Individual Level Demand for and Production of Health	5
6. The Determinants of Population Health	6
7. Health Care as an Economic Commodity	7
8. The Demand for Health Care	8
9. The Demand for Health Care Insurance	9
10. Private Insurance Markets	10
11. Systems of Health Care Finance	11
12. Health Care Funding	12
13. Physicians, Their Practices and the Market for Physician Services	13
14. Health Care Institutions: Hospitals	14
15. Pharmaceuticals	15