Description: This graduate-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 seminar format and required readings will consist of seminal and current articles and research papers. Graduate-level microeconomic theory is required. Additional coursework (prior or concurrent) in applied econometrics, public finance, development or labour economics is helpful.

Format: 3 hours of seminar per week.

Admissibility: This course is open to students with a background in graduate-level microeconomics.

Required textbooks:


Other required reading: Selected journal articles and papers are available online through the McGill library system (you need to be connected via the McGill VPN). Any handouts or slides will be posted on the course website (via MyCourses).

Assessment: Grades will be based on a final exam (40%), a research project (40%), and class participation via in-class presentations of readings and submission of discussion questions (20%).

Instructor:

Erin Strumpf, Ph.D.
Assistant Professor
Dept. of Economics
Dept. of Epidemiology, Biostatistics and Occupational Health
Leacock Building 418
Tel: (514) 398-2880
Email: erin.strumpf@mcgill.ca
Office Hours: Friday 2:30-3:30 pm

Date, time, location:

Days: Monday
Time: 9:05 – 11:55 am
Location: Leacock 520

Due dates for discussion questions: 7pm the Saturday before class, via the course website

Research paper due dates:
Outline: March 3, 5 pm
First draft: April 1, 5 pm
Peer review: April 8, 5 pm
Final draft: April 22, 11:59 pm

Final Exam: date to be determined

Pre-requisites: Graduate-level microeconomics (Econ 610)

Course weight: 3 credits

Important Note: Additional information will be available via MyCourses (www.mcgill.ca/mycourses/).
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/).

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.

Text-matching software will be used to verify the originality of students’ written course work.

In the event of extraordinary circumstances beyond the University’s control, the content and/or evaluation scheme in this course is subject to change.

Class Participation (paper summaries and discussion questions):
Students are responsible for presenting short summaries of the readings in class and for submitting discussion questions before class. For any given date, about half of the class will be responsible for summaries and the other half for questions. Students are expected to work out the scheduling among themselves, and grading will be a function of both the quantity and quality of class participation.

Research Paper:
A 10-15 page paper on the health economics topic of your choice. Depending on your focus/interest this can take the form of a critical literature review, an empirical analysis, or an extension of a theoretical model. The project will have three main phases.

1. Outline (March 3): This serves as an opportunity for me to approve your topic and to give you feedback on your approach.
2. First draft and peer review (April 1, 8): First drafts will be due on April 1st and each student will serve as a peer reviewer for another student’s paper. While the spirit of the exercise will mirror that of peer review for a journal (i.e., constructive criticism), expectations regarding the state of progress of the papers will be adjusted accordingly. Peer reviews should be about 2-3 pages, focusing on strengths and weaknesses of the paper with attention to potential improvements (due April 8).
3. Final draft (April 22): Due to Prof. Strumpf on or before April 22. Grading will take into account the quality of the research itself as well as whether/how well you address concerns raised by the peer reviewer.
You will receive more details on the assignment later in the semester. *Note that Turn-it-in text-matching software will be used.*

Notes on Grading:
1. You are allowed one (1) missed submission of discussion questions without penalty. Late submissions will not be counted.
2. Late written assignments (research paper outline, first draft, peer review and final draft) will be penalized 1/3 of a grade (i.e., A to A-) for each day after the due date (including weekends).

Notes on Readings:
1. Readings may be added or substituted throughout the semester at the instructor’s discretion.
2. Readings marked with a * are optional/extra background. Skimming them is recommended.
3. The full text of the Handbook of Health Economics is available online through the library (copy and paste links):
   a. Part 1, Chapters 1-15:  
      [http://www.sciencedirect.com/science?_ob=PublicationURL&_tockey=%23TOC%2324609%23232000%2323999989999%7998%2323584858%23FLP%23&_cdi=24609&_pubType=HS&_auth=y&_acct=C000022002&_version=1&_urlVersion=0&_userid=458507&md5=7e8a3b88ad8e48b197e330c0531494e9](http://www.sciencedirect.com/science?_ob=PublicationURL&_tockey=%23TOC%2324609%23232000%2323999989999%7998%2323584858%23FLP%23&_cdi=24609&_pubType=HS&_auth=y&_acct=C000022002&_version=1&_urlVersion=0&_userid=458507&md5=7e8a3b88ad8e48b197e330c0531494e9)
   b. Part 2, Chapters 16-35:  
      [http://www.sciencedirect.com/science?_ob=PublicationURL&_tockey=%23TOC%2324609%23232000%2323999989999%7997%2323584863%23FLP%23&_cdi=24609&_pubType=HS&_auth=y&_acct=C000022002&_version=1&_urlVersion=0&_userid=458507&md5=d16c1540eca0b2fc3826b52a98b52ee8](http://www.sciencedirect.com/science?_ob=PublicationURL&_tockey=%23TOC%2324609%23232000%2323999989999%7997%2323584863%23FLP%23&_cdi=24609&_pubType=HS&_auth=y&_acct=C000022002&_version=1&_urlVersion=0&_userid=458507&md5=d16c1540eca0b2fc3826b52a98b52ee8)
MICROECONOMICS AND HEALTH

Jan 10: Introduction
  Health: a human right or human capital?


  Rice, Chapters 1 and 5.


  (* see Handbook chapter 7 for extensions and further development of this model if you’re interested)


  *Grimard F and Parent D, 2007. “Education and smoking: Were Vietnam war draft avoiders also more likely to avoid smoking?” Journal of Health Economics, Volume 26, Issue 5, 1 September, Pages 896-926

Jan 17: Health determinants: SES, behavior, medical care
  Rationales for government intervention

  Rice, Chapter 2

  Phelps, Chapter 2


Jan 24: Valuing Health: QALYs and Cost-Effectiveness Analysis
Do they overlap with “real” (academic) economics?

Handbook chapter 4

Cutler chapter 2


Anupam B. Jena and Tomas Philipson 2007, “Cost-Effectiveness As A Price Control,” Health Affairs, 26, no. 3: 696-703


Jan 31: Health Care Systems: the U.S. and Canada
U.S. health care reform (in brief)

Rice, Appendix (especially Canada and U.S.)

The Medicaid Program at a Glance, Kaiser Family Foundation, 2010

Medicare at a Glance, Kaiser Family Foundation, 2010


Kaiser Family Foundation, 2010. Health Reform Hits Main Street, 10 minute animated video.


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


* Romanow Report 2002. “Sustaining Medicare,” Building on Values, pp. 1-44. (also available on course webpage)

THE DEMAND SIDE: HEALTH, HEALTH INSURANCE, AND HEALTH CARE

Feb 7: Health Care Production, Costs, and Value
Cutler Chapter 6


Gerard F. Anderson and Bianca K. Frogner, 2008. “Health Spending In OECD Countries: Obtaining Value Per Dollar,” Health Affairs, vol. 27 no. 6 1718-1727

Feb 14: Demand for, and Effects of, Health Insurance
Rice Chapter 3

Handbook Chapter 11, p 563-606


Feb 21: BREAK
Feb 28: Health Insurance Markets and Adverse Selection
Handbook Chapter 11, p 606-644


THE SUPPLY SIDE: PAYMENT FOR HEALTH CARE PROVIDERS

March 7: Physicians and Hospitals as Economic Actors
Payment to Providers and Health Insurance Plans (1)

Phelps, Chapters 7 & 8.


Rice Chapter 4

Cutler Chapter 7


March 14: Payment to Providers and Health Insurance Plans (2)


Handbook Chapters 10 & 15


OR


March 21: Organization of Service Delivery, Market Structure, and Ownership

Phelps Chapters 9 & 11


Cutler, Chapter 8

Elliott S. Fisher, Douglas O. Staiger, Julie P.W. Bynum and Daniel J. Gottlieb, 2007. “Creating Accountable Care Organizations: The Extended Hospital Medical Staff,” Health Affairs, 26, no. 1: w44-w57


* Handbook Chapter 21

**March 28: Pharmaceuticals**

Handbook Chapter 25


**April 4: Health Care Quality, Geographic Variation, and Disparities**

Cutler Chapter 9


April 8: U.S. Health Care Reform: a critical look


