

**Dr. Aviad Tur-Sinai**

**ד"ר אביעד טור-סיני**

Course number: 286.4740

### Health Economics

**Course hours:** Mondays, 08:30–10:00 a.m., Semester B, Year 2016-2017

**Lecturer's office hours:** per appointment

**Lecturer's email:** [aviad.tursinai@mail.huji.ac.il](mailto:aviad.tursinai@mail.huji.ac.il)

**Audience:** Students - MPH in Global Health Leadership and Administration

**Length:** 13 meetings, 2 hours (total 26 hours)

#### Objectives:

The design of healthcare systems around the world is powered by long-term processes that are influenced by historical, political, and economic developments. The main constraint today in the delivery of healthcare services is resource scarcity. No country today can provide its citizens with the level of medical services that it would like to deliver. The continual increase in healthcare outlays worldwide, driven by population ageing, major technological developments, and growing public awareness, is fueling a continual struggle over the distribution of resources between policymakers and a public that makes escalating demands as technological progress accelerates. Thus, funding sources and economic constraints have become important "players" in healthcare systems.

The course acquaints students with the latest information in the field of health economics, presents examples of the use of tools of economic analysis in the field of medicine and healthcare, and trains students to understand discussions of the topic and to use these tools in their work.

The course provides an overview of healthcare system economics. It begins with a micro analysis of the behavior of healthcare service consumers, insurers, and medical care providers. It follows with a macroeconomic investigation of the role of government in integrated healthcare systems. Finally, the importance and practice of economic estimations of healthcare services are discussed.

As the course proceeds, students are taught how to understand the healthcare "market" from an economic point of view, the effects of economic decisions at the level of policymakers on the consumption and delivery of healthcare services, and the limits and opportunities that these decisions create. The course reveals the unique characteristics of the healthcare system, the economic and social considerations that influence the delivery and funding of healthcare services, and economic assessments in the making of healthcare policy. It also takes up a range of economic questions about personnel management in a healthcare system, the issue of the balance of power between labor and management, and the need to retain healthcare personnel. A range of examples is given about developments in the management of healthcare system personnel in Israel over the years. Comparative data for other Western countries are provided as well.

This is a basic course in health economics, meant for non-economists. Therefore, it is based on intuitive understanding of the material as opposed to mathematic developments and proofs. The reading material is derived from the medical press and the research literature on healthcare services.

#### Course format:

- Frontal lectures and discussion in the class, including articles and assignments
- Participation in the class and participation in the course

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**Upon completion of this course, students will be able to:**

1. Understand debates at the popular level and at work on issues in healthcare service economics and public health.
2. Understand scientific articles and studies that deal with issues in health economics and healthcare services.
3. Write research proposals and policy papers on issues in health economics and healthcare services.

**Course requirements:**

1. Class participation 80%
2. Reading articles, participation in class discussion
3. Submission of two (out of three) personal home exercises and discussion about them in class
4. Personal final assignment
5. Final exam

**Grading:**

- 10% - Home Exercises
- 50% - Final Assignment
- 40% - Exam
- Minimum passing grade—60%

**Topics of classwork:**

- Economic profiling of healthcare and healthcare services
- Health expenditure
- Utility and Health
- Demand for healthcare and healthcare services: demand function and demand elasticity, private versus public demand, cost/benefit
- Supply of healthcare services: physicians, hospitals, incentives and contracts, budget and pricing considerations
- Structure of healthcare personnel: supply, demand, and trends
- The role of the regulator and the HMO in the management and planning of healthcare system personnel
- Wage policy and remuneration arrangements in the healthcare system: the public/private mix, the balance of forces
- Mobility and retention of healthcare system labor
- Evaluation of employment management and incentivization programs in the healthcare system
- Incentives and contracts in the healthcare system
- Hospitals and prospective payments
- Managed care
- Pay for performance (P4P)
- Health insurance—What is “insurance,” what is “risk,” the significance of medical insurance: demand for insurance, decision-making under conditions of uncertainty, moral hazard, supplemental insurance
- Bundled payments
- Disparities and inequality in healthcare/the healthcare system
- Government intervention in the healthcare industry: The role of government, market failures, the government’s intervention toolkit
- Healthcare reforms around the world

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## Literature:

### Required reading

1. Phelps C. E. (2012), Health Economics. 5<sup>th</sup> edition. Pearson.
2. OECD (2015), Health at a Glance 2015.

### Elective reading

1. Abel-Smith B. (1992), Health Insurance in Developing Countries: Lessons from Experience, Health Policy and Planning, 7:215-26.
2. Fairfield, G. et al. (1997). "Managed Care: Origins, Principles and Evolution", BMJ 314: 1823-6.
3. Gosden T. et al. (2001), Impact of payment method on behaviour of primary care physicians: a systematic review, J. Health Serv Res Policy 6:44-55.
4. Hellinger, F.J. (1996), The Impact of Financial Incentives on Physician Behavior in Managed Health Care Plans: A Review of the Evidence. Medical Care Research and Review 53: 294-314.
5. Kahn K. et al. (1990), Comparing Outcomes of Care Before and After Implementation of the DRG-based Prospective Payment Systems, JAMA., 264:1984-1988.
6. Laura A. Petersen, MD, MPH et al. (2006). Does Pay-for-Performance Improve the Quality of Health Care? Annals of Internal Medicine, 145:265-272.
7. Rucker, T.D. and Keller, M.D. (1990), Careers in Medicine: Traditional and Alternative Opportunities, Garrett Park, MD: Garrett Park Press.
8. Sekhri N. and Savedoff W. (2005), Private health insurance: implications for developing countries, Bull. Of the WHO, 83:127-134.
9. Tarride et al. (2009), Approaches for Economic Evaluations of Health Care Technologies, J Am Coll Radiol ;6:307-316.
10. Tuohy, C. H. et al. (2004). How does private finance affect public health care systems? Marshaling the evidence from OECD nations. Journal of Health Politics, Policy and Law, 29(3), 359-396.
11. Wagstaff A. (1986), The demand for health: theory and applications, J. of Epidemiology and Community Medicine 40:1-11.
12. Werling, J. et al. (2014). The supply side of health care. Survey of Current Business [serial on the Internet].

**The foregoing course program is subject to modification where necessary**