

ECON - 744 Winter 2023 Graduate Health Economics

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 will include some lecture, informal presentations of assigned readings by students and the professor, discussion, and other activities.

Admissibility and prerequisites: This course is open to students with a background in graduate-level microeconomics (Econ 610).

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 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 research project which includes a final paper (50%) and intermediate products and a presentation (30% collectively) and class participation via in-class critiques of readings and discussion questions (20%).

Course weight: 3 credits

Instructor:

Erin Strumpf, Ph.D.

Assistant Professor

Dept. of Economics

Dept. of Epidemiology, Biostatistics and Occupational Health

Email: erin.strumpf@mcgill.ca

Office Hours: Wednesdays 9-10am via Zoom or in-person. Make an

appointment at <https://calendly.com/erin-strumpf/>

Date, time, location:

Days: Thursday

Time: 1:00 – 4:00 pm

Location: 688 Sherbrooke W, Room 1055

Research paper due dates (23:59 unless otherwise indicated):

Initial paper choice: January 30

Confirm paper: February 6

Status update: February 20

Preliminary presentation: March 9 in class

Final presentations and draft paper:

March 30 in class

Peer review: April 6

Final paper: April 19

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. 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.

Research Paper:

A 15-20 page paper that replicates/extends the health economics paper of your choice. The project will have the following steps:

1. Initial paper choice: January 30
2. Confirm paper: February 6
3. Status update: February 20
4. Preliminary presentation: March 9 in class
5. Final presentations and draft paper: March 30 in class
6. Peer review: April 6
7. Final paper: April 19

You will receive more details on this assignment soon.

Class Participation:

Students will participate in in-class critiques of 2 papers during the semester (February 9 and March 16). Class attendance and general participation in discussion will also contribute.

Notes on Grading:

1. Late written assignments (research paper outline, first draft, peer review and final draft) will be penalized 10 points 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 are required for all students and will be the basis for in-class discussion. Readings marked with a * are optional. The Handbook chapters on all topics covered in this course should be considered as required reading for a PhD student completing a field concentration in health.
3. The Handbook of Health Economics is a great resource for a comprehensive treatment of a wide range of topics. The chapters can be fairly long and dense, but if you want the full experience this is it! The first two parts were published in 2000, and a third in 2011. The full text is available online through the library:
 - a. 2000, Volume 1 Part A, Chapters 1-15:
<https://www.sciencedirect.com/handbook/handbook-of-health-economics/vol/1/part/PA>
 - b. 2000, Volume 1 Part B, Chapters 16-35:
<https://www.sciencedirect.com/handbook/handbook-of-health-economics/vol/1/part/PB>
 - c. 2011, Volume 2, Chapters 1-16:
<https://www.sciencedirect.com/handbook/handbook-of-health-economics/vol/2/suppl/C>
4. The [Encyclopedia of Health Economics](#) is another useful resource, although the material is not presented as comprehensively or at as high a level as the Handbook.

Jan 12: Course Introduction and Demand for Health: human capital and justice

[Arrow, Kenneth J., "Uncertainty and the Welfare Economics of Medical Care," *American Economic Review*, December 1963, 53\(5\): 941-973.](#) (Reprinted in *Journal of Health Politics, Policy, and Law*, October 2001, 27(5): 851-883.)

Hurley, Chapter 1.1

Part 1 introduction

Part 2 introduction

Hurley, Chapter 5.1

["Making Friends" Reply All](#) podcast (24 Aug 2016).

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).

*[Grossman, M. 1972. "On the concept of health capital and the demand for health", *Journal of Political Economy* 80:223-255.](#)

*[Cutler, DM and Lleras-Muney, A 2010. "Understanding differences in health behaviors by education" *Journal of Health Economics*, Volume 29, Issue 1, January, Pages 1-28](#)

Jan 19: Quality of Evidence

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

[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](#)

[Marmot M, et al, 1991. "Health Inequalities among British Civil Servants: The Whitehall II Study." *Lancet*. June 8, pp.1387-1393.](#)

["Hotspotters on Trial"](#), *Tradeoffs* podcast (2020)

Recommended Viewing: [Three Identical Strangers](#)

Jan 26: Determinants of Health and Variation in Health and Health Care

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.](#)

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

*[Lleras-Muney, A., D. Cutler and A. Deaton, 2006. "The Determinants of Mortality," Journal of Economic Perspectives, Vol. 20, Number 3, Summer.](#)

*[Marcella Alsan and Marianne Wanamaker, 2018. “Tuskegee and the Health of Black Men.” *Quarterly Journal of Economics*, 133\(1\): 407-455.](#)

*[Balsa, A.I. and T.G. McGuire, 2003. “Prejudice, clinical uncertainty and stereotyping as sources of health disparities,” Journal of Health Economics, Volume 22, Issue 1, January, Pages 89-116.](#)

Feb 2: Rationale for Government Intervention: Market Failure, “Bads”, and Prevention

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 9: Health Care Systems: Financing, Funding, and Organization

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>

[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 16: Health Care System Goals: Access, Quality, Equity, Production, Costs, and Value
[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 \(about 24 minutes\)](#)

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 23: Valuing Health: QALYs and Cost-Effectiveness Analysis

Types of evidence and how they inform decisionmaking

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](#)

[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 \(March 15, 2018\)](#)

Mar 2: Winter break week

Mar 9: 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

In-class first presentations of research papers

Mar 16: Health Insurance: Markets and Government Intervention, Part 2 Demand for Health Care, and Moral Hazard

What Should Health Insurance Cover – and How?

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.](#)

[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.](#)

**Mar 23: Health Care Providers: Markets and Government Intervention, Part 1
Health Insurance Markets and Adverse Selection**

Physician agency

Hurley, Chapter 10.2

["SUMMER SCHOOL 8: Risk & Disaster"](#) *Planet Money* podcast (August 26, 2020)

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.](#)

Mar 30:

In-class final presentations of research papers

Apr 6: Students' choice – pick two topics

- **Provider Payment Mechanisms and Scope of Practice**
- **Hospitals and Yardstick Competition**
- **Pharmaceuticals**
- **Health Care and Social Services: Long-Term Care and Mental Health Care**

Readings for provider payment 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](#)

Readings for hospitals and yardstick competition

Hurley, Chapter 14

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

Readings for pharmaceuticals

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)

Readings for long-term care and mental health

[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)