ECON918 Economics of Health Care  6 Credit Points

Co-coordinator/Lecturer  
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Tutor  
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Email: brett_shorten@uow.edu.au

Don Lewis’ Consultation Times  
Thursday 11.30 – 12.30am  
Thursday 1.30 – 2.30pm  
And by arrangement

Brett Shorten’s Consultation Times  
Tuesday 10.30 – 11.30am

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

Lecture Time  
Thursday 8.30 – 10.30  3.121

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>
<th>DATE</th>
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<tbody>
<tr>
<td>1.</td>
<td>Economics, scarce resources and health care</td>
<td>1 March</td>
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<tr>
<td>2.</td>
<td>The demand for and access to health care</td>
<td>8 March</td>
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<tr>
<td>3.</td>
<td>Growth and control of health care expenditure</td>
<td>15 March</td>
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<td>4.</td>
<td>Health care delivery systems</td>
<td>22 March</td>
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<tr>
<td>5.</td>
<td>Health insurance</td>
<td>29 March</td>
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<td>6.</td>
<td>Hospitals and nursing homes</td>
<td>5 April</td>
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<tr>
<td>7.</td>
<td>Pharmaceutical drugs and other health care products</td>
<td>19 April</td>
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<tr>
<td>8.</td>
<td>Medical professionals — medical doctors</td>
<td>26 April</td>
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<tr>
<td>9.</td>
<td>Nurses and other professionals</td>
<td>3 May</td>
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<tr>
<td>10.</td>
<td>Comparative health care systems</td>
<td>10 May</td>
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<tr>
<td>11.</td>
<td>Evaluation of health care programs — principles</td>
<td>17 May</td>
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<tr>
<td>12.</td>
<td>Evaluation of health care programs — advanced principles</td>
<td>24 May</td>
</tr>
<tr>
<td>13.</td>
<td>Occupational and environmental health</td>
<td>31 May</td>
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| 7.   | Pharmaceutical drugs and other health care products | 19 April |
| 8.   | Medical professionals — medical doctors           | 26 April |
| 9.   | Nurses and other professionals                     | 3 May    |
| 10.  | Comparative health care systems                    | 10 May   |
| 11.  | Evaluation of health care programs — principles   | 17 May   |
| 12.  | Evaluation of health care programs — advanced principles | 24 May |
| 13.  | Occupational and environmental health              | 31 May   |

ASSESSMENT WEIGHTS

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<table>
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<tbody>
<tr>
<td>Assignments</td>
<td>20%</td>
</tr>
<tr>
<td>Tutorial Participation</td>
<td>10%</td>
</tr>
<tr>
<td>Mid-Session Examination</td>
<td>25%</td>
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<tr>
<td>Final Examination</td>
<td>45%</td>
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<tr>
<td>Total</td>
<td>100%</td>
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All work (except the multiple choice component of examinations) 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. There will not be a supplementary mid-session examination. Students with an acceptable medical certificate or other appropriate documentation for missing the mid-session examination will have the weight of the final examination increased. 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.

**Attendance**

Students are strongly urged to attend all lectures and tutorials. **Attendance will be recorded in tutorials and you must attend a minimum of nine tutorials to gain a pass or better in the subject.** If you miss a lecture, you can view the corresponding video that is available in the reserve section of the library. The PowerPoint slides provide little more than an outline of the topics covered in lectures and are not a substitute for attending lectures.

**Work Load**

University policy recommends students spend 2 hours per week (including class attendance) for each credit point. You are strongly encouraged to attend all lectures (or get notes from a fellow student) and tutorials and read the relevant articles from the Reading List on a weekly basis. Work on assignment questions on a regular basis.

**Tutorial and Assignment Questions**

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
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<tr>
<td>1</td>
<td>1 March</td>
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<tr>
<td></td>
<td>No tutorials this week</td>
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<tr>
<td>2</td>
<td>8 March</td>
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a. 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

b. Why is it necessary to ration health care resources? Select two different health care goods or services and explain how they are rationed in Australia.

c. Illustrate and explain the concept of waiting lists for elective surgery in public hospitals using a supply and demand diagram.
3 *15 March

a. In health care is equity or efficiency more important? Explain.
b. Women use more health care than men. Is this efficient? Is this equitable?
c. What would you recommend to improve the health status of Aborigines?

4 22 March

a. Health care expenditure in Australia has increased more rapidly than GDP. Is this a problem? Explain.
b. Evaluate the use of higher co-payments to reduce the expenditure on health care.
c. How might the introduction and level of use of new technologies be constrained in Australia?

5 *29 March

a. What problems result from the joint (federal and state) responsibility for the finance and delivery of health care in Australia?
b. Outline the essential features of Health Maintenance Organisations.
c. Evaluate Scotton’s proposal for managed competition.

6 5 April

a. Explain the price effect that insurance has on the demand for health care. Is this desirable?
b. Discuss the weaknesses of Australian Medicare. Identify one change to Medicare you would recommend.
c. Explain the purpose and evaluate the effectiveness of the 30 per cent rebate for private health insurance.

7 19 April

a. Public hospitals are funded jointly by federal and state governments? Should there be a single source of funding and responsibility for hospitals?
b. What are DRGs? How can they be used to fund hospitals?
c. Why there are chronic waiting lists for nursing home places? Should they be eliminated? What would this involve?

8 26 April

The mid-session examination will be held during tutorial.

9 3 May

a. What policies are designed to limit the growth of expenditure on pharmaceutical drugs? Have they been successful?
b. What would you recommend to reduce the imbalance in doctors per capita between urban and rural areas of Australia?
c. What is meant by supplier-induced demand? Is this desirable?
The mid-session examination will also be reviewed in Week 9.

10 *10 May
a. Why is nursing such a female intensive occupation?
b. Explain the theory of monopsony power in the labour market for nurses and explain its relevance to the market for nurses in Australia.
c. “The best way to overcome the shortage of nurses is to raise their wages”. Critically evaluate this statement.

11 17 May
a. Is there any aspect of health care delivery in the United Kingdom that you think should be adopted in Australia? Explain.
b. Why is health care so expensive in the United States?
c. What do the Swedish and Australian health care systems have in common? How are they different? Which is better?

12 *24 May
a. Why is it difficult to measure the benefits of health care programs?
b. Explain the various methods that can be used to construct a utility index for various health states.
c. Carefully explain how QALYs are constructed and measured.

13 31 May
a. Why should future costs and benefits be discounted?
b. Illustrate the impacts that a higher discount rate and a longer time horizon have on the present value of benefits to be achieved in the future.
c. Why is preventative health care not always more efficient than acute care?

*Written assignments are due in tutorials marked with an asterisk.

Assignment Requirements

Students will be randomly allocated to answer one of three questions listed above under Weeks 3, 5, 10 and 12. The best three of four assignments, each consisting of one question, will be counted. Written responses must be typed (minimum font 10), using double spacing and no more than two pages (A4) in length. All questions can be answered from the material from lectures and the assigned readings. Additional reading is not required but outside material may be used. Organise your answers carefully before you begin to write. Assignments are due at the end of the relevant tutorial and will be returned during tutorials in the week after they are due.

Any standard format for referencing may be used (for example the Harvard System) but you must be most careful not to plagiarise. Read the University Policy at www.uow.edu/student/calendar/rules/pllariarism.html and also the section on referencing later in this handout. 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. Lecture material should be cited when used; for example [Lewis, lecture 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].

Students who fail to submit a weekly tutorial assignment and wish to apply for special consideration must follow all relevant university procedures and supply supporting documentation no later than seven (7) days after the tutorial occurred. If special consideration is granted for a weekly tutorial assignment, the average mark gained by the student for all weekly tutorial assignments will be awarded.

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

**Penalties for late submission**
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 read carefully the section on Assignment Requirements and visit the following University website and become familiar with the University’s policy on Plagiarism. http://www.uow.edu.au/handbook/courserules/plagiarism.html

**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.


Tutorial Participation

Tutorial discussion is an important part of learning. Consequently, your contribution to the discussions will be assessed. Fifty per cent of your tutorial mark will be determined after week 7 and fifty per cent based on tutorials in weeks 9 – 13. You will be assessed on the quantity and quality of your comments and questions. You are expected to contribute to the discussion of the questions you have been assigned for written submission and to the discussion of other questions are well. Think about all the questions prior to coming to tutorial but do not be afraid to ask sensible questions or seek clarification to concepts that you do not understand. Remember, you must attend at least nine tutorials to gain a pass or better in the subject.

Accessing Materials on the Internet

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

2. Select Subject Outlines or Subject Notes
3. Select relevant subject

The following materials are available on the internet:

**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. The Study Guide contains 172 pages and hard Copies are available from the lecturer for $10.00].

**PowerPoint Slides** [Organised by lecture weeks; PowerPoint slides provide only an outline of the material presented in lectures and are not a substitute for attending lectures. If you miss a lecture; view the video for the corresponding week. Hard copies of the PowerPoint slides are available from the lecturer for $5.00].

**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* is available from the lecturer for $15.00, the cost of production. The *Study Guide* ($10.00) and *PowerPoint Slides* ($5.00) are also available from the lecturer. Copies of all printed material are on reserve in the Commerce Resource and Student Information Centre, Building 40, Ground Floor. These materials, except the text and additional readings, may also be downloaded from the Economics web site.

**I ECONOMICS, SCARCE RESOURCES AND HEALTH CARE**

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>Policy</th>
<th>Website</th>
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</thead>
<tbody>
<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/eeo/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


**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:


**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/
telephone: 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:

Office location: Building 40, room 224
email address: ron_perrin@uow.edu.au
telephone: 42 214118

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