

## ECON - 440 Winter 2022 Undergraduate Health Economics

**Description:** This undergraduate-level course in health economics focuses on the economic behavior of individuals, health care providers, insurers, and government actors in relation to health and medical care. Topics will include the relationships between socio-economic factors and health, health and labour markets, health insurance, rationing of medical care, physician payment, evaluating medical technology, health care costs, and disparities in health and health care. We will focus on examples from Canada and the United States. The course will be taught in a lecture format (modified for online learning), with significant class participation and group work components. Required readings will come primarily from the textbook, with supplements from seminal and current articles and research papers. Undergraduate-level microeconomic theory and statistics are required. Additional coursework (prior or concurrent) in applied econometrics, public finance or labour economics is helpful.

**Admissibility:** This course is open to students with an introductory level background in undergraduate microeconomics and statistics.

**Required textbook:**

Hurley, Jeremiah E., *Health Economics*, 1<sup>st</sup> Edition, 2010 (ISBN 9780666386199).

Available as an e-textbook at

<https://campusebookstore.com/EBooks/Book.aspx?ID=9662161>.

You can buy a printed copy at <https://campusstore.mcmaster.ca/> (search textbooks; select “Health Economics” under Program, “Ongoing” under Term, and “Health Economics – Jeremiah Hurley” under Course).

**Other required readings:** Selected journal articles and papers are available online through the McGill library system. Hyperlinks are included in this syllabus – connect to the McGill system with your VPN.

**For all readings:** Pay attention and read only the indicated section or pages. Sometimes you are only being asked to read part of a longer document.

**Assessment:** Grades are based on 4 short response papers (10% + 16% + 16% + 23% = 65% total), course journals (30%) and class participation including questions on class lectures (5%).

**Professor:**

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**Date, time, location:**

Days: Tuesday, Thursday  
Time: 4:05pm – 5:25pm EST  
Location: initially via Zoom (link on MyCourses), then Rutherford Physics Building, Room 114

All times in this syllabus are EST (Montreal time).

**Pre-requisites:** Undergraduate-level microeconomics and statistics

**Format:** 3 hours of class per week.  
**Course weight:** 3 credits

**Important Note:**

Additional information will be available via MyCourses (<https://mycourses2.mcgill.ca/d2l/home>).

**COVID-19:** Please remember to check McGill's [main Coronavirus website regularly](#). The site provides up-to-date information about our campuses, and includes [a self-evaluation form required for everyone](#) before the come to campus, and [the situational dashboard](#). In particular, please review COVID-19 [health and safety protocols](#) in place as we start the Winter term, as these may change depending on the epidemiological situation. It is essential we follow all protocols and remain compliant.

**McGill University Senate resolution of January 29, 2003 on academic integrity:**

*McGill University values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see [www.mcgill.ca/integrity](http://www.mcgill.ca/integrity) for more information).*

*L'université McGill attache une haute importance à l'honnêteté académique. Il incombe par conséquent à tous les étudiants de comprendre ce que l'on entend par tricherie, plagiat et autres infractions académiques, ainsi que les conséquences que peuvent avoir de telles actions, selon le Code de conduite de l'étudiant et des procédures disciplinaires (pour de plus amples renseignements, veuillez consulter le site [www.mcgill.ca/students/srr/honest/](http://www.mcgill.ca/students/srr/honest/)).*

**McGill University Senate resolution of 21 January 2009, on language of written work:**

*In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded.*

*Conformément à la Charte des droits de l'étudiant de l'Université McGill, chaque étudiant a le droit de soumettre en français ou en anglais tout travail écrit devant être noté (sauf dans le cas des cours dont l'un des objets est la maîtrise d'une langue).*

*Work submitted for evaluation as part of this course may be checked with text matching software within myCourses.*

**With the exception of devices required to participate in online learning environments, I strongly encourage you to put away other mobile computing and communications devices during class.** *In other words, you may need your laptop but you can still close the other tabs in your web browser and turn off/put away your phone. I work hard to create a collaborative learning environment, and I expect everyone "in the room" to be present and to contribute – as much as is possible given the current circumstances. An increasing number of high-quality studies show that the use of laptops, tablets, and smartphones in an in-person classroom reduces learning both for the student using the device and those around them. Multitasking is bad for the quality and efficiency of cognitive work. Reviews of this evidence are [here](#) and [here](#).*

*I remind everyone of their responsibility to ensure that video and associated material for this course are not reproduced or placed in the public domain. Each of you can use it for your educational (and research) purposes, but you cannot allow others to use it by posting it on the Internet or by giving/selling it to others who may copy it and make it available. Please refer to [McGill's Guidelines for Instructors and Students on Remote Teaching and Learning](#) for further information.*

*The reading list is subject to change during the semester. **In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change.** Because these are uncertain times, some deviation to the calendar and methods may be necessary and if so they will be announced on MyCourses.*

*Class sessions will be recorded and uploaded to MyCourses as soon as is feasible after class. However, you are still encouraged to attend class in person. By remaining in class sessions that are recorded, you agree to the recording, and you understand that your image and voice may be disclosed to classmates. You also understand that recordings will be made available in MyCourses to students registered in the course.*

*As the instructor of this course I endeavor to provide an inclusive learning environment. However, if you experience barriers to learning in this course, do not hesitate to discuss them with me and the Office for Students with Disabilities, 514-398-6009.*

## **Course Goals:**

In this course, students will:

1. Analyze issues and policies in health and health care, focusing on determinants of health, access to care, health insurance, quality of care, and health care costs.
2. Apply economic principles to the demand- and supply-sides of the health care system.
3. Compare economic and non-economic perspectives on health and health care.
4. Write convincing arguments regarding current health policy topics by incorporating economic perspectives and evidence.

## **MyCourses:**

The course website on MyCourses will be your primary source of information about the course. You should check the website regularly (i.e., 3 times a week) for news, updates, and information on readings and assignments.

## **Communication policy**

Email should be used only as a last resort, for issues that cannot be addressed via discussion boards or office hours. I describe multiple means of communication below – please use them first! With 100 students this semester, just one email per week from each of you that takes only 5 minutes to address creates over 8 hours of work for me! Furthermore, if one of you has a question, others likely have it too, so it's more efficient to pool our resources.

### 1. Discussion boards

Discussion boards are set up on myCourses to crowdsource the most asked questions and answers, organized by general topics (Course Admin and Course Content to start). Please consult those first if you have a question. IF your question has not already been asked, please post your question there and the Professor or TA will answer within 48 hours. We encourage you to answer other students' questions if you know the answer (we will monitor Q&A for accuracy and courtesy).

### 2. Office hours

For questions that require confidentiality, we will post information about office hours on MyCourses. Office hours will be held via Zoom or in-person, depending on the public health regulations.

## **Class attendance:**

Activities during synchronous sessions contribute to your class participation grade. In the absence of technological or health constraints, I generally expect you to attend class and to be present during class (see policy on electronic devices).

If you do not attend, obviously is it your responsibility to make up the work you missed.

Synchronous sessions will be recorded and posted to the course webpage. Your fellow students are also a good resource. You should pursue these two avenues before approaching the professor or TA for further assistance.

## **Assignments and Exams:**

Short Response Papers/Peer Reviews: Response papers are short papers (3 pages double-spaced) in response to provided articles and questions on current health policy issues. Peer reviews are short reviews/critiques (1 page) of response papers written by your classmates. For the first assignment, all students will write a draft of a response paper and a self-critique. For the 2<sup>nd</sup> and

3<sup>rd</sup> assignments, half the class will write a response paper and the other half will write peer reviews (random assignment to group and partner). For the last assignment, the entire class will write a response paper. Each student will write two response papers and one review across the last 3 assignments. Detailed information will be provided on these assignments.

	<b>Response Paper Due</b>	<b>Self Assessment Due</b>	<b>Peer Review Due</b>
#1	Monday, Jan 24 <sup>th</sup>	Monday, Jan 31 <sup>st</sup>	NA
#2	Monday, Feb 14 <sup>th</sup>	NA	Monday, Feb 21 <sup>st</sup>
#3	Monday, Mar 14 <sup>th</sup>	NA	Monday, Mar 21 <sup>st</sup>
#4	Monday, Apr 11 <sup>th</sup>	NA	NA

Course journals – questions and answers: Students should keep journals throughout the course, where entries consist of their own questions on the lectures and readings each week and their own attempts to answer those questions. Students will be assigned to a resource group of approximately 4 students and the results of discussions and answers from their resource groups should be included in their journal entries also. The motivation behind this assignment is pushing you to a deeper understanding and learning by first understanding what you don't understand. This assignment will also benefit you via timely reinforcement of course material and collaborative learning with your classmates.

10 out of 13 weeks. Your submissions are due on Tuesdays by 9:00am EST (via Assignments on MyCourses).

Class participation: Post questions on weekly lecture videos on Perusall. 10 out of 13 weeks. Due Tuesdays by 9:00am EST. Your participation in group activities during synchronous classes will also contribute to class participation.

### **Notes on Grading:**

1. Late response papers and peer reviews will be penalized by 10 points (i.e., 80 to 70). Response papers and peer reviews will not be accepted any later than 24 hours after the deadline and will receive a grade of 0.
2. Requests to review a grade on any homework assignment must be made by email within 5 business days of the original grade being posted on MyCourses. The student must detail where they believe the grading error to be. The entire assignment will be reviewed, the grade may go up, down, or remain the same.
3. No additional or extra-credit work is available.
4. Requests to increase grades because you worked very hard, you need to maintain a certain GPA, or because you feel you deserve it will not be looked upon kindly, nor will they be granted.

### **Notes on Readings:**

1. Readings may be added or substituted throughout the semester at the professor's discretion.
2. The textbook chapters will generally provide the technical economic background for the topics covered in class. The selected articles will generally form the basis for in-class discussion and group work. To actively participate in these activities, it is therefore necessary for you to read these articles before each class session.

3. The appendices following each chapter in the Hurley textbook are also recommended reading, but are not required.
4. Students interested in investigating additional topic areas may find the [Encyclopedia of Health Economics](#) a useful resource (full-text access online with McGill VPN). For students who are interested in the material at a more advanced level, the full text of the [Handbook of Health Economics](#) is available online through the library for free.

## **I. HEALTH**

**Jan 6-11:**

### **Course Introduction and Overview**

Hurley, Chapter 1.1

Part 1 introduction

Part 2 introduction

Optional: Hurley, Chapter 3 (this should be review from microeconomics)

### **Demand for Health: Human Capital and Justice**

Hurley, Chapter 5.1

Hurley, Chapter 2.2 – 2.3

7.1 – 7.2.1

Hurley Table 1.1 (pg 8)

Folland S, Goodman AC, Stano M, 2010. The Economics of Health and Healthcare, 6<sup>th</sup> Edition, excerpt from Chapter 18, p. 380-386. (on course webpage)

**Jan 13-18:**

### **Quality of Evidence: Study Design and Persuasive Writing**

Chapter 3: Causal Inference and Counterfactuals in Gertler PJ, Martinez S, Premand P, et al., *Impact Evaluation in Practice*, The World Bank, 2011.

(on course webpage)

<https://www.grammarly.com/blog/how-to-write-a-persuasive-essay/>

<https://www.literacyideas.com/persuasive-essays>

“How To Get a 1st or 2:1 in ANY University Essay” by Dr. Amina Yonis ([YouTube](#)) also has some good ideas

Recommended Viewing: [Three Identical Strangers](#)

**Jan 20-25:**

**Determinants of and Variation in Health**

Hurley, Chapter 5.2

6.1 – 6.2

[Gold, Marsha, 2004. “Geographic Variation in Medicare Per Capita Spending” Robert Wood Johnson Foundation, Research Synthesis Report No. 6, July: p 4-14.](#)

[Bailey ZD et al., 2020. “How Structural Racism Works — Racist Policies as a Root Cause of U.S. Racial Health Inequities” New England Journal of Medicine, Dec. DOI: 10.1056/NEJMms2025396.](#)

Last name starting with A-L: [Leventhal T and Brooks-Gunn J, 2003. “Moving to Opportunity: an Experimental Study of Neighborhood Effects on Mental Health” American Journal of Public Health, Vol 93, No. 9: 1576-1582](#)

Last name starting with M-Z: [Marmot M, et al, 1991. “Health Inequalities among British Civil Servants: The Whitehall II Study.” Lancet. June 8, pp.1387-1393.](#)

[Smith A, Herington E, Loshak H, 2021. “Tuberculosis stigma and racism, colonialism, and migration: A rapid qualitative review”, CADTH health technology review, April.](#)

[Tsai J, 2021. “Jordan Crowley would be in line for a kidney – if he were deemed white enough”, Slate, June.](#)

Recommended viewing: [Inuujutiksaq - Ce qu'il faut pour vivre](#)

**Jan 27 - Feb 1:**

**Rationale for Government Intervention in Health and Health Care: “Bads”, Prevention, and Market Failure**

Hurley, Chapter 5.3

Hurley, Chapter 7.2.2 – 7.3

[Loewenstein G, Brennan T, Volp KG, 2007. “Asymmetric Paternalism to Improve Health Behaviors,” JAMA 298\(20\):2415-2417.](#)

[Newhouse JP, 2021. “An Ounce of Prevention,” \*Journal of Economic Perspectives\*, Vol. 35, Issue 2 Spring, p. 101-118.](#)

**Feb 3-8:**

**How Much Is Health Worth?: QALYs and cost-effectiveness analysis (CEA)**

Hurley, Chapter 4

[Salomon JA, 2014. “Techniques for Valuing Health States,” \*The Encyclopedia of Health Economics\*, Elsevier, p.454-458.](#)

Recommended viewing: [Worth](#)



## **II. HEALTH CARE SYSTEMS**

**Feb 10-15:**

### **Health Care System Design and Financing: Canada and the US**

Hurley, Chapter 1.2 – 1.3

Hurley, Chapter 11

[Canadian Institute for Health Information \(CIHI\), 2005. “Exploring the 70/30 Split: How Canada’s Health System Is Financed” Chapters 1-3](#)

Explore updated figures at: <https://www.cihi.ca/en/national-health-expenditure-trends-1975-to-2019>

[Jost TS, 2014. “Health Insurance in the United States,” The Encyclopedia of Health Economics, Elsevier.](#)

Introduction and from “An Alternative Narrative” to the end (intro + p. 390-395)

[Gruber J, 2010. “Health Care Reform is a Three-Legged Stool”, Center for American Progress, August.](#)

[\\*Ellis RP, Chen T, Luscombe CE, 2014. “Health Insurance Systems in Developed Countries, Comparisons of” The Encyclopedia of Health Economics, Elsevier, p.396-406.](#)

**Feb 17-22:**

### **Health Care Quality, Production, Costs, and Value**

Hurley, Chapter 2.1

[Chandra A and Skinner JS, 2012. “Technology and Expenditure Growth in Health Care” Journal of Economic Literature, Vol 50\(3\):p.645-80.](#)

Section 3 is optional reading.

[Papanicolas I, Woskie LR, Jha AK, 2018. “Health care spending in the United States and other high-income countries” JAMA, 319\(10\): 1024-1039.](#)

[Donabedian, Avedis, 2005. “Evaluating the Quality of Medical Care,” \*Milbank Quarterly\*, Volume 83, Number 4, p. 691-701 only.](#) (reprinted from The Milbank Memorial Fund Quarterly, Vol. 44, No. 3, Pt. 2, 1966 (pp. 166–203).)

[99% Invisible Podcast, Episode 30 – The Blue Yarn \(about 10 minutes\)](#)

Or

[The Impact Podcast – Car crash hospitals vs. plane crash hospitals \(about 24 minutes\)](#)

### **III.a. THE MEDICAL CARE SYSTEM: The Demand Side**

**Feb 24 - March 8 (note no class March 1 & 3):**

**Health Insurance: Markets and Government Intervention, Part 1**

**Demand for Health Insurance, Health Care, and Moral Hazard**

[Pauly, M., 2007. "Risks And Benefits In Health Care: The View From Economics," Health Affairs, 26\(3\): p. 653-62.](#)

Hurley, Chapter 8.1 – 8.2

9

10.1

10.3 – 10.4

[Baicker K, et al, 2013. "The Oregon Experiment – Effects of Medicaid on Clinical Outcomes," The New England Journal of Medicine, 368:1713-1722](#)

[Tamblyn, R. et al, 2001. "Adverse Events Associated With Prescription Drug Cost-Sharing Among Poor and Elderly Persons" JAMA, 285:421-429.](#)

**March 10-15:**

**Health Insurance: Markets and Government Intervention, Part 2**

**What Should Health Insurance Cover – and How?**

**Health Insurance Markets and Adverse Selection**

Hurley, Chapter 10.2

[Morgan SG, Law M, Daw JR, Abraham L, Martin D, 2016. "Estimated cost of universal public coverage of prescription drugs in Canada," CMAJ, Apr 21;187\(7\):491-7.](#)

[Yeung K and Morgan SG, 2019, "Should national pharmacare apply a value-based insurance design?" CMAJ 191 \(29\) E811-E815.](#)

[Krahn M, et al., 2019. "Embracing the science of value in health" CMAJ 191 \(26\) E733-E736.](#)

### **III.b. THE MEDICAL CARE SYSTEM: The Supply Side**

**March 17-29:**

**Health Care Providers: Markets and Government Intervention  
Physician Agency, Payment Mechanisms, and Scope of Practice**

Hurley, Chapter 12

8.3

13

14

Part 5 introduction

Part 6 introduction

[Fichera E, Nikolova S and Sutton M, 2014. “Comparative Performance Evaluation: Quality,” The Encyclopedia of Health Economics, Elsevier, p.111-116.](#)

Leger, Pierre Thomas, 2011. “Physician Payment Mechanisms: An Overview of Policy Options for Canada” Canadian Health Services Research Foundation  
(on course webpage)

[Kleiner MM, 2014. “Occupational Licensing in Health Care,” The Encyclopedia of Health Economics, Elsevier, p. 409-413.](#)

Recommended viewing: [La grande seduction – Seducing Dr. Lewis](#)

**March 31-April 5: Pharmaceuticals: Markets and Government Intervention**

Hurley, Chapter 15

RG Frank. [Prescription drug prices: why do some pay more than others do?](#)  
*Health Affairs*, March/April 2001; 20(2): 115-128.

**April 7-12: Health Care and Social Services: Long-Term Care and Mental Health Care**

[Latimer EA et al, 2020. “Cost-Effectiveness of Housing First With Assertive Community Treatment: Results From the Canadian At Home/Chez Soi Trial” \*Psychiatr Serv\*, Oct 1;71\(10\):1020-1030](#)

[Grabowski DC, 2014. “Long-Term Care,” The Encyclopedia of Health Economics, Elsevier, p. 146-151.](#)

Frank R. and McGuire T, 1999. “Economics and Mental Health,” NBER Working Paper 7052, p. 1-25, 45-50, and 62-77.  
(on course webpage)