

THE UNIVERSITY OF
NEW SOUTH WALES



Australian School of Business
School of Economics

**ECON 4307/6307
HEALTH ECONOMICS**

**COURSE OUTLINE
SESSION 2, 2008**

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1. TEACHING STAFF

Lecturer: Shiko Maruyama

Room: Quad 3116

Phone: 9385 3386

Email: s.maruyama@unsw.edu.au

Consultation Times – Wednesday 1:30 - 4:30 (or by appointment).

1.1 Communication with Staff

You should feel free to approach Dr Maruyama about any course specific inquiries. He may be initially contacted by e-mail. However if addressing these questions is a complex task and/or requires detailed use of course material, you should see him during consultation time or by appointment. Some information concerning administrative matters may also be obtained from the School of Economics Office on the fourth floor of the ASB Building.

2. INFORMATION ABOUT THE COURSE

2.1 Teaching times and Locations

A two-hour lecture plus a one-hour tutorial will be held on Tuesdays 3:00-6:00pm in Squarehouse Room 215. There will be one tutorial group only for the course. Tutorials will begin in the second week of semester.

2.2 Units of Credit

This course is worth 6 units of credit.

2.3 Parallel Teaching in the Course

There is no parallel teaching (UG/PG students together) in this course.

2.4 Relationship of This Course to Other Course Offerings

ECON 4307/6307 is an option available for students enrolled in an Honours or Post-graduate program in Economics or Commerce. The course provides a broad introduction to the subject of health economics and relies considerably on microeconomic methods. Economic concepts and tools such as those learned in Microeconomics II and Advanced Economic Analysis are assumed knowledge in the course. Additional microeconomic tools appropriate for the analysis of health economics will be reviewed in class.

Health care has become a dominant economic and political issue in many countries and the area of health economics is rapidly growing and developing. ECON 4307/6307 studies health economics as an applied microeconomics field. For example, issues surrounding the demand for health, health care and health insurance are directly related to consumer behaviour in various market settings. The course also looks at empirical methods useful in studying topics in health economics. Finally, policies and current issues facing policy makers and researchers in the area of health are reviewed. The subject is suitable both for those students interested in microeconomics applied to the area of health economics and to students interested in current public policy issues in the provision of health and health care.

3. COURSE AIMS AND OUTCOMES

3.1 Course Aims

In this course, we will review economic approaches to the understanding of markets for health care and more generally the behaviour of agents involved in the provision and consumption of health care. We also discuss characteristics that are integral to health economics namely information problems, insurance, government intervention and the institutional environment generally. Students are exposed to the widest possible range of perspectives and are encouraged to form their own critical evaluation of the current state of health care provision in Australia.

The material is taught at two levels. A broad intellectual perspective is presented to inform students on the basic economic theory and tools used in the study of health and health care. Also more detailed discussions of the institutional framework and government programs are held. This allows students to apply the principles reviewed earlier as well as learn about current debates in the provision of health care.

3.2 Student Learning Outcomes

On completion of the course, students should be able to:

- Demonstrate an understanding of the basic economic concepts used in the study of health economics.
- Apply appropriate economic tools to analyse the behaviour of the various agents in the provision and consumption of health care.
- Describe the major government programs and institutional features in the provision of health care in Australia and the debates currently surrounding these programs.
- Demonstrate knowledge of the main empirical tools used in the analysis of issues in health economics.

The course aims to provide benefits to students in terms of:

- An understanding of the underlying economic frameworks appropriate to study health and health care.
- Knowledge of market failures in the provision of health care and the justifications for government policy.
- An appreciation of the different market environments in which health and health policy decisions must be made.
- The ability to use a rational approach in the evaluation of government intervention and programs in health.

3.3 Approach to Learning and Teaching

The philosophy underpinning this course and its Teaching and Learning Strategies (see 3.4 below) are based on “Guidelines on Learning that Inform Teaching at UNSW.

These guidelines may be viewed at: www.guidelinesonlearning.unsw.edu.au.

3.4 Teaching and Learning Strategies

The course provides a broad survey of issues in health economics and a more in-depth discussion of the main government programs and institutional features affecting health care in Australia. A specific list of topics and readings is provided further below in the

Schedule of Lectures. The content of the lectures, the tutorials and the assigned readings form the examinable content of the course.

Lectures

The purpose of the lectures is to provide a logical structure for the topics that make up the course; to provide the necessary background enabling the students to understand the material; to provide guidance in the choice and the usage of the appropriate economic tools; to emphasise the important concepts and methods for each topic; to provide and discuss relevant examples to which the concepts and methods are applied; and to motivate and mediate discussions of current issues in health economics using economic methods.

Tutorials

The purpose of the tutorials is to provide an opportunity for students to discuss the issues covered in the lectures and in the assigned readings; present related material and extend the coverage of the lectures; to provide practice questions and answers; to get feed-back from both the lecturers and the other students in the class.

Students are expected to work through all the tutorial assignments each week and participate in the discussion surrounding the assignments. Normally tutorial assignments will review and extend the previous week's lecture material and will allow students to assess and further their level of understanding of the material.

Out-of-Class Study

While students may have preferred individual learning strategies, it is important to note that most learning will be achieved outside of class time. Lectures can only provide a structure to assist your study, and tutorial time is limited.

An "ideal" strategy (on which the provision of the course materials is based) might include:

- Reading of the assigned material before the lecture. This will give you a general idea of the topic area.
- Attendance at lecture. Here the context of the topic in the course and the important elements of the topic are identified. The relevance of the topic is explained. More complex material is reviewed using a variety of techniques and examples to allow more in-depth understanding.
- Complementing the lecture notes using textbooks and other readings and identifying areas where more study or help is needed
- Reading all the material to be covered in the next week's tutorial and preparing discussion questions to be asked during the tutorials. This should be done after the lecture and before the following week's tutorial.

4. CONTINUAL COURSE IMPROVEMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback.

UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process is one of the ways in which student evaluative feedback is gathered.

5. LEARNING ASSESSMENT

5.1 Formal Requirements

In order to pass this course, you must:

- achieve a composite mark of at least 50; and
- make a satisfactory attempt at all assessment tasks (see below).

Assessment will consist of:

Tutorial assessment:

- 30 minute presentations and accompanying written documents	45%
- tutorial participation	10%
End of session assessment (see below)	<u>45%</u>
TOTAL	100%

5.2 Assessment Details

Tutorial Assessment

Tutorial assignments will be provided in lectures and on the website. Each week students will be asked to present pre-assigned papers or book chapters. The presentations are to be concise and to last around 20-30 minutes; half hour discussion follows each presentation. Students responsible for the presentation of a reading must also present a written document that will be made available to the others for future study. The written documents are to be typed and handed in electronic format (graphs can be hand-written and handed in on paper) either before the class presentation or in the week following the presentation (this will allow the incorporation of any useful comments from the class discussion). The documents will be posted on the website. Students who do not present AND hand in their discussion document will be given a mark of ZERO for this component of the assessment. Depending on the class size, students may be allowed to present in groups.

While generally only one student is required to present each allocated question, all other students should come to tutorials prepared to participate in the class discussion. All students will be expected to ask questions on the assignments and contribute to the discussion surrounding the presentations.

The tutorial assessment mark (out of 45) will be awarded on the basis of the presentation and the accompanying written document. The additional 10% will be awarded on the basis of general participation in tutorials.

End-of-Session Assessment

The end-of-session assessment will consist of a term paper worth 45% of the overall grade. This paper will be due no later than on **Monday November 3rd, 5:00pm**. Details on the format and length of the paper will be given in a separate document and posted on the web.

The Honours students enrolled in the class may elect to write a final exam instead of the term paper. This exam will be a two-hour exam held during the university examinations period. The exam will consist of discussion questions related to the material covered in class and tutorials. More details on the format of the exam will be discussed during the lectures.

5.3 Late Submission

Late term papers will have five mark deducted for each day they are late.

5.4 Special Consideration and Supplementary Examinations

UNSW policy and process for Special Consideration applies (see <https://my.unsw.edu.au/student/atoz/SpecialConsideration.html>). Specifically:

- Applications for special consideration (including supplementary examinations) must go through UNSW Central administration (within 3 working days of the assessment to which it refers) – applications will **not** be accepted by teaching staff;
- Applying for special consideration does not automatically mean that you will be granted additional assessment or that you will be awarded an amended result;
- If you are making an application for special consideration (through UNSW Central Administration) please notify your Lecturer in Charge;
- Please note: a register of applications for Special Consideration is maintained. History of previous applications for Special Consideration is taken into account when considering each case.

An extension on the due date for the term paper *may* also be offered to students who could not meet the deadline due to illness or other extraordinary circumstances that can be documented by the student.

6. ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For full information regarding policies, penalties and information to help you avoid plagiarism see: <http://www.lc.unsw.edu.au/plagiarism/index.html>

Plagiarism is the presentation of the thoughts or work of another as one's own.* Examples include:

- **direct duplication of the thoughts or work of another, including by copying work, or knowingly permitting it to be copied. This includes copying material, ideas or concepts from a book, article, report or other written document (whether published or unpublished), composition, artwork, design, drawing, circuitry, computer program or software, web site, Internet, other electronic resource, or another person's assignment without appropriate acknowledgement;**
- **paraphrasing another person's work with very minor changes keeping the meaning, form and/or progression of ideas of the original;**
- **piecing together sections of the work of others into a new whole;**
- **presenting an assessment item as independent work when it has been produced in whole or part in collusion with other people, for example, another student or a tutor; and,**
- **claiming credit for a proportion a work contributed to a group assessment item that is greater than that actually contributed.†**

Submitting an assessment item that has already been submitted for academic credit elsewhere may also be considered plagiarism.

The inclusion of the thoughts or work of another with attribution appropriate to the academic discipline does *not* amount to plagiarism.

Students are reminded of their Rights and Responsibilities in respect of plagiarism, as set out in the University Undergraduate and Postgraduate Handbooks, and are encouraged to seek advice from academic staff whenever necessary to ensure they avoid plagiarism in all its forms.

The Learning Centre website is the central University online resource for staff and student information on plagiarism and academic honesty. It can be located at:

www.lc.unsw.edu.au/plagiarism

The Learning Centre also provides substantial educational written materials, workshops, and tutorials to aid students, for example, in:

- correct referencing practices;
- paraphrasing, summarising, essay writing, and time management;
- appropriate use of, and attribution for, a range of materials including text, images, formulae and concepts.

Individual assistance is available on request from The Learning Centre.

Students are also reminded that careful time management is an important part of study and one of the identified causes of plagiarism is poor time management. Students should allow sufficient time for research, drafting, and the proper referencing of sources in preparing all assessment items.

* Based on that proposed to the University of Newcastle by the St James Ethics Centre. Used with kind permission from the University of Newcastle

† Adapted with kind permission from the University of Melbourne.

7. STUDENT RESPONSIBILITIES AND CONDUCT

7.1 Workload

It is expected that you will spend at least **ten hours** per week studying this course. This time should be made up of reading, research, working on assignments, and attending classes. In periods where you need to complete assignments or prepare for examinations, the workload may be greater.

Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

7.2 Attendance

Your regular and punctual attendance at lectures and tutorials is expected in this course. University regulations indicate that if students attend less than eighty per cent of scheduled classes they may be refused final assessment.

7.3 General Conduct and Behaviour

You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. More information on student conduct is available at: www.my.unsw.edu.au

7.4 Keeping Informed

You should take note of all announcements made in lectures, tutorials or on the course web site. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information.

8. STUDENT RESOURCES

8.1 Course Website

The ECON 4307/6307 website may be found along with the sites for your other courses when you log into WebCT Vista.

The Website will contain copies of

- All course handouts;
- Documents accompanying the tutorial assignments;
- Sample exam questions and answers;
- Readings;
- Within-session assessment marks;
- Announcements.

Students should consult this website at least once a week as it contains important information about the course. It will be assumed that all students have seen any notice posted on the course website. Support for Vista can be found at:

<http://support.vista.elearning.unsw.edu.au>

8.2 Textbook and Other Readings

There is no required text for the course but some material is taken from the following two texts:

Folland, S., A.C. Goodman and M. Stano, *Economics of Health and Health Care*, Fifth Edition, Pearson Prentice Hall, 2006.

Culyer, A.J. and J.P. Newhouse (eds.) *Handbook of Health Economics*, Volumes 1A and 1B, North-Holland, Elsevier Science, 2000.

The first (from hereon FGS) is an undergraduate textbook and will be useful in providing background material as well as an intermediate level discussion of the course material. The second text (from hereon HHE) presents more advanced material and is also useful in providing surveys of the literature. The second volume of the Handbook of Health Economics deals with more specialized topics.

Both texts will be kept on open reserve at the Library. Additional reading material is assigned on the detailed schedule of lectures further below. These will be made available on the website when possible. Further reading material may also be assigned during the semester.

8.3 Other Resources, Support and Information

The University and the ASB provide a wide range of support services for students, including:

Learning and Study Support:

- **ASB Education Development Unit**

The Education Development Unit (EDU) provides learning support and assistance to all students in the ASB, to enable them to enhance the quality of their learning. The EDU services are free, and tailored to meet the academic needs of students in the Australian School of Business.

The role of the EDU is to provide

- A range of support initiatives for students from the Australian School of Business in relation to their transition to university;
- Learning skills development, resources and activities for Business students
- Academic writing and skills workshops throughout the session;
- Printed and online study skills resources, such as referencing guides, report writing and exam preparation;
- A drop-in EDU Office containing books and resources that can be borrowed;
- A limited consultation service for students with individual or small group learning needs.

The EDU website www.business.unsw.edu.au/edu contains information, online resources and useful links as well as providing information and dates for workshops. More information about the EDU services including resources, workshop details and registration, and consultation request forms are available from the EDU Office.

EDU Contact Details

Location Room G07 Ground Floor,
 West Wing, Australian School of Business Building
Telephone: 02 9385 5584
Email: Edu@unsw.edu.au
Website www.business.unsw.edu.au/edu

- **UNSW Learning Centre** (<http://www.lc.unsw.edu.au>)

In addition to the EDU services, the UNSW Learning Centre provides academic skills support services for all UNSW students. The Learning Centre is located on Level 2 of the Library and can be contacted by phone: 9385 3890 or through their website.

Technical support:

For any technical support issues (difficulty logging in to websites, problems downloading documents, etc) you can contact the UNSW IT Service Desk at: (02) 9385 1333 ; Email: servicedesk@unsw.edu.au

Counselling support - <http://www.counselling.unsw.edu.au>

Students experiencing problems of a personal or academic nature are encouraged to contact the Counselling Service at UNSW. This consultation service is free and confidential and run by professional counsellors. The Counselling Service also conducts workshops on topics such as 'Coping With Stress' and 'Procrastination'. The Counselling Service is located on Level 2, Quadrangle East Wing, and can be contacted on 9385 5418.

Library training and support services - <http://info.library.unsw.edu.au>

Disability Support Services – Those students who have a disability that requires some adjustment in their teaching or learning environment are encouraged to discuss their study needs with the Course Coordinator or the Equity Officer (<http://www.studentequity.unsw.edu.au/disabil.html>). Early notification is essential to enable any necessary adjustments to be made.

In addition, it is important that all students are familiar with University policies and procedures in relation to such issues as:

- **Examination procedures** and advice concerning illness or misadventure
<https://my.unsw.edu.au/student/academiclife/assessment/examinations/examinationrules.html>
- **Occupational Health and Safety** policies and student responsibilities;
<https://my.unsw.edu.au/student/atoz/OccupationalHealth.html>

9. LECTURE SCHEDULE

Please Note that the following is still preliminary and will be adapted to the size and composition of the class.

The first part of the course deals with basic issues of health and health care. The demand and supply sides of health care, information problems and the provision of health insurance are discussed. We conclude the first part with a review of empirical evaluation techniques used in health economics. The second part of the course looks at the key players in the provision of health care and the current institutional and policy environment surrounding health care in Australia. Specialists in the field will present lectures on topics in the area. These topics are chosen to reflect the areas of expertise of the presenters and also to address recent debates and policy reforms in the provision of health care in Australia.

Background readings in basic microeconomic concepts and econometric techniques:

FGS, Chapters 2 and 9 (microeconomic concepts and the theory of consumer demand).

FGS, Chapter 3 (basic econometric tools).

In the following, * indicates required readings which will be covered during lectures, ** indicates possible readings for student presentations.

**Week One, July 29 Introduction. Demand for Health and Health Care.
Health Capital.**

*FGS, Chapter 1 (Introduction).

*FGS, Chapter 7 (Demand for health capital).

*Arrow, K. 1963. "Uncertainty and the Welfare Economics of Medical Care." *American Economic Review*, 53, 941-973.

*Grossman, M. 1972. "On the Concept of Health Capital and the Demand for Health." *Journal of Political Economy*, 82, 223-255.

**FGS, Chapter 18 (Equity, efficiency, and need).

**FGS, Chapter 22 (Comparative health care systems and health system reform).

**Wagstaff, A. 1986. "The Demand for Health: Some New Empirical Evidence." *Journal of Health Economics* 5: 195-233.

Pauly, M. 1983. "Is Medical Care Different?" in *Issues in Health Economics*. W. Greenberg (ed.), Washington: Bureau of Economics, FTC.

Pauly, M. 1988. "Is Medical Care Different? Old Questions, New Answers." *Health Politics, Policy & Law*, 13, 227-238.

Fuchs, V. 1983. *Who Shall Live?* New York: John Wiley & Sons.

FGS, Chapter 5 (The production of health).

FGS, Chapter 6 (The production, cost, and technology of health care).

Becker, G. 1965. "The Theory of the Allocation of Time." *The Economic Journal*, 75, 493-517.

Grossman, M. 1972. *The Demand for Health: A Theoretical and Empirical Investigation*, New York: Columbia University Press.

HHE, Chapter 7 (The human capital model).

Week Two, August 5 Information and Insurance

*FGS, Chapter 8 (Demand and Supply of Health Insurance).

*FGS, Chapter 10 (Asymmetric information and agency).

*Ehrlich, I. and G. Becker. 1972. 'Market Insurance, Self-Insurance, and Self-Protection.' *Journal of Political Economy*, 80, 623-648.

*Pauly, M. 1968. 'The Economics of Moral Hazard: Comment' *American Economic Review*, 58, 531-536.

*HHE, Chapter 11 Appendix (The anatomy of health insurance).

**FGS, Chapter 11 (The organization of health insurance markets).

**Feldman, R. and B. Dowd. 1991. 'A New Estimate of the Welfare Loss of Excess Health Insurance.' *American Economic Review*, 81, 297-301.

**Feldman, R., M. Finch, B. Dowd, and S. Cassou. 1989. 'The Demand for Employment-Based Health Insurance.' *Journal of Human Resources*, 24, 115-142.

**Keeler, E., J. Newhouse, and C. Phelps. 1977. 'Deductibles and the Demand for Medical Care Services: The Theory of a Consumer Facing a Variable Price Schedule under Uncertainty.' *Econometrica*, 45, 641-655.

**Viscusi, K. and W. Evans. 1990. 'Utility Functions that Depend on Health Status: Estimates and Economic Implications.' *American Economic Review*, 80, 353-374.

**Finkelstein, A. and K. McGarry. 2003. *Private information and its effect on market equilibrium: new evidence from long-term care insurance*, NBER Working Paper 9957. (<http://www.nber.org/papers/w9957>)

HHE, Chapter 8 (Moral hazard and consumer incentives in health care).

Rothschild, M. and F. Stiglitz. 1976. 'Equilibrium in Competitive Insurance Markets: An Essay on the Economics of Imperfect Information'. *Quarterly Journal of Economics*, 90(4), 629-649.

Week Three, August 12 Health Care Industry

*FGS, Chapter 8 (Demand and Supply of Health Insurance).

*FGS, Chapter 10 (Asymmetric information and agency).

*FGS, Chapter 14 (Hospitals and long-term care).

*HHE, Chapter 20 (The industrial organization of health care markets).

*HHE, Chapter 27 (Antitrust and competition in health care markets).

**HHE, Chapter 9.4 – 9.6 (Physician agency, physician-induced demand)

**HHE, Chapter 21 (Not-For-Profit Ownership and Hospital Behaviour)

**FGS, Chapter 17 (The pharmaceutical industry).

** Gaynor, M. and W. Vogt. 2003. 'Competition Among Hospitals.' *Rand Journal of Economics*, 34, 764-785.

** Dranove, D., D. Kessler, M. McClellan and M. Satterthwaite. 2003. 'Is More Information Better? The Effects of Health Care Quality Report Cards.' *Journal of Political Economy* 111.

** Crawford, G. and M. Shum. 2005. 'Uncertainty and Learning in Pharmaceutical Demand.' *Econometrica*, 73: 1137-1174.

FGS, Chapter 13 (Non-profit firms).

FGS, Chapter 15 (The physician's practice).

Capps, C., D. Dranove and M. Satterthwaite. 2003. 'Competition and Market Power in Option Demand Markets.' *Rand Journal of Economics*, 34(4), pp. 737-763.

Duggan, M. and F. Morton. 2006. 'The Distortionary Effects of Government Procurement: Evidence for Medicaid Prescription Drug Purchasing.' *Quarterly Journal of Economics*, February, 1-30.

Ho, K. 2005. 'Insurer-Provider Networks in the Medical Care Market.' NBER Working Paper 11822.

Week Four, August 19 Evaluation Methods I.

*Blundell, R. and M. Costa Dias. 2000. 'Evaluation Methods for Non-Experimental Data,' *Fiscal Studies*, 21(4), pp. 427-468.

*Burtless, G. 1995. 'The Case for Randomized Field Trials in Economic and Policy Research'. *Journal of Economic Perspectives*, 9(2), pp. 63-84.

**Kenkel, D. 1991. 'Health Behavior, Health Knowledge, and Schooling,' *Journal of Political Economy*, 99, 287-305.

**Currie, A., M.A. Shields and S.W. Price. 2004. *Is the Child Health / Family Income Gradient Universal? Evidence from England*, IZA Discussion Paper No.1328.

Wooldridge, J.M. 2002. *Econometric Analysis of Cross Section and Panel Data*, MIT Press, Chapter 18, pp. 603-644.

Week Five, August 26 Evaluation Methods II.

*Heckman, J.J., H. Ichimura and P. Todd 1997. 'Matching as an Econometric Evaluation Estimator: Evidence from Evaluating a Job Training Programme.' *The Review of Economic Studies*, 64(4) Special Issue, pp. 605-654.

**FGS, Chapter 16 (Health care labor markets and professional training).

**Manning, W., J. Newhouse, N. Duan, E. Keeler, A. Leibowitz, and M. Marquis. 1987. 'Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment.' *American Economic Review*, 77, 251-277.

**Case, A. and A. Deaton 2004. 'Broken by Work and sex: How our Health Declines', Princeton University Discussion Paper.

Week Six, September 2 Recent developments in private health insurance in Australia I.

Guest Lecturer: Associate Professor Elizabeth Savage, CHERE

Barrett, G. and R. Conlon. 2003. 'Adverse Selection and the Decline in Private Health Insurance Coverage in Australia: 1989-95.' *Economic Record*, Vol. 79 No. 246 September, 279-296.

- Buchmueller TC, Fiebig D, Jones G, Savage E, Advantageous Selection in Private Health Insurance: The Case of Australia, *CHERE Working Paper 2008/2*, CHERE, Sydney, 2007.
- Ellis R, Savage E, 2008, Run for Cover Now or Later? The impact of premiums, threats and deadlines on supplementary private health insurance in Australia, *International Journal of Health Care Finance and Economics* (forthcoming)
- Doiron D, Jones G, Savage E, Healthy, Wealthy and Insured? The Role of Self-Assessed Health in the Demand for Private Health Insurance, 2008, *Health Economics*, 17: 317-334
- Hall, J., and E. Savage 2005. 'The role of the private sector in the Australian healthcare system' in Maynard, A. (ed.), *The public-private mix for health* Radcliffe Publishing Ltd, Abingdon, pp. 247-278.
- Lu M, Savage E, Do financial incentives for supplementary private health insurance reduce pressure on the public system? Evidence from Australia, *CHERE Working Paper 2006/11*, CHERE, Sydney, 2006)
- Savage E, Viney R, Fiebig D, Does the reason for buying health insurance influence behaviour *CHERE Working Paper 2007/1*, CHERE, Sydney, 2007)
- Savage E, Wright D, 2003, Moral Hazard and Adverse Selection in Australian Private Hospitals: 1989-90, *Journal of Health Economics*, 22: 331-359

Week Seven, September 9 Recent developments in private health insurance in Australia II.

- **Buchmueller T, DiNardo J, 2002, 'Did Community Rating Induce an Adverse Selection Death Spiral? Evidence from New York, Pennsylvania, and Connecticut' *American Economic Review*, 92(1) 280-294.
- Ellis, RP. McGuire TG, 2007 'Predictability and Predictiveness in Health Care Spending' *Journal of Health Economics*. 26: 25-48
- **Gans, J. and S. King 2003. 'Anti-insurance: analysing the health insurance system in Australia' *Economic Record* 79(247) pp. 473- 486.
- Harper, I.R. 2003 'Health Sense: When Spending Money Saves Money' *Policy*, 19(3) pp. 19-24.
- Frech, H.E. and S. Hopkins 2004. 'Why Subsidise Private Health Insurance?' *Australian Economic Review*, 37(3), pp. 243-256.
- Vaithianathan, R. 2004. 'A critique of the private health insurance regulations' *Australian Economic Review*, 37(3), pp. 257-270.

Week Eight, September 16 Health Care Financing and Incentives I

Guest Lecturers: Professor Jane Hall, CHERE

Baker, L. C. 1997. 'The Effect of HMOs on Fee for Service Health Care Expenditures: Evidence from Medicare'. *Journal of Health Economics*, 16, pp. 453-81.

Ellis, R. and T. McGuire. 1988. 'Insurance Principles and the Design of Prospective Payment Systems.' *Journal of Health Economics*, 7(3), pp. 215-38.

Feldstein M, 2006. 'Balancing the goals of health care provision and financing.' *Health Affairs*, 25(6) 1603-1611.

Hall, J. 2004. *Can we design a market for competitive health insurance?* CHERE Discussion Paper No. 53.

Jin, G.Z. and A.T. Sorensen 2006. 'Information and consumer choice: the value of publicized health plan ratings', *Journal of Health Economics*, 25(2) pp. 248-275.

Pauly, M. V. 2000. 'Insurance reimbursement' in Culyer, A. J., and J. Newhouse (eds.) *Handbook of Health Economics*, Volume 1A, Elsevier, Amsterdam, pp. 537-560.

Van de Ven, W. P. M. M. and R.P. Ellis 2000. 'Risk adjustment in competitive health plan markets' in Culyer, A. J., and J. Newhouse (eds.) *Handbook of Health Economics*, Volume 1A, Elsevier, Amsterdam, pp. 754-845.

Van de Ven, W, Schut, F, Risk equalization in an individual health insurance market: the only escape from the trade-off between affordability, efficiency and selection. The Netherlands as a case study. http://www.fresh-thinking.org/docs/workshop_070503/PaperVandeVenSchut02apr07.pdf.

Week Nine, September 23 Health Care Financing and Incentives II

Guest Lecturers: Professor Jane Hall, CHERE

**Dusheiko M, Gravelle H, Smith P, 2006. 'The effect of financial incentives on gatekeeping doctors: evidence from a natural experiment'. *Journal of Health Economics*, 25(3), pp. 449-478.

**Enthoven, A. and R. Kronick 1989. 'A consumer-choice health plan for the 1990s. Universal health insurance in a system designed to promote quality and economy.' *New England Journal of Medicine*, 320(2), pp. 94-101.

Feachem, R. G. A., N.K. Sekhri, et al. 2002. 'Getting more for their dollar: a comparison of the NHS with California's Kaiser Permanente'. *British Medical Journal*, 324(7330), pp. 135-141.

Goddard, M., and R. Mannion 1998. 'From competition to co-operation: new economic relationships in the National Health Service'. *Health Economics*, 7(2), pp. 105-19.

Hsu, J., et al., 2006. 'Unintended consequences of caps on Medicare drug benefits', *New England Journal of Medicine*, 354(22), pp. 2349-59.

**Oliver, A. 2005. 'The English National Health Service: 1979-2005', *Health Economics*, 14(S1): S75-S99.

Rice, N. and P. C. Smith, 2001. 'Capitation and risk adjustment in health care financing: an international progress report.' *Milbank Quarterly* 79(1), pp. 81-113.

**Scotton, R. 1999. 'Managed competition' in Mooney, G. and R. Scotton (eds.) *Economics and Australian Health Policy*. Allen & Unwin, Sydney, pp. 214-231.

Strombom, B.A., T.C. Buchmueller, and P.J. Feldstein, 2002. 'Switching costs, price sensitivity and health plan choice', *Journal of Health Economics*, 21(1), pp. 89-116.

Note: Enthoven & Kronick and Scotton together comprise 1 student presentation

September 30 Mid-Session Break

Week Ten, October 7 Student Presentation

Week Eleven, October 14 Measuring and Valuing Health Outcomes I

Guest Lecturer: Associate Professor Rosalie Viney, CHERE

*Torrance, G. 1986. 'Measurement of Health State Utilities for Economic Appraisal: A Review'. *Health Economics* 5, pp. 1-30.

*Bleichrodt, H. and J. Quiggin 1999. 'Life-cycle preferences over consumption and health: when is cost-effectiveness analysis equivalent to cost benefit analysis?' *Journal of Health Economics*, 18, pp. 681-708.

Hammit, J. 2002. 'QALYs Versus WTP.' *Risk Analysis* 22, pp. 985-1001.

Bleichrodt, H., P. Wakker and M. Johannesson 1997. 'Characterizing QALYs by Risk Neutrality' *Journal of Risk & Uncertainty*, 15, pp. 107-14.

Topic: Applying the QALY concept in decision making

Birch, S. and A. Gafni 1992. 'Cost effectiveness/utility analyses. Do current decision rules lead us to where we want to be?' *Journal of Health Economics*, 11, pp. 279-296.

Devlin, N. and D. Parkin 2004. 'Does NICE have a cost-effectiveness threshold and what other factors influence its decisions? A binary choice analysis.' *Health Economics*, 13, pp. 437-452.

Week Twelve, October 21 Measuring and Valuing Health Outcomes II.

Multi-attribute Utility Instruments and Their Development

(1) First topic: EQ-5D

**Dolan, P., C. Gudex, P. Kind and A. Williams 1996. 'The time trade-off method: results from a general population study.' *Health Economics*, 5, pp. 141-154.

**Dolan, P., 1997. Modeling valuations for EuroQol health states. *Medical Care* 35, 1095-1108.

Note: These papers both report the same research - it is generally helpful to read both as the details of the research are not sufficiently reported in the first paper.

(2) Second topic: SF-6D

**Brazier, J., J. Roberts M. and Deverill 2002. 'The estimation of a preference-based measure of health from the SF-36.' *Journal of Health Economics*, 21, pp. 271-92.

The following papers may also be helpful for students. These papers report on a different MAUI, which makes different assumptions about the form of the utility function.

Roberts, J. and P. Dolan 2004. To what extent do people prefer health states with higher values? A note on evidence from the EQ-5D valuation set', *Health Economics*, 13, pp. 733-7.

Brazier, J., Roberts, J., Tsuchiya, A., Busschbach, J., 2004. A comparison of the EQ-5D and SF-6D across seven patient groups. *Health Economics* 13 (9), 873-884.

Feeny, D.H., Furlong, W.J., Torrance, G.W., Goldsmith, C.H., Zenglong, Z., Depauw, S., Denton, M., Boyle, M., 2002. Multiattribute and single-attribute utility function the health utility index Mark 3 system. *Medical Care* 40 (2), 113-128.

Torrance, G.W., Feeny, D.H., Furlong, W.J., Barr, R.D., Zhang, Y., Wang, Q., 1996. Multiattribute utility function for a comprehensive health status classification system: health utility index Mark 2. *Medical Care* 34 (7), 702-722.