A. INTRODUCTION

The accessibility, effectiveness and sustainability of public health care is an important Canadian public policy issue. This course is an introduction to the economic and policy analysis of health care. The basic economic concepts of scarcity, opportunity cost, demand, supply and markets are introduced and applied to the provision of health care services, consumer and producer behaviour, and other assorted policy issues including health care reform.

B. LEARNING OUTCOMES

The outcomes of this course include:

• knowledge of the tools of economic analysis and policy and how they can be applied to health issues
• understanding how economists and policy analysts approach health care
• acquisition of basic tools of economic evaluation in health: cost-benefit analysis, cost analysis and cost-effectiveness analysis.
• knowledge of models of health capital and demand for health insurance knowledge of parameters of the health care reform debate
• institutional and empirical knowledge of the Canadian health care system
• understanding the drivers of health care spending and fiscal sustainability.
C. TEXTS AND RESOURCE MATERIALS:

Text


Other Resources:

Many of the articles and reports referred to in this course outline are available either on the web or electronically via the e-journals section of the LU library web site. As well, there are materials on this reading list available on the web at various health ministry sites. An important site is the Canadian Institute for Health Information at [http://www.cihi.ca](http://www.cihi.ca). Students may also wish to make use of various health economics resources at York University, UK, at [http://www.york.ac.uk/inst/che/](http://www.york.ac.uk/inst/che/) or at McMaster's Centre for Health Economics and Policy Analysis (CHEPA) at [http://www.chepa.org/home](http://www.chepa.org/home)

Other health economics and policy web sites:

Canadian Association for Health Services and Policy Research: [http://www.cahspr.ca](http://www.cahspr.ca)
Centre for Health Services and Policy Research (CHSPR), University of British Columbia, Canada: [http://www.chspr.ubc.ca](http://www.chspr.ubc.ca)
Manitoba Centre for Health Policy: [http://umanitoba.ca/medicine/units/mchp/](http://umanitoba.ca/medicine/units/mchp/)
Health Canada, Canada: [http://www.hc-sc.gc.ca](http://www.hc-sc.gc.ca/)
Ontario Ministry of Health and Long-Term Care, Canada: [http://www.health.gov.on.ca](http://www.health.gov.on.ca)
Canadian Medical Association Journal, [www.cmaj.ca](http://www.cmaj.ca)
Canadian Health Services Research Foundation, [http://www.chsrf.ca/Home.aspx](http://www.chsrf.ca/Home.aspx)

Course Slides Available on Course Web Site on Desire To Learn:
(2014F) ECON-2231-FA – Health Economics-83136
[https://lakeheadu.desire2learn.com/](https://lakeheadu.desire2learn.com/)

D. GRADING:

Two term in-class term tests: 2 X 25%
One final exam: 1 X 50%
E. COURSE MODULES/TOPICS:
**denotes required text reading.

1. Introduction to Health Economics and Policy
What is health economics? An overview of the Canadian health expenditure system and the evolution of the Canadian health care system. Health Insurance, Hospital Insurance and Diagnostic Services Act, Medicare, Established Program Financing, Canada Health Act, Canada Health and Social Transfers.


2. Fundamentals of Economic Analysis
Scarcity, opportunity cost, demand, supply, market equilibrium, elasticity. The firm, production, cost, competitive markets.


3. Public Economics, Externalities and Health
Market failure, public intervention, roles of government in health, the economic case for public health programs.


4. Tools of Economic Evaluation
Economic evaluation of health care services; cost-effectiveness analysis; quality-adjusted life-years and healthy year equivalent.


5. The Demand for Health Capital and Health Insurance
Health production, health consumption, moral hazard, asymmetric information, public versus private provision, public versus private health insurance; economic models of physician behaviour.

6. Determinants of Health Expenditures


7. Fiscal Sustainability of Health Care

Defining and measuring fiscal sustainability. Solutions to sustainability. Case Study: Public Health Care in Alberta


8. Health Care Reform

Is there a need to reform health care in Canada? Can we create a system that provides good care to all, provides care efficiently and is publicly funded? Are user fees the answer? Public vs private care. The Romanow Commission and its aftermath.


**9. Miscellaneous Additional Topics**

**Drugs and Home Care**

What are the trends in drug expenditure in Canada? What are the determinants of provincial government drug expenditures? Provincial government drug plans. The determinants of home care spending.

**Jeremiah Hurley (2010), Chapter 15, Pp. 380-404.**


**The U.S. Health Care System & Its Reform**

Why does the United States spend more on health care than Canada? Is the U.S. health care system "better"? Whatever happened to the Clinton Plan? The Obama Plan?

