# Health Economics

## Prof. Elena Cottini; Prof. Gilberto Turati

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to help students acquire a solid knowledge that enables them to analyse the economics of health services, starting from health expenditure interpreted as an equilibrium between demand and supply of services. The analysis of demand and supply is based on economic theory, that is useful to discuss efficiency and equity aspects that characterise the sector and can justify public sector intervention. However, the course supplements this theoretical analysis with both empirical evidence and the institutional framework that is needed in order to understand the most important and recent health policy issues, with a focus on the Italian National Health Service. Hence, the course covers the following topics: i) public and private health expenditure and health systems; ii) health, health determinants; iii) the demand for health services; iv) the supply of health services, with particular reference to hospitals; v) the industrial organisation of health markets and services; vi) the decentralisation of health policies at both national and sub-national level; vii) efficiency and appropriateness of health services.

At the end of the course, students will have acquired:

* 1. Knowledge of the main theoretical economic models they can use as reference in the field of health economics.
  2. The ability to apply the acquired knowledge in order to understand the mechanisms regulating the demand and supply of health services.
  3. The ability to rigorously and critically evaluate the cost and effectiveness of health programmes and services.
  4. An appropriate technical lexicon that allows them to communicate the acquired knowledge clearly, to a specialist and lay audience.
  5. Skills that will enable them to carry out an independent analysis of complex health policy themes.

***COURSE CONTENT***

A) HEALTH EXPENDITURE AND HEALTH SYSTEMS

a1) Public and private health expenditure: evolution over time and country-level characteristics

a2) Reasons for public sector intervention: efficiency and equity

a3) Private and public health systems; financing and production of services

B) HEALTH, health determinants, demand for health services

b1) Measures of health status, evolution of life expectancy, the health production function.

b2) Grossman’s basic model (1972)

b3) Health determinants, focusing on social determinants (education, poverty, …)

b4) Demand for health services.

C) the industrial organisation of the health services market

c1) Health services markets

c2) Hospital ownership: public, private nonprofit and for-profit

c3) Hybrid organisational forms and specific market forms (mixed oligopolies)

c4) Quasi-markets, incentives and hospital behaviour

c5) Quasi-markets and the corporatisation of the National Health Service

D) decentralisation of health policy

d1) Administrative, functional and fiscal decentralisation, with a focus on Regional Health Services in Italy

d2) Soft budget constraint and expectations on the coverage of deficits

d3) Recovery plans and administrative control

d4) Decentralisation and the pandemic

E) Efficiency and APPROPRIATENESS OF HEALTH SERVICES

e1) Benchmarking of expenditure, output (health services) and outcome (health)

e2) How to evaluate the efficiency of health services at different levels

e3) Determinants of appropriateness (with particular reference to the excessive number of caesarean births)

***READING LIST***

The general content of course topics can be found in the following volumes:

Folland-Sherman-Allen-C. Goodman-Stano Miron, *The Economics of Health and Health Care,* Pearson Prentice Hall, Upper Saddle River (4th, 5th or 6th edition).

Costa-Font, J., Turati, G., Batinti, A. (2020). *The Political Economy of Health and Healthcare: The Rise of the Patient Citizen*. Cambridge: Cambridge University Press.

More detailed information on scientific articles and on materials for in-depth study used during the course will be displayed on the course Blackboard page.

***TEACHING METHOD***

Frontal lectures.

***ASSESSMENT METHOD AND CRITERIA***

Students will be assessed on the basis of a written exam divided in three parts. The maximum number of marks awarded for the first part is 10, and it consists in ten multiple choice questions, designed to assess students’ knowledge of the coneepts and basic definitions discussed during the course: one point will be awarded for each correct answer, wrong answers will be marked down by 0.5 points. The maximum number of marks for the second and third parts is 20 each and they consist in semi-open questions that are designed to assess students’ ability to apply the knowledge acquired during the course. The assessment criteria for the questions of the second and third parts will take into account the completeness and accuracy of each reply. The exam will last 60 minutes.

The mark of the written exam may be increased up to a maximum of 2 points, following the presentation and discussion of scientific works in the field of health economics prepared by students during the course.

***NOTES AND PREREQUISITES***

*Notes*

Students are strongly advised to attend, even though it is not compulsory. More detailed indications on recommended texts and further reading material will be pointed out during lectures, through course handouts that will be made available on Blackboard.

*Prerequisities*

Before attending the course, students are expected to have acquired knowledge of key microeconomics concepts, as well as some basic concepts of statistical analysis.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG, or on the Faculty notice board.