

UNIVERSITY OF VICTORIA
DEPARTMENT OF ECONOMICS

ECONOMICS 318
HEALTH ECONOMICS
(CRN 20944)

SPRING 2017

Instructor	Chris Auld auld@uvic.ca 250.721.8537 BEC 348
Office hours	Wednesdays 10:30-11:30 (or by appointment, or drop-in)
Course page	Available on Coursespaces.
Course location	Cornett B108
Meeting time	TWF 9:30-10:20
Prerequisites	Required: Economics 103 or equivalent. Recommended: Economics 203 and 245, or similar

COURSE DESCRIPTION.

The course covers elementary concepts and selected topics in modern health economics. Topics include: health as a capital good, the production of health using health care and other inputs, private and social determinants of health, role of government in the provision of health care, health insurance, physician behavior, economic epidemiology, and the economics of tobacco, alcohol, and obesity.

Some examples of questions we will ponder:

- Which do highly educated people tend to be healthier people?
- Why is a much higher proportion of the population obese today than in, say, 1960?
- Why do all governments either directly provide, or heavily regulate, health insurance?
- Does your physician have incentive to provide you with the wrong type or level of health care?
- Is it useful to think of smokers or other drug addicts as rational?
- Does risky sexual behavior respond to changes in incentives?

MATERIALS.

- The recommended text is,
Bhattacharya, J., T. Hyde, and P. Tu (2014) *Health Economics*, 1st ed, Palgrave.
Visit <http://www.palgrave.com/economics/bht> to find related online resources.
- Slides and other current course material will be made available on CourseSpaces. Archived slides, old exams, and other materials from versions of the course prior to 2015 (using different textbooks and covering somewhat different material) can be accessed here: <http://web.uvic.ca/~auld/e318.html>.

Note that not all old exams include answer keys; if there is no key posted I am unable to provide an exhaustive list of answers in my office or during lectures.

TENTATIVE SCHEDULE.

Week	Topic	Chapter
1	What is health economics?	1
2	Does price affect demand for health care?	2
3	Does health care affect health at the margin?	2
3	An aside on causation and correlation	slides/readings
4	Health choices over the life cycle: Grossman's model	3
	First midterm exam	
5	Income and health	4
6	Education and health	4
7	The patient–physician relationship	5
8	Health insurance	7
9	Adverse selection and moral hazard	8, 10
	Second midterm exam	
11	Economics of addictive goods	slides/readings
12	Economic Epidemiology	slides/readings
13	Economics of obesity	22

Additional readings may be assigned during the course, topics may be added or deleted as the course progresses, and we may spend more or less time on a topic than indicated above.

NOTE ON TECHNICAL CONTENT.

The only economics prerequisite for this course is introductory microeconomics (103 or equivalent). However, you are expected to be thoroughly conversant with the core concepts taught in that course, including but not limited to: supply and demand, production functions, indifference curves, and elasticities. If you are not thoroughly comfortable with microeconomics at this level it would be a good idea to obtain a microeconomics textbook you can use as a reference, as this course does not include a review of the relevant microeconomic theory. You are also expected to be comfortable with high school level mathematics up to but not including basic calculus. We will often consider empirical evidence and how we can learn from it; no formal statistical training will be assumed, but you may nonetheless get more out of the course if you have taken some econometrics or similar courses.

EXAMS AND ASSIGNMENTS.

There will be two midterm examinations. **Tentatively**, these exams will be held **Tuesday, February 21** and **Friday, March 17**. The midterm exams are not cumulative, but core concepts covered early in the course may be required to answer questions on the second midterm.

There will be a cumulative final examination scheduled by the Registrar.

The final exam is worth 50% of the course final grade.

The midterms together are worth 50% of the final grade, but you will receive the *higher of your two midterm grades* as the grade on both your midterms. If you miss one midterm due to illness or another valid reason, by default you will be given the grade on the midterm you did write or you may request a makeup exam. You must write at least one midterm to complete the course.

There are no assignments for this course. Ample practice materials are available in the form of many previous exams and extensive questions at the end of each chapter of the course textbook.

ATTENDANCE.

Attendance will not be taken. However, students are responsible for all material covered in lectures whether or not they attend any given lecture. **Lecture slides posted online do not contain all of the material discussed in class and are not an adequate substitute for attending lectures.**

CONTACTING THE INSTRUCTOR.

Questions regarding class material should usually be posed during class or in person during office hours. It is not usually feasible to provide lengthy explanations of class material over email. Should you send email for whatever reason, please put "Econ 318:" in the subject line.

TRAVEL PLANS.

Students are advised not to make work or travel plans until after the examination timetable has been finalized. Students who wish to finalize their travel plans at an earlier date should book flights that depart after the end of the examination period. There will be no special accommodation if travel plans conflict with the examination.

ELECTRONIC DEVICES.

Only basic calculators (with no alpha-numeric capabilities) are permitted during exams. Please note you may not use your cell phone or similar device as a calculator during exams.

During lectures, I ask you to respect both me your fellow students and avoid using laptops or other devices to access material which be distracting, and I may ask you to change seats or to turn off the device if you are distracting others. If you ignore me in favour of your electronic device I may weep quietly in my office after class.

POLICY ON INCLUSIVITY AND DIVERSITY.

The University of Victoria is committed to providing an environment that affirms and promotes the dignity of human beings of diverse backgrounds and needs. Except Belgians.

OTHER POLICIES.

Standard University of Victoria course policies apply:

http://web.uvic.ca/econ/undergraduate/course_policies.php

<http://library.uvic.ca/site/lib/instruction/cite/plagiarism.html>