



## 1. Module Summary

Health is the most fundamental measure of economic progress. There is increasing interest in health *and* health care as well as the role of government in securing these for their populations. Ambitious and controversial health care reform programmes are being introduced or are on-going across Russia, Central and Eastern Europe, and Central Asia as well as in the UK, the US and across the BRICS, most notably in China. This course in 'Applied Health Economics' is a 4 credit module serving as an introduction to a sub-discipline of economics which is relatively new to Russia. By teaching you to look at the health sphere through the lens of the economist, this module will transform the way you think about health and health care. The course builds a theoretical framework which provides the tools for examining some of the most challenging and interesting problems in the health care sector and which illuminates the complexities faced by policy makers trying to improve the delivery and effectiveness of health care.

Defining questions of the course include:

- *Why are some people healthy and others are not?*
- *Why don't individuals simply buy and sell as much health as they need?*
- *How can and do societies supply health care and services?*
- *How should society spend its health resources?*

## 2. Module pre-requisites

Introductory level of microeconomics.

## 3. Module type

This is an elective module.

## 4. Module logistics

This is a 4 ECTS module taught during a 4-week period in the third quarter. The course is delivered through a mix of formal lectures and exercise based practical sessions (seminars) and games.

**Lectures and practicals:** there will be 4 'pairs' of contact learning hours per week, including a double lecture on Wednesdays and a double class (one for each group) on Tuesdays. Each week will cover one broad topic, through a mix of teaching and learning activities.

The lecture notes will provide the main source of material for the course. You should download and read these carefully each week. In addition, these will be supplemented with a number of classic and contemporary journal articles, and a recent book paying tribute to the 'godfather' of health economics, Professor Alan Maynard. As much of this as possible will be provided on LMS.

The contact hours take place:

- Class (Group 134): Tuesday, 12.10 – 15.00, Kantemirovskaya 3A, Room 343.
- Class (Group 135): Tuesday, 15.10 – 18.00, Kantemirovskaya 3A, Room 343.
- Lecture (Both groups): Wednesday, 10.30 – 13.30, Kantemirovskaya, Room 346.

You are expected to attend *all* sessions of this short but intensive course. Attendance will be recorded and monitored. Absences should be explained via email to [cgerry@hse.ru](mailto:cgerry@hse.ru).

**The course starts on Tuesday 7<sup>th</sup> February and continues until Wednesday 1<sup>st</sup> March  
(there will be a revision and coursework feedback session prior to the final exam)**

## 5. Module learning outcomes

*Through active participation in this module you will acquire:*

- a) An understanding of the role and importance of Health Economics from both academic and practical perspectives;
- b) The ability to apply economic theory, models and empirical techniques to the analysis of decision making by individuals, health care providers and governments with respect to health and health care;
- c) A critical awareness of the strengths and limitations of decision making and public policy in the context of health care;
- d) A greater understanding of market failure and government failure and the policy options when both are prevalent;
- e) An awareness of how ethical considerations become relevant in economic policy making;
- f) An awareness and understanding of the full range of health 'determinants', including health care;
- g) Skills of working critically with (classical and contemporary) academic literature at the interface of theory and evidence.
- h) Improved critical thinking and analytical skills.
- i) Presentation, essay writing and problem solving skills.

## 6. Module assessment

*Summative assessment* is in two parts. There will be a two-hour written exam (E) during the end of module exam period (week commencing March 27<sup>th</sup>). This will contribute 50% of your final mark. Additionally, there will be coursework assessment which will consist of one piece of written work (W) and the participation (including attendance) in class presentations and discussions (P).

The overall course grade (G), measured on a 10-point scale is calculated as follows:

$$G = 0.5E + 0.3W + 0.2P$$

*Formative assessment* is ongoing through your preparation and submission of work for the practical sessions.

*Grading table: 10 points / 5 points / ECTS:*

<b>Ten-point scale [10]</b>	<b>Five-point scale [5]</b>	<b>ECTS</b>
10 = excellent	5	A+
9 = very good	5	A
8 = very good	5	A-
7 = good	4	B+
6 = good	4	B
5 = satisfactory	3	C+
4 = satisfactory	3	C-
3 = fail	2	F
2 = fail	2	F
1 = fail	2	F



**9. Module outline** (one double lecture (Wednesdays) and one double class per week (Tuesdays))

**Week 1** (February 7<sup>th</sup> and 8<sup>th</sup>): *Demand for health and health care*

- i) Tuesday 7<sup>th</sup> February: Introduction to Health Economics
- ii) Tuesday 7<sup>th</sup> February: Health Economics Experiment
- iii) Wednesday 8<sup>th</sup> February: Demand for Health and the demand for Health Care
- iv) Wednesday 8<sup>th</sup> February: The Grossman model of Health Capital

*Core reading:*

- ✓ Lecture notes (on LMS)
- ✓ Maynard Matters, Ch. 12 “*Evidence – based medicine: an incomplete method for informing treatment choices*”
- ✓ Grossman, M. (1972) “*On the concept of Health Capital and the Demand for Health*” The Journal of Political Economy. Vol. 80, No. 2, pp. 223-255.
- ✓ Becker, G.S. and Murphy, K.M. (1988) “*A Theory of Rational Addiction*”, The Journal of Political Economy, Vol. 96, No. 4., pp. 675-700.

**Week 2** (February 14<sup>th</sup> and 15<sup>th</sup>): *Information Economics and Health*

- i) Tuesday 14<sup>th</sup> February: Exercises and presentations
- ii) Tuesday 14<sup>th</sup> February: Introducing the demand for Insurance
- iii) Wednesday 15<sup>th</sup> February: Adverse selection I: Akerlof’s market for lemons
- iv) Wednesday 15<sup>th</sup> February: Adverse selection II: The Rothschild-Stiglitz mode

*Core reading:*

- ✓ Lecture notes (on LMS)
- ✓ Akerlof, G.A. (1970) “*The Market for ‘Lemons’: quality, uncertainty and the market mechanism*”. Quarterly Journal of Economics, 84(3): 488-500.
- ✓ Rothschild, M. and Stiglitz, J. (1976) “*Equilibrium in competitive insurance markets*”. Quarterly Journal of Economics, 90(4): 629-49.
- ✓ Nyman, J. A. (2004) “*Is moral hazard inefficient? The policy implications of a new theory*” Health Affairs, 23(5): 194-99.

**Coursework released!**

**Week 3** (February 21<sup>st</sup> and 22<sup>nd</sup>): *Introducing the supply side*

- i) Tuesday 21<sup>st</sup> February: *Adverse selection III and Moral hazard*
- ii) Tuesday 21<sup>st</sup> February: Exercises and Presentations
- iii) Wednesday 22<sup>nd</sup> February: Physicians and Hospitals
- iv) Wednesday 22<sup>nd</sup> February: Market experiment game

*Core reading:*

- ✓ Lecture notes (on LMS)
- ✓ McGuire, T. (2000) “*Physician Agency*” in Culyer, A. J. and Newhouse, J.P. (eds) Handbook of Health Economics, Volume 1.
- ✓ Dranove, D. and Satterthwaite, M.A. (2000) “*The Industrial Organisation of Health care markets*” in Culyer, A. J. & Newhouse, J.P. (eds) Handbook of Health Economics, Volume 1.
- ✓ Newhouse, J.P. (1992) “*Medical Care Costs: How much welfare loss?*” Journal of Economic Perspectives. Vol. 6, Issue 3, pp. 3-21.

**Week 4** (February 28<sup>th</sup> and March 1<sup>st</sup>): Economics of Health Innovation

- i) Tuesday 28<sup>th</sup> February: Exercises and Presentations
- ii) Tuesday 28<sup>th</sup> February: Technology and the Price of Health Care
- iii) Wednesday 1<sup>st</sup> March: Health Technology Assessment I
- iv) Wednesday 1<sup>st</sup> March: Health Technology Assessment II

**Core reading:**

- ✓ Lecture notes (on LMS)
- ✓ Case study: Lichtenberg, F. (2016) "Can Health Technology Assessment help control drug costs?" Columbia Caseworks.
- ✓ McPake, B. and Normand, C. (2008) "Health economics: an international perspective" (2nd edition), London: Routledge.
- ✓ Shiell, A. et al. (2002). "Health economic evaluation". J. Epidemiology Community Health, Vol. 56: 85-88.

**Coursework deadline: March 14<sup>th</sup> 2017**

**Week 5** (time/location TBC): Revision session and coursework return

- i) Wednesday 22<sup>nd</sup> March (tbc): Return of coursework and course review
- ii) Wednesday 22<sup>nd</sup> March (tbc): Revision forum and exam preparation

**Learning and Teaching summary table:**

<b>Category / Event</b>	<b>Hours required</b>
Lectures and Seminars (including formal lectures, practicals, case studies, games and revision and exam preparation) = contact hours	34
Approximate weekly reading and class preparation time (x4)	14 (=56)
Additional time required for presentation preparation	10
Approximate time required for written coursework	16
Approximate time required for exam preparation	25
Exam sitting	3
<b>Total</b>	<b>144</b>

