Prerequisites
The prerequisites for this course are ECON 2030 with a grade of C- or higher or ECON 2003 (no longer offered) with a grade of C- or higher, and ECON 2202 with a grade of C- or higher, as outlined in the current Undergraduate Calendar. Students who believe they have taken a similar background course or courses from another university must provide appropriate documentation to the Department of Economics Undergraduate Administrator, Amanda Wright (C-875 Loeb).

Introduction
Topics to be covered include the determinants of the demand for health services, and the reasons health care costs have been rising faster than GDP. A central issue in health economics is the market failure that results from information asymmetry among patients, providers of health services, and the third parties (insurance companies or governments) that pay for most of the cost of health care. An international comparative approach will be used in considering government policies to make our health care system more sustainable. Specific topics include the role of private insurance in health financing, evaluation of medical technology, and the pharmaceutical industry and its role in health care.

Organization
The class will meet on Mondays at 6:05 p.m. in SA 515 for a 2 hour and 50 minute lecture with a short intermission. The first class is on Monday September 11. There will be three (3) required assignments, a midterm (on October 30), and a final exam. The final exam will be scheduled by Examination Services during the regular final examination period (December 10-22).

cuLearn will be used extensively as a means of communication with students. Therefore, students are strongly advised to access cuLearn at regular intervals in order to check for new information. Course-related e-mail queries should be through the cuLearn. To access cuLearn, students require a Student Computing Account. To obtain a Student Computing Account,
students should access https://portal.carleton.ca or contact the CCS Service Desk, located at 509 MacOdrum Library (telephone: (613) 520-3700).

**Academic Integrity**
Please ensure that you are familiar with and comply with the Carleton University Academic Regulations as they apply to Academic Integrity:
http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/acadregsumiv14/

**Assignments**
Assignments will be posted on cuLearn. They will consist of calculation problems that illustrate various principles that have been discussed in class. The deadlines for handing them in will be announced in class and on cuLearn.

Students may wish to work together on assignment material, BUT each student MUST write up their own assignments INDEPENDENTLY. In this connection, please be sure to read Section 14.3 of the Academic Regulations of the University in the current Undergraduate Calendar, especially with regard to plagiarism and unauthorized cooperation and collaboration.

**Evaluation**
The final % grade for this course will be calculated as follows:

\[
Max\{0.15 \text{ AS} + 0.40 \text{ MT} + 0.45 \text{ FI}, 0.15 \text{ AS} + 0.20 \text{ MT} + 0.65 \text{ FI}\}
\]

where \( AS \), \( MT \), and \( FI \) are the percentage scores on the assignments, the midterm, and the final exam, respectively.

This final % grade will then be converted into the alphabetical grade system using the standard equivalences, as outlined in Section 2.3 of the Academic Regulations of the University in the current Undergraduate Calendar.

Please note that there will be no make-up exam for students who miss the midterm. For students who, for any valid reason, are unable to write the midterm, the final % grade will be calculated as

\[0.15 \text{ AS} + 0.85 \text{ FI}\]

In order to write a deferred final exam, a student who has missed the scheduled final exam for a valid reason must contact the Registrar’s Office. (For further details, see Section 2.5 of the Academic Regulations of the University in the current Undergraduate Calendar.)

Deferred final exams will only be granted to students in good standing in the course. In the event that a student writes a deferred final exam, the deferred final exam will carry the same weight as the final exam in determining the course grade. Needless to say, any deferred exam will not be identical to the original final exam.

Finally, please note that standing in a course is determined by the course instructor subject to the approval of the Faculty Dean. Course grades may be scaled upwards or downwards in a rank-
preserving manner to better fit the relevant departmental distributional norm. Grades submitted by an instructor may be subject to revision. No course grades are final until approved by the Faculty Dean.

**Academic Accommodation**
You may need special arrangements to meet your academic obligations during the term. For an accommodation request the processes are as follows:

- **Pregnancy obligation:** Please write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details visit the Equity Services website: [http://www2.carleton.ca/equity/accommodation/](http://www2.carleton.ca/equity/accommodation/)

- **Religious obligation:** Please write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details visit the Equity Services website: [http://www2.carleton.ca/equity/accommodation/](http://www2.carleton.ca/equity/accommodation/)

- **Students with disabilities requiring academic accommodations** in this course must register with the Paul Menton Centre for Students with Disabilities (PMC) for a formal evaluation of disability-related needs. Documented disabilities could include but are not limited to mobility/physical impairments, specific Learning Disabilities (LD), psychiatric/psychological disabilities, sensory disabilities, Attention Deficit Hyperactivity Disorder (ADHD), and chronic medical conditions. Registered PMC students are required to contact the PMC, 613-520-6608, every term to ensure that I receive your Letter of Accommodation, no later than two weeks before the first assignment is due or the first in-class test/midterm requiring accommodations. If you only require accommodations for your formally scheduled exam(s) in this course, please submit your request for accommodations to PMC by the deadlines published on the PMC website: [http://www2.carleton.ca/pmc/new-and-current-students/dates-and-deadlines/](http://www2.carleton.ca/pmc/new-and-current-students/dates-and-deadlines/)

**Academic Assistance**
Students should be aware of and feel free to take advantage of the services of the Writing Tutorial Service (ML 404) and the Student Academic Success Centre (TB 302).

**Textbook**
There is no required text for this course, but a number of draft chapters of a newly written text will be posted on the course website on cuLearn (they are referred to as HEC 1, HEC 2, … on the outline). Many of the supplementary readings come from Hurley, Jeremiah E. (2010), *Health Economics*, McGrawHill Ryerson ISBN 978-0-07-091648-7; it is referred to on the outline as “Hurley”.

**Readings and References**
Students are expected to study the Powerpoint slides and draft chapters that will be posted on the course website. They should also look at the material from Hurley and the listed pages in the *Oxford Handbook of Health Economics* (Sherry Glied and Peter Smith, eds., Oxford University Press 2011, referred to below as *Handbook*), and in some of the journal articles listed below. Further details will be provided in class.

[Tentative Time Table and Additional Readings by week]
September 11 Healthcare Systems; the Opportunity Cost of Healthcare
   HEC 1; Hurley, Chapter 1 pp. 1-24
   inefficient?” Journal of Economic Perspectives 22(4), 27-50

September 18 Health over the Life Cycle; Health as Capital; Determinants of Health
   HEC 2; Hurley, Chapter 5, pp. 132-44, 146-48, 150-53
   Handbook Chapter 8 (“Determinants of health in childhood”), pp. 164-66, Chapter 10
   (“Economics of health behaviors and addictions”), pp. 206-16

September 25 Quantifying Health; The Value of Health and Economic Growth; Health and
   Inequality
   HEC 3; Hurley Chapter 4, pp. 105-8, Chapter 6, pp. 165-72, 173-76
   124-37, 154-55
   Journal of Political Economy 114 (5), pp. 871-904

October 2 The Demand for Healthcare: Doctors, Supplier-Induced Demand, Incentives
   HEC 4; Hurley, Chapter 7, pp. 187-188, 190-96, Chapter 8, pp. 214-16, 221-23, Chapter 10,
   pp. 247-51, 256-7, 304-7, 310-16
   Handbook, Chapter 25 (“Physician agency and payment for primary medical care”), pp. 605-10
   better than fee for service”, C. D. Howe Institute Commentary, downloadable from
   cdhowe.org as Commentary 365
   Handbook, Chapter 16 (“Insurance and the demand for medical care”), pp. 366-73

October 9 Thanksgiving Monday; no class

October 16 Gains from Insurance; Second-best Health Insurance:
   HEC 5; Hurley Chapter 9 pp. 232-39, 241
   Feldman, R and B Dowd (1991), "A new estimate of the welfare loss of excess health
   insurance", American Economic Review, 81, 297-301

October 23: Fall Break, no class

October 30: Midterm Exam

November 6 Equity and Insurance; Adverse Selection; Government Health Financing
   HEC 6; Hurley, Chapter 9, pp. 239-240 (including Box), Chapter 10, pp. 257-63
   empirics in pictures”, Journal of Economic Perspectives 25(1), 115-38

November 13 Equity vs Efficiency and Monopoly vs Competition in Healthcare
   HEC 7; Hurley Chapter 1, pp 5-12 (re-read), Chapter 11, pp. 275-81, 287-93
Handbook, Chapter 18 (“Managed Care”), pp. 405-17

November 20 Primary Care, Specialists and Hospitals; Industrial Organization of Healthcare
HEC 8; Hurley, Chapter 14, pp. 355-66

November 27 Pharmaceuticals:
HEC 9; Hurley Chapter 15, pp. 380-96
Handbook, Chapter 22 (“The economics of the bio-pharmaceutical industry”), pp. 520-24, 528-37

December 4 Economic Evaluation in Health Care
Drummond, M. F. et al. (2005), Methods for economic evaluation in health care, Oxford University Press, pp. 7-11, 173-75, 187-88, 217-21

December 8 (Friday) Special Topics: Health Cost Growth, Population Aging, and Technology; Review
Hurley, Chapter 16, pp. 405-10 (aging and health costs), 412-3 (technology)