

ECON - 440 Winter 2023 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 inequalities 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, 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*, 1st Edition, 2010 (ISBN 9780666386199).

Available as a printed copy or as an e-textbook at <https://campusstore.mcmaster.ca/>

Search textbooks and select:

“Health Economics” under Step 1.) Select an Option

“Ongoing” under Step 2.) Term

“Health Economics – Jeremiah Hurley” under Step 3.) Course

“All” for Step 4 and Step 5

Other required readings: Selected journal articles and papers are available on MyCourses. They are also accessible 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.

Professor:

Erin Strumpf, Ph.D. (she/elle)

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Office Hours: see MyCourses

Teaching Assistant:

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Date, time, location:

Days: Monday, Wednesday

Time: 2:35pm – 3:55pm EST

Location: Birks Building, Room 203

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

Pre-requisites: Undergraduate-level microeconomics and statistics

Assessment: Grades are based on 4 short response papers (10% + 16% + 16% + 23% = 65% total), course journals (30%) and class participation including in-class and via discussion boards on MyCourses (5%).

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>).

McGill University is on land which has long served as a site of meeting and exchange amongst Indigenous peoples, including the Haudenosaunee and Anishinabeg nations. We acknowledge and thank the diverse Indigenous people whose footsteps have marked this territory on which peoples of the world now gather.

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 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/).

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

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).

Copyright: Instructor-generated course materials (e.g., handouts, notes, summaries, exam questions) are protected by law and may not be copied or distributed in any form or in any medium without explicit permission of the instructor. Note that infringements of copyright can be subject to follow up by the University under the Code of Student Conduct and Disciplinary Procedures.

With the exception of devices required to participate in 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. 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](#).

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 not generally be recorded. If, in unusual circumstances, part of class is recorded I will notify you. By remaining in classes that are recorded, you agree to the recording, and you understand that your image, voice, and name may be disclosed to classmates. You also understand that recordings will be made available in myCourses to students registered in the course. Please consult me if you have concerns about privacy and we can discuss possible measures that can be taken.

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.

A wide variety of perspectives and opinions are welcome (and expected!) in our class discussions. You may feel uncomfortable from time to time. Disagreement and discomfort are both ok – they are part of life and of learning. I do ask that you engage in discussion with care and empathy for your colleagues, remembering that they may have life experiences different from your own. Aim to disagree (and support your point of view with credible, scholarly resources) without becoming disagreeable.

Together we will work to create a classroom environment where everyone has a voice and that supports respectful discussion, disagreement, and intellectual risk-taking. Please meet me during office hours if your feelings have moved beyond discomfort.

Please meet me during office hours (preferred) or send me an email if you would like me to refer to you by a different name than the name indicated in your student record or to inform me of your preferred pronouns.

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. Develop 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 in-person unless public health regulations require otherwise.

Class attendance:

Participation in activities during class contribute to your class participation grade. I generally expect you to attend and to be present during class (see policy on electronic devices). I do not take attendance and there is no need to notify me if you miss an occasional class. Prolonged or repeated absences due to health or other reasons should be brought to my attention as soon as possible.

If you do not attend class, obviously is it your responsibility to make up the work you missed. Lecture slides are posted on MyCourses. Your fellow students are also a good resource. You should pursue these two avenues before approaching the professor or TA for further assistance.

Assignments:

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 2nd and 3rd 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 later. Submission is via Assignments on MyCourses.

	Response Paper Due	Self Assessment Due	Peer Review Due
#1	Friday, Jan 20 th	Friday, Jan 27 th	NA
#2	Friday, Feb 10 th	NA	Friday, Feb 17 th
#3	Friday, Mar 17 th	NA	Friday, Mar 24 th
#4	Wednesday, Apr 12 th	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 and their own attempts to answer those questions. 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

Optional: Students who wish to participate will be assigned to a resource group of approximately 4 students to facilitate collaborative learning with your classmates. The results of discussions and answers from resource groups can also be included in journal entries.

6 out of 12 weeks. Use the journal template posted on MyCourses. Your submissions are due on Fridays by 11:59pm (via Assignments on MyCourses): Jan 13, Feb 3, Feb 17, Mar 10, Mar 24, Apr 7.

Class participation: Your participation in group activities during class and/or on MyCourses discussion boards will contribute to your class participation grade. Surveys will be conducted both outside and during class using Slido. Surveys to be completed before class are included in the description of the readings on MyCourses (Content/Readings). Please get yourself ready to participate by reading the information here: <https://www.mcgill.ca/polling/> .

Notes on Grading:

1. Late response papers, peer reviews, and journal entries will be penalized by 10 points (i.e., 80 to 70). They 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.

Jan 4: Course Introduction and Overview

Hurley, Chapter 1.1

Part 1 introduction

Part 2 introduction

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

I. HEALTH

Jan 9: Demand for Health: Productivity and Human Capital

Hurley, Chapter 5.1

“[Making Friends](#)” *Reply All* podcast (24 Aug 2016).

Jan 11: Demand for Health: Justice, Ethics, and Equity

Hurley, Chapter 2.2 – 2.3

7.1 – 7.2.1

Hurley Table 1.1 (pg 8)

[Madore, Odette, 2003. “The Canada Health Act: Overview and Options,” Parliamentary Information and Research Service, Current Issue Review 94-4E, Issue Definition and Sections C & D](#)

Folland S, Goodman AC, Stano M, 2010. *The Economics of Health and Healthcare*, 6th Edition, excerpt from Chapter 18, p. 380-386.

“[Playing God](#)” *Radiolab* podcast (21 Aug 2016).

Jan 16: Quality of Evidence: Study Design

Chapter 3: Causal Inference and Counterfactuals in Gertler PJ, Martinez S, Premand P, et al., *Impact Evaluation in Practice*, The World Bank, 2016.

Recommended Viewing: [Three Identical Strangers](#)

Jan 18: Quality of Evidence: Persuasive Writing

<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

Jan 23: Determinants of 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.](#)

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.](#)

Jan 25: Variations and Inequalities in Health

[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.](#)

[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: [Inuujuutiksaq - Ce qu'il faut pour vivre](#)

Jan 30: Rationale for Government Intervention in Health and Health Care: Market Failure

Hurley, Chapter 5.3

Hurley, Chapter 7.2.2 – 7.3

Feb 1: Rationale for Government Intervention in Health and Health Care: “Bads” and Prevention

[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.](#)

II. HEALTH CARE SYSTEMS: Overview

Feb 6: Health Care System Design and Financing: Canada

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-2022-snapshot>

Feb 8: Health Care System Design and Financing: the US

[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 13: Health Care System Goals: Access, Quality, Equity

[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).)

[Berwick DM, Nolan TW, Whittington J, 2008. “The Triple Aim: care, health, and cost” *Health Affairs*, 27\(3\):759–769.](#)

[Bodenheimer T, Sinsky C, 2014. “From triple to quadruple aim: care of the patient requires care of the provider” *Ann FamMed*. 12\(6\):573-576.](#)

[Nundy S, Cooper LA, Mate KS, 2022. “The Quintuple Aim for Health Care Improvement: A New Imperative to Advance Health Equity” *JAMA*, 327\(6\):521-522.](#)

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

Or

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

Feb 15: Health Care System Goals: 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.](#)

Feb 20: Valuing Health Care Interventions: 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.](#)

Phillips C and Thompson G, 2003. "What is a QALY?" *Hayward Medical Communications*, Vol 1, No 6, May.

["Attorney Kenneth Fineburg: What is Life Worth?" Fresh Air](#) interview (13 Jun 2005).

Recommended viewing: [Worth](#)

Feb 22: Valuing Health Care Interventions: Evidence from experiments and from the real world

[Azoulay L, 2022. "Rationale, Strengths, and Limitations of Real-World Evidence in Oncology: A Canadian Review and Perspective" *The Oncologist*, 27, e731–e738.](#)

[Alsan M and Finkelstein A, 2021. "Beyond Causality: Additional Benefits of Randomized Controlled Trials for Improving Health Care Delivery" *The Milbank Quarterly*, Vol. 99, No. 4, 2021 \(pp. 864-881\).](#)

[Ravaillon M, 2020. "Should the Randomistas \(Continue to\) Rule?" *NBER Working Paper 27554*, July.](#)

["Speaking with: Andrew Leigh on why we need more randomised trials in policy and law" *The Conversation* podcast \(March 15, 2018\)](#)

Feb 27: Winter Break

March 1: Winter Break

March 6: No class

III. HEALTH CARE SYSTEMS: The Demand Side

March 8: Health Insurance: Markets and Government Intervention, Part 1 Demand for Health Insurance

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

Hurley, Chapter 9

10.1

10.3 – 10.4

March 13: Health Insurance: Markets and Government Intervention, Part 1 Demand for Health Care and Moral Hazard

Hurley, Chapter 8.1 – 8.2

[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 15: Health Insurance: Markets and Government Intervention, Part 2 What Should Health Insurance Cover – and How?

[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.](#)

March 20: Health Insurance: Markets and Government Intervention, Part 2 Health Insurance Markets and Adverse Selection

Hurley, Chapter 10.2

[“SUMMER SCHOOL 8: Risk & Disaster” Planet Money podcast \(August 26, 2020\)](#)

IV. HEALTH CARE SYSTEMS: The Supply Side

March 22: Health Care Providers: Markets and Government Intervention, Part 1 Physician Agency

Hurley, Chapter 12

8.3

Part 5 introduction

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

March 27: Health Care Providers: Markets and Government Intervention, Part 1 Provider Payment Mechanisms and Scope of Practice

Hurley, Chapter 13

Part 6 introduction

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 29: Health Care Providers: Markets and Government Intervention, Part 2 Hospitals and Yardstick Competition

Hurley, Chapter 14

[“Jill Horowitz Questions the Role of Nonprofit Hospitals”](#) *Health Podyssey* podcast (March 15, 2022)

April 3: 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.

[“Double agents and drug discounts”](#) *The Indicator* podcast (August 9, 2022)

April 5: 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)

[“Christine Ritchie Reimagines Home-Based Care” *Health Podyssey* podcast \(May 24, 2022\)](#)

[“While We Wait: Into the Archives - The History of Mental Health Policy” *Health Podyssey* podcast \(March 23, 2022\)](#)

April 12: Wrap-up