



Department of Economics Course Outline

		Term:	Fall 2004
Course:	Economics 711.83 [Readings in Theory, Methodology and Practice of Stated Preference Elicitation in Health Economics]	Section:	01
Time:	TBA	Place:	TBA
Instructor:	G. Currie		
Office:	SS 542	Telephone:	220-5602 or 210-9460
Office Hours:	TBA	E-mail:	currie@ucalgary.ca

Textbook(s):

Donaldson C and Shackley P (1997) Economic evaluation. In Detels R, Holland WW, McEwan J and Omenn GS (Eds) *Oxford Textbook of Public Health* (Third edition). Oxford University Press, Oxford.

Drummond MF, O'Brien B, Stoddart GL and Torrance GW (1997, 2nd edn) *Methods for the Economic Evaluation of Health Care Programmes*. Oxford University Press, Oxford.

Gold MR, Siegel JE, Russell LB and Weinstein M (1996) *Cost Effectiveness in Health and Medicine*. Oxford University Press, New York.

Objectives:

The objectives of this course are for participants to learn in depth:

- (1) the basic principles underlying the main monetary and non-monetary valuation methods in health;
- (2) how these principles relate to the use of such valuation methods in practice (and, where there are discrepancies, why these arise).

Assessment:

- (a) Assessment will take the form of a short paper to be written after each session, each of which will carry equal weight in the determination of the final grade for the course.
- (b) There will be no final exam. It is not necessary to pass all components of the course to receive a passing grade on the course as a whole.
- (c) The official grading system will be used.

The following topics will be covered with a set of readings for each:

- (1) Why are we here? Or what do we mean by efficiency and how can it be applied to health?

Here, we would look at concepts such as allocative and technical efficiency and discuss how they can be (or cannot) be applied in a health care environment.

Compare the four main readings in terms of how they make these definitions and what they say about their applicability.

Also include:

Rheinhardt U (1992) Reflections on the meaning of efficiency: can efficiency be separated from equity? *Yale Law Review*, 10: 302-315.

- (2) Non-monetary valuation of health gains: QALYs and HYE

Define a 'QALY' and an 'HYE'!

What are the basic methods for valuing QALYs and HYE?

What are the economic principles underlying these methods?

What are their relative merits?

~~Gold~~on and Shackley, DrummondGold *et al.*

Also include:

~~QALYs, HYE, and WTP. (1999) The Health Economics of Health Care: A Handbook of Health Economics, (130-139).
Paciorek, A. H. (1993) WTP and HYE (Wealth) as Health Utilities of Health Expenditure and Pharmacoeconomics in Clinical Trials (Second
edition). Lippincott-Raven Publishers, Philadelphia.~~

(3) Monetary valuation in health: eliciting willingness to pay through contingent valuation

What are the basic methods and their underlying economic principles?

What are their merits relative to one another and to HYE/QALYs?

What are the 'acid tests' for such studies to pass with respect to validity? And how well do health studies do in these respects?

How well do studies conform to welfare economic principles?

Donaldson and Shackley, Drummond Gold *et al.*

Also include:

~~Haaijman, R. (1999) Economic, Psychological and Policy Relevant Aspects of Contingent Valuation Methods. Kluwer, Boston.~~

(6) Back to basics I: distributional concerns, accounting for altruism and the extra-welfarist challenge

Do non-monetary measures of value (such as QALYs) have advantages over monetary measures (such as WTP) as the latter are obviously associated with ability to pay?

Health care and safety are subject to market failure, one aspect of which is the lack of ability of markets to account for altruistic externalities. How should we account for this in our valuation methods?

Does extra-welfarism provide an alternative paradigm for thinking about such issues?

~~Full Name of Writer(s) (1991) The Health Economics of Health Care: A Review of the Literature. In: Health Economics, Law and Organization, 7(1), pp. 1-27.~~
E-mail: ~~mailto:propper@ucl.ac.uk~~; C2.Propper, C. (eds.); Routledge: London, 1990; 9-27.

(7) Back to basics II: using the results of economic evaluations

What is a cost-per-QALY 'league table'?

How can it be used in decision making?

How does such a league table relate back to concepts of efficiency and opportunity cost?

What is an incremental cost effectiveness ratio?

How does it relate back to concepts of efficiency and opportunity cost?

How should the results of WTP studies be used?

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E-mail: ~~mailto:propper@ucl.ac.uk~~; C2.Propper, C. (eds.); Routledge: London, 1990; 9-27.

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Note:

- Students seeking reappraisal of a piece of graded term work (term paper, essay, etc. should discuss their work with the Instructor within two weeks of the work being returned to the class.

Safewalk/Campus Security: 220-5333

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GC:dm

2004-11-04