FACULTY OF COMMERCE

SCHOOL OF ECONOMICS

Subject Outline
Autumn Session - 2007
Distance

ECON317 Economics of Health Care  8 Credit Points
ECON318 Economics of Health Care  6 Credit Points

Don Lewis’ Consultation Times
Thursday  11.30 – 12.30pm
Thursday  1.30 – 2.30pm

The best form of communication is email as I am not in my office on a regular basis. Alternatively, you can telephone my office or home and if I am not in, leave a message.

There are no prerequisites, co-requisites or assumed knowledge for this subject.

AIMS

The aim of the subject is to provide students with an overview of health economics. This will involve the development of economic principles relevant to healthcare and institutional detail of the Australian and other health care systems.

OBJECTIVES

On completion of this subject, participants should be able to:

• recognise the special features of health care markets;
• identify the major reasons for the increase in health care expenditure and evaluate suggestions for containing or reducing expenditures;

• discuss the advantages and disadvantages of alternative health care delivery systems;

• appreciate the difficulties in trying to improve decision making in hospitals;

• identify the strengths and weaknesses of Medicare and the Pharmaceutical Benefits Scheme;

• understand the markets for health care professionals;

• understand and be able to apply the appropriate methodology for the economic evaluation of a health care program;

• write clearly and concisely in the field of health economics.

SCHEDULE OF LECTURE TOPICS

<table>
<thead>
<tr>
<th>WEEK</th>
<th>TOPIC</th>
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<tbody>
<tr>
<td>1.</td>
<td>Economics, scarce resources and health care</td>
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<td>2.</td>
<td>The demand for and access to health care</td>
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<td>3.</td>
<td>Growth and control of health care expenditure</td>
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<td>4.</td>
<td>Health care delivery systems</td>
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<td>5.</td>
<td>Health insurance</td>
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<td>6.</td>
<td>Hospitals and nursing homes</td>
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<td>7.</td>
<td>Pharmaceutical drugs and other health care products</td>
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<td>8.</td>
<td>Medical professionals — medical doctors</td>
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<td>9.</td>
<td>Nurses and other professionals</td>
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<td>10.</td>
<td>Comparative health care systems</td>
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<td>11.</td>
<td>Evaluation of health care programs — principles</td>
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<tr>
<td>12.</td>
<td>Evaluation of health care programs — advanced principles</td>
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<td>13.</td>
<td>Occupational and environmental health</td>
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ASSESSMENT WEIGHTS

<table>
<thead>
<tr>
<th>ECON317 8 credit points</th>
<th>ECON318 6 credit points</th>
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<tbody>
<tr>
<td>Assignments</td>
<td>Assignments</td>
</tr>
<tr>
<td>30 %</td>
<td>36 %</td>
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<tr>
<td>Essay</td>
<td>Final Examination</td>
</tr>
<tr>
<td>15 %</td>
<td>64 %</td>
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<tr>
<td>Final Examination</td>
<td>Total</td>
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<td>55 %</td>
<td>100 %</td>
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<td>100 %</td>
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All work (except the multiple choice component of the examination) will be assessed using impression marking, that is, on its overall quality. Ideas should be presented clearly and concisely.
Written responses should demonstrate an understanding of the questions posed as well as the content of the answers. Marks will not be modified or scaled. Late work (without an acceptable medical certificate or appropriate documentation) will be penalized by 5 per cent per working day.

**Important Note:** Students must make a serious attempt and perform satisfactorily on all phases of the subject to pass. In particular, all components of the subject must be seriously attempted and students must achieve at least 40 per cent on the final examination to complete the subject; that is, to obtain an overall mark of 50 or higher.

**Work Load**

University policy recommends students spend 2 hours per week for each credit point. You are strongly encouraged to view all the videos and read the relevant articles from the Reading List on a weekly basis. Work on assignment questions on a regular basis.

**Assignments**

All questions can be answered from the material in the videos, lecture notes, Study Guide and assigned readings. Additional reading is not required but may be used. Organise your answers carefully before you begin to write. Please type your answers. The limit for each question is 500 words. Please staple your answers in the top left corner and include a cover sheet that indicates your name and address for returning your assignments.

Any standard format for referencing may be used (for example, the Harvard System) but you must be most careful not to plagiarise. If you quote word for word, use 'quotation marks' and then indicate the source. For example, 'There has been some tendency to question the validity of the testing procedure' [Fuchs, pp.22-23]. If you are using the ideas or conceptual framework of someone else, but not the exact wording, you must indicate the source but do not include quotation marks. Nevertheless, you should not try to avoid the use of quotation marks by making minor revisions of someone else's sentence. Video material should be cited when used; for example [Lewis, video week 7]. Be careful to label the title, column headings and axes of any tables or diagrams carefully. The source should be clearly identified at the bottom of each table or diagram. For example, Source: [Fuchs, p. 25]. See also the section on referencing later in this handout.

Assignments can be mailed (postmarked by the due date) to me at the following address:

Professor Don Lewis  
School of Economics  
University of Wollongong  
Wollongong, NSW 2522

You can also use email [don_lewis@uow.edu.au] but it is your responsibility to make sure that my computer can read the format you use. I will acknowledge receipt of your assignment but you should keep a copy of your assignments. I will make every effort to return assignments within one week.

A Faculty of Commerce assignment **cover sheet** should be attached to each piece of written assessment. This cover sheet can be obtained from the website: http://www.uow.edu.au/commerce/pdf/assignmentcoversheet.pdf
Essay Requirements

Students in ECON317 are required to write an essay on a topic of their own choosing. It can be on any area of health care but must look at the topic from an economic perspective. If you have any doubt about the suitability of your topic or intended approach, you should see your lecturer before you begin your research and writing. The essay is worth 15 percent of the subject mark and will be assessed in stages:

<table>
<thead>
<tr>
<th>Marks</th>
<th>Due</th>
<th>Task</th>
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<tbody>
<tr>
<td>1</td>
<td>19 April</td>
<td>Title of essay; a paragraph summarising what you plan to cover [200 word maximum]; and at least six relevant references.</td>
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<tr>
<td>3</td>
<td>3 May</td>
<td>Description (in outline form) of paper including a brief discussion of what you plan to achieve in each section [two pages maximum].</td>
</tr>
<tr>
<td>11</td>
<td>31 May</td>
<td>Completed essay.</td>
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Each component of the essay should be placed in the assignment box marked “Economics of Health Care” located in the corridor near 40.224 by 3.00 pm on the due date. Please attach a cover sheet available near room 40.204. If you require a receipt, please have it signed by the administrative assistant in rooms 40.203 or 40.204. Please retain a hard copy of each component for your personal records as an emergency backup. Your essay may be picked up from the lecturer (19.1035) after Monday, 11 June.

You may elect to work in small teams (self-selected) in which case the marks awarded will be common to all members of the team. The number of words in your essay depends on the number in your team. The essays for individuals should be approximately 2000 words; the essays from teams with two members should be approximately 3000 words; and the essays from teams with three members should be approximately 4000 words. The maximum number of members of a team is three. You are expected to read well beyond the assigned readings and include material not covered in lectures, text, etc. The comments on referencing and plagiarism under the section “Assignment Requirements” apply to the essay as well.

Penalties for late submission of assessment

Assessed work must be handed in by the date and time given. Assessed work handed in late can be penalised by the deduction (from the mark given to the assessed work) of 5 percentage points per 24 hours of the weekday or part thereof. The operation of this rule will not result in a negative mark being carried forward.

Plagiarism

Plagiarism means using the ideas of someone else without giving them proper credit. For example, that someone else may be an author, critic, journalist, artist, composer, lecturer, tutor or another student. Unintentional plagiarism can result if you don’t understand and use the acceptable scholarly methods of acknowledgement. Whether plagiarism is deliberate or unintentional, the University may impose penalties, which can be very severe. When it is desirable, or necessary, to use other people's material, take care to include appropriate references and attribution. Plagiarism will not be tolerated and has led to expulsion from the University.
Students should visit the following University website and become familiar with the University’s policy on Plagiarism.

Referencing

WHY DO YOU NEED TO REFERENCE?
At University it is necessary to acknowledge the sources of information and ideas that you have incorporated in your assignments. Failure to do this thoroughly may result in accusations of plagiarism: this is the academic equivalent of stealing (because by not acknowledging someone else's work, you are presenting it as your own). Plagiarism is taken very seriously by the University and may result in expulsion from the University.

Referencing is not only about acknowledging other people's work: accurate referencing and lists of references are beneficial when researching a topic as they allow the reader to follow up information and read further into the area. In a sense, references provide readers with clues to help them explore different avenues of a topic. This aspect of referencing will become more valuable to you as you progress in your studies.

There is a correct procedure that must be followed when referencing and using footnotes. Not complying with these set techniques and format will most likely result in loss of marks.
When writing an essay it is easiest to reference as you go, making sure you are writing down all relevant information. This will save hours trying to find the source again in the library.

THE HARVARD SYSTEM OF REFERENCING

The Faculty of Commerce uses the Harvard system of referencing. This system makes use of short references within the body of the text. It is supplemented by a detailed list of references at the end of the text, which provides all the information necessary to find the source material. In-text references include the author and year of publication, and where necessary the page number(s).
It is the responsibility of students to ensure that they are familiar with the Harvard system of referencing and that they use it accurately in all written work submitted.

Students should consult the following University Library website for a detailed explanation and examples of the Harvard system of referencing.

Citation of Electronic Sources

It is necessary for students to reference all sources used in their written work, including file transfer protocol sites, worldwide web sites, telnet sites, synchronous communications (MOOs, MUDs, IRC, etc.) GOPHER sites, and email, Listserv and Newsgroup citations.
It is the responsibility of students to ensure that they are familiar with the accepted Faculty of Commerce practice for referencing electronic material and that they use it accurately in all written work submitted.

Students should consult the following University Library website for a detailed explanation and examples of how to reference electronic material..

Assignment #1

Due: Friday, 23 March 2007
1. Select one health care good or service and explain how it is fundamentally different from most other goods and services. Is it similar to any other non-health care good or service? Explain.

2. Illustrate and explain the concept of waiting lists for elective surgery in public hospitals using a supply and demand diagram.

3. In health care is equity or efficiency more important? Explain.

4. What would you recommend to improve the health status of Aborigines?

5. Health care expenditure in Australia has increased more rapidly that GDP. Is this a problem? Explain.

6. How might the introduction and level of use of new technologies be constrained in Australia in order to reduce health care expenditure?

Assignment #2

Due: Friday, 20 April 2007

1. Evaluate Scotton’s proposal for managed competition.

2. The responsibility for health in Australia is split between Commonwealth and state governments. What are some of the problems associated with this division of finance, power and responsibility?

3. Discuss the weaknesses of Australian Medicare. Identify one change to Medicare you would recommend.

4. Does Australian Medicare encourage the over-use of medical services and pharmaceuticals? If so, what would you suggest to alleviate these problems?

5. What are DRGs? How can they be used to fund hospitals?

6. Why are there chronic waiting lists for nursing home places? Should they be eliminated? What would this involve?
Assignment #3

Due: Friday, 25 May 2007

1. Why are pharmaceutical drug prices generally lower in Australia than in most other countries? Explain with respect to the prices paid by consumers and the prices paid by the Australian government.

2. What is meant by supplier-induced demand? Is this desirable?

3. “The best way to overcome the shortage of nurses is to raise their wages”. Critically evaluate this statement.

4. What do the Canadian and Australian health care systems have in common? How are they different? Which is better?

5. Explain the various methods that can be used to construct a utility index for various health states.

6. Carefully explain how QALYs are constructed and measured.

Accessing Materials on the Internet

This subject has a site on the Discipline of Economics Webpage. To access material:

2. Select Individual Subjects (left hand column of entries)
3. Select relevant subject

The following materials are available

Subject Outline [Contains copies of subject outlines for ECON317/318, ECON318 (Distance), ECON918 and ECON918 (Distance)].

Study Guide [Organised by lecture weeks; each week contains objectives of the lecture/video, commentary on each of the readings, a summary of the key concepts of the lecture/video, questions and tasks to help you review the material and illustrations contained in the video].

Powerpoint Slides [Organised by lecture weeks; Powerpoint slides provide only an outline of the material presented in lectures in Wollongong. They contain some new and updated material that is not in the videos and complement the videos].

Multiple Choice Questions [Contains practice multiple choice questions].
USEFUL WEB SITES

Sites 1-4 are good sources of Australian data and documents concerning government policy. Sites 5-7 are health economics research centres that have research papers and links to other health economics sites.

1. Australian Department of Health and Aged Care

www.health.gov.au

2. Australian Institute of Health and Welfare

www.aihw.gov.au

3. Australian Bureau of Statistics

www.abs.gov.au

4. Private Health Insurance Administrative Council

www.phiac.gov.au

5. Centre for Health Economics Research and Evaluation, University of Technology, Sydney

www.chere.uts.edu.au

6. Centre for Health Program Evaluation, Universities of Melbourne and Monash

http://chpe.buseco.monash.edu.au

7. Centre for Health Economics, University of York, UK

www.york.ac.uk/inst/che/welcome.htm

Readings

The text is available in the bookstore:


A compilation of *Additional Readings*, the *Study Guide* and the *Powerpoint Slides* based on the Wollongong lectures will be mailed to you.
1. Text, 1-11.

II THE DEMAND FOR AND ACCESS TO HEALTH CARE

3. Text, 12-30; 267-279.

III GROWTH AND CONTROL OF HEALTH CARE EXPENDITURE


IV HEALTH CARE DELIVERY SYSTEMS


V HEALTH INSURANCE

11. Text, 44-52.

VI HOSPITALS AND NURSING HOMES


VII PHARMACEUTICAL DRUGS AND OTHER HEALTH CARE PRODUCTS

15. Text, 249-266.

VIII MEDICAL DOCTORS

17. Text, 59-78; 86-96; 206-220.

IX NURSES AND OTHER HEALTH PROFESSIONALS

19. Text, 78-86; 96-103.

X COMPARATIVE HEALTH CARE SYSTEMS

20. Text, 279-282.

XI EVALUATION OF HEALTH CARE PROGRAMS—PRINCIPLES


XII EVALUATION OF HEALTH CARE PROGRAMS—ADVANCED PRINCIPLES AND CASE STUDIES


XIII OCCUPATIONAL AND ENVIRONMENTAL HEALTH

27. Text, 178-193.

Rules, Codes of Practice & Policies

**University Policies**
Information on the following University Policies can be found at the websites below:

<table>
<thead>
<tr>
<th>Code of Practice</th>
<th>Website</th>
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<tbody>
<tr>
<td>----------------</td>
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<tr>
<td>Ethical objection by students to the use of animal and animal products in coursework subjects</td>
<td><a href="http://www.uow.edu.au/about/policy/ethicalobjectionanimals.html">http://www.uow.edu.au/about/policy/ethicalobjectionanimals.html</a></td>
</tr>
</tbody>
</table>

- see brief explanation of policy below.

**Non-discriminatory Language**
The Faculty of Commerce supports the University’s policy on the use of non-discriminatory language. It is the responsibility of students to ensure that they understand and abide by this policy. The policy is available at:

http://staff.uow.edu.au/eoo/nondiscrimlanguage.html

**Special Consideration Policy**
The Faculty of Commerce recognises that it has a responsibility to ensure equity and consistency across its subjects for all students. Sometimes, in exceptional circumstances, students need to apply for special consideration in order to complete all assessable work. The University applies strict criteria to the granting of special consideration. Before applying for special consideration students should carefully read the University’s policy. The policy can be found at:


**Student Academic Grievance Policy**
The Faculty of Commerce aims to provide a fair, equitable and productive learning environment for all its students. The Student Academic Grievance Policy seeks to support the achievement of this goal by providing a transparent and consistent process for resolving student academic grievances. Any student who has a grievance over a result should obtain a Faculty of Commerce Appeal of Assessment Form from the Schools or the Sub-Dean’s Unit. The student should firstly take the form to the marker/lecturer to discuss the matter and, if the student is still not satisfied, s/he should take the next step as outlined on the form. Once the grievance has been considered by the Faculty, if the student still feels the situation has not been fully resolved s/he may consult the Dean of Students. However, the Dean of Students can have
no input into the academic judgement of the lecturer and can only review the grievance to ensure proper procedure has been followed.

For more information, please consult the policy in full at http://www.uow.edu.au/handbook/courserules/studacgrievpol.html

Support Services and Facilities

Learning Resource Centre
Learning Development offers a range of free services to all enrolled students who wish to improve their academic or English language skills. There are a range of workshops available including; essay writing and editing; reading for assignments; grammar; presentation skills; pronunciation and exam preparation.

For information on language and academic skills workshops, or to make appointments for consultations, please visit the Learning Resource Centre (LRC), Building 19, Ground Floor, Room G102, or Phone 02 4221 3977. For further information visit the website: http://www.uow.edu.au/student/services/ld/index.html

Faculty Librarians
Each faculty has a Faculty Librarian who is available to help with research related enquiries. Research Help Desk staff are also available in the Library to assist with research needs.

The Faculty Librarians for Commerce can be contacted as follows:
email: lib_commerce@uow.edu.au
telephone: 42 213078

Disability Liaison Officer

The Disability Liaison Officer (DLO) can provide advice on how particular disabilities affect university study and information on resources available at the University for assisting students with disabilities. Students commencing courses are advised to contact the Disability Liaison Officer prior to the beginning of their first session of study.

For further information on services offered, consult the Disability Services website or contact the office.

web address: http://www.uow.edu.au/student/services/ds/
television: 42 213445
fax: 42 215667

Faculty Disability Advisers

Faculty Disability Advisers are academic staff who provide assistance and support to students with disabilities within their Faculty and act as an intermediary between the student and the Faculty's academic and general staff. They provide support, educational advice and referral to appropriate staff on issues related to teaching and learning within the Faculty and the University. Students are advised to communicate specific information about the ways in which their disability affects learning to the Faculty Disability Adviser as soon as possible after enrolment.

The Faculty of Commerce Disability Adviser is Mr. Ron Perrin. Mr Perrin can be contacted as follows:
Woolyungah Indigenous Centre
The Woolyungah Indigenous Centre provides academic and personal support for Aboriginal & Torres Strait Islander and other indigenous students. The Centre also runs an Indigenous Specific Orientation Program for students who gain entry to the University through the alternative admissions program.

For further information on services offered, consult the Woolyungah Indigenous Centre website or contact the office.

Centre location: Building 30
web address: http://www.uow.edu.au/aec/
telephone: 42 213563
fax: 42 214244