

Course Code: ECON-439

Title: Health Economics

Credit Hours: 03

Course Objectives:

This is a course on the economics of health and health care, with an emphasis on the Pakistan's health care system. The course examines the demand for health and health care, the nature of health care as a commodity and the behaviour and organization of health care providers, health care financing and insurance, health care funding and payment of providers, innovation in health care (pharmaceuticals) and methods for evaluating health care programs and interventions, and UHC Particular attention will be given to current public policy issues for which economic analysis has potential to contribute constructively.

Learning Outcomes:

The students should be able to:

- Understand the concept of health care systems
- Understand the supply and demand mechanisms of health systems
- Role of innovations in today's health system

Course Contents:

Introduction	What is health economics?, Normative issues in health economics
Demand for Health Care	The health capital model and the demand for health (includes demand for bads such as smoking or junk food, and addictions as seen by economists), Demand for health care as a derived demand. Price and income elasticities of demand for health care (the Rand Health Insurance Experiment).
Supply of health care	Health care professionals and institutions, their objectives and the environment in which they work (economic perspectives). Physician agency. What can we learn from geographic variations in health care utilization? What do we know about supplier-induced demand?
Third-party payers in health care	The demand for health insurance and welfare consequences of moral hazard, Competition on the health insurance market and adverse selection as a market failure. Reclassification risk (also known as premium risk) in competitive markets as another potential source of market failure, Paying health care providers (funding of health care) and insurers as statistical buyers.

Innovation and cost-control in health care	The supply of R&D in health (special emphasis on pharmaceuticals), Evaluating innovation (methods of evaluation and technology assessment in health care), How much innovation do we want? The Value of Life approach and equity considerations.
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Teaching Methodology:

- To deliver lectures on topics included in course outline
- To require each student to solve independent assignments on topics included in the course.

Evaluation Criteria:

Evaluation Method	
Quizzes/Assignments	
Mid-Term Exam	
Final-Term Exam	

Recommended Books:

- Jeremiah Hurley, 2010, Health Economics,
- Sherman Folland, Allen Goodman and Miron Stano, The Economics of Health and Health Care, several editions.
- Hurley’s textbook Health Economics
- Feldstein, Paul J. 2011. Health Care Economics, 7th Edition. Cengage Learning.
- Henderson, James W. 2014. Health Economics and Policy, 6th Edition. Cengage Learning.
- Feldstein, Paul J. 2011. Health Policy Issues: An Economic Perspective, 5th Edition.
- Bodenheimer, Thomas, and Kevin Grumbach. 2012. Understanding Health Policy: A Clinical Approach, 6th Edition. McGraw Hill Lange.