Econ 6307: Economics of Health and Medical Care

Course Outline

**Purpose:** Health care has become a dominant economic and political issue in many countries and the area of health economics is rapidly growing and developing. In this course, we will review economic approaches to the understanding of markets for health care and more generally the behaviour of agents involved in the provision and consumption of health care. Also, we discuss characteristics which are integral to health namely information problems, insurance, government intervention and the institutional environment. Students are exposed to the widest possible range of perspectives and are encouraged to form their own critical evaluation of the current state of health care provision in Australia.

The material is taught at two levels. A broad intellectual perspective is presented to inform students on the basic economic theory and tools used in the study of health and health care. Also more detailed discussions of the institutional framework and government programs are held. This allows students to apply the principles reviewed earlier as well as learn about current debates in the provision of health care.

**Possible Lecturers:** Garry Barrett, Denise Doiron and Denzil Fiebig.

**Workload Expectations:** It is expected that you will spend at least ten hours per week studying this course. This time should be made up of reading, research, working on exercises and problems and attending classes. In periods where you need to complete assignments or prepare for examinations the workload may be greater.

**Pre-Requisites:** ECON6001 and ECON6003 or equivalents.

**Assessment:** The assessment will be tailored to the number of students and their background. The current method of assessment in the course has two components. Students are responsible for directing every second lecture. This means that every second week, students present papers and chapters from textbooks on topics related to the previous week’s lecture. The readings are chosen from the list given below or are chosen by the students with the approval of the lecturer. Also one student is responsible for leading the discussion surrounding the presentations from classmates. To ensure enough breadth of coverage of the course material, each students is responsible for at least three presentations during the session. This component represents 60% of the semester mark. The remaining 40% is composed of a term paper.
**General Readings:** There is no required text for the course but some material is taken from the following two texts:


The first (from here on FGS) is an undergraduate textbook and may be useful in providing background material as well as an intermediate level discussion of the course material. The second text (from hereon HHEa) presents more advanced material and is also useful in providing surveys of the literature. There is also a second volume of the Handbook of Health Economics dealing with more specialized topics.

**Specific Readings: Part I:** The first part of the course deals with the demand side of health. Information problems and basic issues in the provision of insurance are also discussed. We conclude the first part with a review of evaluation techniques used in health economics.

Background readings in basic microeconomic concepts and econometric techniques:

FGS, Chapters 2 and 8 (microeconomic concepts and the theory of consumer demand).

FGS, Chapter 3 (basic econometric tools).

In the following, * indicates required readings which will be covered during lectures, ** indicates possible readings for student presentations.

I. Demand for Health and Health Care


3. FGS, Chapter 6.

4. HHEa, Chapter 7.


11. **FSG, Chapter 10 (supplier-induced demand).

12. **FSG, Chapter 21 and HHEa, Chapter 1 (comparative health care systems).
II. Information and Insurance


(3) FSG, Chapter 9.

(4) HHEa, Chapters 8 and 11.


III. Evaluation


(5) FSG, Chapter 24.

(6) HHEa, Chapter 4.


Specific Readings: Part II: The second part of the course looks at the key players in the provision of health care. Specialists in the field will present lectures on topics in the area. The topics are chosen to reflect the areas of expertise of the presenters and also to address recent debates and policy reforms in the provision of health care in Australia.

IV. Measuring and Valuing Health Outcomes


i. Topics for student presentations

a. Multi-attribute utility instruments and QALYs


b. Applying the QALY concept in decision making


V. Recent developments in private health insurance in Australia.


VI. Health Care Financing and Incentives


