



# ECON318

## Health Economics

S1 Day 2018

*Dept of Economics*

### Contents

<u>General Information</u>	2
<u>Learning Outcomes</u>	3
<u>General Assessment Information</u>	3
<u>Assessment Tasks</u>	4
<u>Delivery and Resources</u>	5
<u>Unit Schedule</u>	6
<u>Learning and Teaching Activities</u>	7
<u>Policies and Procedures</u>	8
<u>Graduate Capabilities</u>	9

#### **Disclaimer**

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## General Information

Unit convenor and teaching staff

Convenor and Lecturer

Kompal Sinha

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Room 420, Building E4A, Eastern Road

Wed 3-4pm

Credit points

3

Prerequisites

ECON200 or ECON203

Corequisites

Co-badged status

Unit description

One of the largest areas of government spending in most developed countries is health, Australia spends around 10% of GDP on health. With people living longer and societies getting greyer, the health care industry is projected to be one of the largest employers by 2020. These statistics make the study and understanding of the economics of health care important for future economists. Adopting a microeconomic approach, students are introduced to concepts and techniques relevant to the understanding of health economics. The unit will cover the economics of health care (demand and supply, market imperfections including market failure and resulting resource allocation); the behaviour of agents (hospitals, physicians and private health insurers) in health care; the role of government and the need for government intervention; equity and ethics in health care resource allocation; the Australian health care system; health and economic development; the case of Aboriginal health. The unit will also help to answer questions such as: What makes health a unique economic good? Why does health need government intervention? Why do people buy health insurance? Why do doctors charge richer patients more than poorer patients? What do hospitals maximise: profits; patients treated or quality of service?

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

Identify the importance of health economics in understanding of health systems.

Apply theoretical knowledge of applied microeconomics to health economics.

Demonstrate understanding of health as a unique economic good. The role of market players, market imperfections and the government.

Differentiate the functioning of health markets as against market for other goods.

Demonstrate effective communication of theories and knowledge of health economics in a technical and non-technical language.

## General Assessment Information

### Mid session test

A short multiple choice test will be held during the last hour of lecture (3 - 4pm) in week 7. The material covered in the test will be derived from lectures 1 to 5.

In case of unforeseen circumstances, students are required to submit request for special consideration for an optional test (see the procedure and policy section of this unit guide). If that request is accepted by the university the students will be required to write a supplementary test.

### Student presentation

Each student is required to participate as a presenter and as a discussant. The student roster for presenters and discussants will be prepared in Week 3.

### Final examination

A final exam during Session 1 exam period. Students will be assessed on materials covered from Week 7 onwards.

There will be a supplementary exam for this assessment. In case of unforeseen circumstances, students are required to submit request for special consideration for an optional exam (see the procedure and policy section of this unit guide). If that request is accepted by the university the students will be required to write a supplementary exam.

### Research Report

The students are required to work on a research topic selected by the convenor. The details of the topic and assessment criteria will be discussed during lecture and iLearn in Week 3. A PDF document of the research report has to be submitted via Turnitin no later than Friday, 18th May 11:59pm. The Turnitin link will become active on Monday 14th May. Students are encouraged to avoid submitting their report at the last hour. No email submissions will be accepted. No extensions will be granted. Late Research Reports will be accepted up to 72 hours after the submission deadline. There will be a deduction of 10% of the total available marks made from the total awarded for each 24 hour period or part thereof that the submission is late (for example 25 hours late will involve a 20% penalty).

## Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Mid session test</u>	15%	No	Wk 7 (9th April 2018, 3-4pm)
<u>Student presentation</u>	15%	No	From Week 3
<u>Research report</u>	40%	No	Wk 10, 18 May 2018, 11:59pm
<u>Final examination</u>	30%	No	Session1 Exam period

### Mid session test

Due: **Wk 7 (9th April 2018, 3-4pm)**

Weighting: **15%**

A short multiple choice test will be held during the last hour in week 7. The material covered in the test will be derived from lectures 1 to 5.

Under unforeseen circumstances students are advised to refer to the Special Consideration Policy. This policy establishes the principles that support students seeking to notify the University when they experience short-term, unexpected, serious and unavoidable circumstances, which affect their performance in assessment. For further information, please refer to the Policy and Procedures section of this Unit Guide.

On successful completion you will be able to:

- Identify the importance of health economics in understanding of health systems.
- Apply theoretical knowledge of applied microeconomics to health economics.
- Differentiate the functioning of health markets as against market for other goods.

### Student presentation

Due: **From Week 3**

Weighting: **15%**

For details on in class presentation check iLearn in Week 2.

On successful completion you will be able to:

- Demonstrate understanding of health as a unique economic good. The role of market players, market imperfections and the government.

### Research report

Due: **Wk 10, 18 May 2018, 11:59pm**

Weighting: **40%**

A research report on suggested topic.

On successful completion you will be able to:

- Identify the importance of health economics in understanding of health systems.
- Demonstrate understanding of health as a unique economic good. The role of market players, market imperfections and the government.
- Differentiate the functioning of health markets as against market for other goods.
- Demonstrate effective communication of theories and knowledge of health economics in a technical and non-technical language.

## Final examination

Due: **Session1 Exam period**

Weighting: **30%**

A two hour exam held during the Macquarie University final exam period.

- The exam will be two hour long with 10 extra minutes for reading time.
- All topics covered after mid session test (Week 7) will be covered.
- Failure to sit the final exam at the designated day and time will result in a mark of zero being awarded.
- Under unforeseen circumstances students are advised to refer to the Special Consideration Policy. This policy establishes the principles that support students seeking to notify the University when they experience short-term, unexpected, serious and unavoidable circumstances, which affect their performance in assessment. For further information, please refer to the Policy and Procedures section of this Unit Guide.
- If your application for special consideration is accepted then you will be granted a Supplementary Exam held during the Supplementary Exam period.

On successful completion you will be able to:

- Apply theoretical knowledge of applied microeconomics to health economics.
- Differentiate the functioning of health markets as against market for other goods.

## Delivery and Resources

**Required text:**

Folland, S., A. Goodman and M. Stano, (2016) *The Economics of Health and Health Care*, (7th Ed), Pearson.

The text, also referred to as FGS in this unit, is available for purchase at Co-op Bookshop. A small number are available on reserve in the library. Earlier editions are similar but page

references may change.

### Recommended reading:

Henderson, J. W. (2012). *Health economics and policy (with economic applications)*. Cengage Learning.

Phelps, C. E. (2016). *Health economics*. Routledge.

Duckett, S., & Willcox, S. (2015). *The Australian health care system* (No. Ed. 5). Oxford University Press.

Palmer, G. R., & Short, S. D. (2000). *Health care and public policy: an Australian analysis*. Macmillan Education AU.

Jones, A. M. (Ed.). (2012). *The Elgar companion to health economics*. Edward Elgar Publishing.

Culyer, A. J., & Newhouse, J. P. (Eds.). (2000). *Handbook of health economics*. Elsevier.

### Teaching and learning resources

- Course material is available on the iLearn unit page
- Students will use Microsoft Office applications for this unit.

## Unit Schedule

WEEK	LECTURE TOPIC	Workshop and presentation
Week 1.	Introduction	No workshop or presentation
Week 2.	Economic evaluation in health care	Workshop 1 and no presentation
Week 3.	Production of health and demand	Workshop 2 and presentation
Week 4.	Demand for health and medical care	Workshop 3 and presentation
Week 5.	Population health and economics of bads	Workshop 4 and presentation
Week 6.	Easter Monday - Public holiday	
Week 7.	The market for health insurance	Workshop 5 (Test) and no presentation

	Mid-semester break	
Week 8.	Managed care	Workshop 6 and presentation
Week 9.	Hospital service market	Workshop 7 and presentation
Week 10.	Physician industry	Workshop 8 and presentation
Week 11.	The pharmaceutical industry	Workshop 9 and presentation
Week 12.	Health policy and regulation	Workshop 10 and presentation
Week 13.	Health care systems around the world	Workshop 11 and presentation

## Learning and Teaching Activities

### Lectures

The unit will be taught in relatively informal interactive three hour session each week. There will be student presentation and discussion of a paper from the academic paper reading list. Students are expected to have refamiliarise themselves with microeconomics topics if necessary. Reading lecture topics in advance for the week, paying special attend to discussion of health policy in daily press would be beneficial. For further details of lecture structure check iLearn.

### Student presentations

Each student is assigned a task of presenting a paper and discussing another paper during the last hour of lecture every week from Week 3. The suggested papers will be uploaded to iLearn. The paper allocation is on a first come first serve basis in week 2 lecture. Each student is required to read their assigned paper and prepare a 15 minutes power point aided presentation. This paper will be discussed by the assigned discussant for 10 minutes. The rest of the class is expected to attend and participate in the discussion each week. This presentation will be shared with the class via iLearn after the presentation. Each student also acts as a discussant for another paper and has to lead the discussion of this paper.

### Learning by doing

ECON318 relies heavily on independent learning where students read the relevant chapters in

the textbook, revise the lecture notes, prepare answers to the preset practice questions, and extend their awareness of issues and policy debates on health issues by additional reading, exercises and problems.

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway](https://students.mq.edu.au/support/study/student-policy-gateway) (<https://students.mq.edu.au/support/study/student-policy-gateway>). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>).

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/study/getting-started/student-conduct>

## Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [ask.mq.edu.au](https://ask.mq.edu.au).

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

## Learning Skills

Learning Skills ([mq.edu.au/learningskills](https://mq.edu.au/learningskills)) provides academic writing resources and study



strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

## Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

## Student Enquiries

For all student enquiries, visit Student Connect at [ask.mq.edu.au](http://ask.mq.edu.au)

## IT Help

For help with University computer systems and technology, visit [http://www.mq.edu.au/about\\_us/offices\\_and\\_units/information\\_technology/help/](http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/).

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.

## Graduate Capabilities

### Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

### Learning outcomes

- Identify the importance of health economics in understanding of health systems.
- Apply theoretical knowledge of applied microeconomics to health economics.
- Demonstrate understanding of health as a unique economic good. The role of market players, market imperfections and the government.
- Differentiate the functioning of health markets as against market for other goods.
- Demonstrate effective communication of theories and knowledge of health economics in a technical and non-technical language.

## Assessment tasks

- Mid session test
- Student presentation
- Research report
- Final examination

## Critical, Analytical and Integrative Thinking

We want our graduates to be capable of reasoning, questioning and analysing, and to integrate and synthesise learning and knowledge from a range of sources and environments; to be able to critique constraints, assumptions and limitations; to be able to think independently and systemically in relation to scholarly activity, in the workplace, and in the world. We want them to have a level of scientific and information technology literacy.

This graduate capability is supported by:

## Learning outcomes

- Demonstrate understanding of health as a unique economic good. The role of market players, market imperfections and the government.
- Differentiate the functioning of health markets as against market for other goods.

## Assessment tasks

- Mid session test
- Student presentation

## Problem Solving and Research Capability

Our graduates should be capable of researching; of analysing, and interpreting and assessing data and information in various forms; of drawing connections across fields of knowledge; and they should be able to relate their knowledge to complex situations at work or in the world, in order to diagnose and solve problems. We want them to have the confidence to take the initiative in doing so, within an awareness of their own limitations.

This graduate capability is supported by:

## Learning outcomes

- Identify the importance of health economics in understanding of health systems.
- Apply theoretical knowledge of applied microeconomics to health economics.
- Demonstrate understanding of health as a unique economic good. The role of market players, market imperfections and the government.
- Differentiate the functioning of health markets as against market for other goods.

## Assessment tasks

- Mid session test
- Research report
- Final examination

## Effective Communication

We want to develop in our students the ability to communicate and convey their views in forms effective with different audiences. We want our graduates to take with them the capability to read, listen, question, gather and evaluate information resources in a variety of formats, assess, write clearly, speak effectively, and to use visual communication and communication technologies as appropriate.

This graduate capability is supported by:

## Learning outcome

- Demonstrate effective communication of theories and knowledge of health economics in a technical and non-technical language.

## Assessment tasks

- Student presentation
- Research report