

## Economics 679(L01) /MDCH 661 Health Economics I

Instructor: Prof. Mingshan Lu  
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Lecture Location: SS403  
Lecture Days/Time: W 12:15-15:00

Office: SS440  
Office Hours: by appointment

Winter 2016

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### Course Description

Health care industry is a multi-billion dollar industry; it is largely complex and constantly evolving. Health care reform is one of the most critical and challenging issues facing countries around the world; countries including Canada are experimenting with various approaches to make the existing system work more efficiently. These on-going efforts will generate profound impacts on all sectors in the health care industry for many years to come.

This course introduces students to the fundamental tradeoffs and principles common to global health care systems. Students will learn how to apply basic economic concepts, theories, and analytical tools to understanding the special features of health care markets as well as the role of government interventions. Specifics of health care financing policy and reforms from the Canadian health care system as well as other systems that are of particular interest will be discussed. This highly interactive course is designed to help student to establish a conceptual framework to evaluate health care system and policy, to be able to understand and participate in evidence-based decision making in health care.

### Course Objectives/Learning Outcomes

This course is geared to students with significant research interests in the fields of health economics, health services research, and health care policy. It is designed to help students to apply the concepts and methodologies of health economics in health care. Throughout the term, students are required to explore, select and develop their own research focuses. At the end of the course, each student is expected to deliver a research proposal or research paper.

### Prerequisites/corequisites

None.

### Required Textbook(s)

None.

### Recommended Textbook(s)

None.

For each topic covered, journal publications will be provided as reading materials.

**Reserved Readings**

Folland, Goodman and Stano The Economics of Health and Health Care, 6th edition, Prentice Hall Canada.

Lu, M. & J. Egon (eds.) Financing Health Care: New Ideas for a Changing Society, 1st edition, Wiley – VCH, Weinheim.

Culyer, A.J. & J.P. Newhouse (eds) Handbook of Health Economics (Vol. 1A and 1B), Elsevier, 2000.

Evans, Robert Strained Mercy: The Economics of Canadian Health Care, Toronto: Buttersworth, 1984.

Newhouse, J.P. Free for all? Lessons from the Rand Health Insurance Experiment, Harvard University Press, 1993.

Lisa I. Iezzoni, Risk Adjustment for Measuring Health Care Outcomes, 4th Edition, Health Administration Press, 2013.

Joshua D. Angrist, Jörn-Steffen Pischke, Mastering 'Metrics: The Path from Cause to Effect", Princeton University Press, Dec 21 2014.

Drummond M et al. Methods for the economic evaluation of health care programmes. 3rd ed. Oxford. Oxford University Press. 2005

**Course Requirements/Assessments:**

There will be one test, as well as a term project which includes a class presentation and term paper. There is no final examination.

Grading weights will be as follows:

Class Participation	30%
Test (tentative March 30 <sup>th</sup> , 2016)	35%
Term Project	
Class Presentation	10%
Term Paper	25%

Grade for class participation is based on attendance, interactions/contributions in class discussions, and demonstrated familiarity with course readings. Details on term project requirements will be discussed in Day 1 of the class; detailed instructions will be posted on the course D2L website.

**Desire2Learn** This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

**Course Outline (tentative; subject to change)**

	<i>Topics to cover</i>
Week 1	Introduction: Canadian Health Care System
Week 2	Why is Health Care Industry Different?

Week 3	RAND Health Insurance Experiment
Week 4	Efficiency
Week 5	Equity
Week 6	Reading Week
Week 7	Does Treatment Work? – Determinants of Health
Week 8	Physicians: Payment Systems and Economic Incentives
Week 9	Hospitals
Week 10	Payment Systems and Economic Incentives
Week 11	Comparative Health Systems and Health Care Reform
Week 12	Term Project Class Presentation
Week 13	Term Project Class Presentation

### Grade Determination and Final Examination Details

Department of Economics Criteria for Letter Grades. Economics professors use the following criteria when assigning letter grades:

Grade	Grade Point Value	Description		Grade	Grade Point Value	Description
A+	4.00	Outstanding		C+	2.30	All grades below "B-" are indicative of failure at the graduate level and cannot be counted toward Faculty of Graduate Studies course requirements. Individual programs may require a higher passing grade.
A	4.00	Excellent-superior performance, showing-comprehensive understanding of subject matter		C	2.00	the subject matter
A-	3.70	Very good performance		C-	1.70	
B+	3.30	Good performance		D+	1.00	
B	3.00	Satisfactory performance		D	1.00	
B-	2.70	Minimum pass for students in the Faculty of Graduate Studies		F	0	

**Grading Scale**

A+	95 – 100	B	73 – 76	C-	60 – 62
A	85 – 94	B-	70 – 72	D+	56 – 59
A-	80 – 84	C+	67 – 69	D	50 – 55
B+	77 – 79	C	63 – 66	F	0 – 49

Tests and final exams are marked on a numerical (percentage) basis, then converted to letter grades. The course grade is then calculated using the weights indicated above.

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

There will be one test, as well as a term project which includes a class presentation and term paper. There is no final examination. The test will not involve multiple questions. Calculators not required; not allowed. Please note that there will not be makeup midterm. Unless you have a documented health problem or family emergency, if you fail to take a test, your score for the missed test will be zero. If for a legitimate reason you do miss the test, the weight will be shifted to the term project presentation and term paper.

**Important Dates**

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>

**Reappraisal of Grades**

**For reappraisal of graded term work, see Calendar I.2**

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

**For reappraisal of final grade, see Calendar I.3**

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

A student who feels that a piece of graded term work (e.g., term paper, essay, test) has been unfairly graded, may have the work re-graded as follows. The student shall discuss the work with the instructor within 15 days of being notified about the mark or of the item's return to the class; no reappraisal of term work is permitted after the 15 days. If not satisfied, the student shall immediately take the matter to the Head of the department offering the course, who will arrange for a reassessment of the work within the next 15 days. The reappraisal of term work may cause the grade to be raised, lowered, or to remain the same. If the student is not satisfied with the decision and wishes to appeal, the student shall address a letter of appeal to the Dean of the faculty offering the course within 15 days of the unfavourable decision. In the letter, the student must clearly and fully state the decision being appealed, the grounds for appeal, and the remedies being sought, along with any special circumstances that warrant an appeal of the reappraisal. The student should include as much written documentation as possible.

**Plagiarism and Other Academic Misconduct**

Intellectual honesty is the cornerstone of the development and acquisition of knowledge and requires that the contribution of others be acknowledged. Consequently, plagiarism or cheating on any assignment is regarded as an extremely serious academic offense. Plagiarism involves submitting or presenting work in a course as if it were the student's own work done expressly for that particular

course when, in fact, it is not. Students should examine sections of the University Calendar that present a Statement of Intellectual honesty and definitions and penalties associated with Plagiarism/Cheating/Other Academic Misconduct, <http://www.ucalgary.ca/pubs/calendar/current/k.html>

### **Academic Accommodation**

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services; SAS will process the request and issue letters of accommodation to instructors. For additional information on support services and accommodations for students with disabilities, Visit [www.ucalgary.ca/access/](http://www.ucalgary.ca/access/).

Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at [www.ucalgary.ca/policies/files/policies/student-accommodation-policy\\_0.pdf](http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy_0.pdf)

Students who have not registered with the Disability Resource Centre are not eligible for formal academic accommodation. You are also required to discuss your needs with your instructor no later than 14 days after the start of this course.

### **Absence from a Test/Exam**

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES under any circumstances, nor may the quizzes be written early. Students unable to write the quizzes because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned. If a student cannot write their final exam on the date assigned by the Registrar's Office, they need to apply for a deferred exam [www.ucalgary.ca/registrar/exams/deferred\\_final](http://www.ucalgary.ca/registrar/exams/deferred_final) Under no circumstance will this be accommodated by the department.

Faculty of Grad Studies website: <http://grad.ucalgary.ca/home>

Graduate Students Association: <http://gsa.ucalgary.ca/>

Professional Development for Grad Students

Workshops and resources can be found at <http://www.ucalgary.ca/mygradskills/>

Economics Graduate Association: <http://econ.ucalgary.ca/ega/>

### **Evacuation Assembly Point**

In case of an emergency evacuation during class, students must gather at the designated assembly point nearest to the classroom. The list of assembly points is found at [www.ucalgary.ca/emergencyplan/assemblypoints](http://www.ucalgary.ca/emergencyplan/assemblypoints)

Please check this website and note the nearest assembly point for this course

### **Safewalk**

The safewalk program provides volunteers to walk students safely to their destination anywhere on campus. This service is free and available 24 hrs/day, 365 days a year.

**Call 403-220-5333**