**Health Economics**

## Prof. Luca Gerotto; Prof. Luca Salmasi

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

The course aims to illustrate the key issues in health economics. Firstly, elements of welfare economics and public economics will be introduced, in order to understand the justifications and limits of public intervention in the health field. The Italian health system, its financing and organisation will then be analysed in detail, and an international comparison between the different models of health protection will be conducted. Furthermore, the course aims to provide students with a general understanding of the link between health policies and health protection; some specific issues relating to health policy will also be investigated. The second part of the course will also analyse the factors that influence demand for health services, the supply of health services (which sees the doctor as a provider and the hospital as a company), and the agency relationship established between doctor and patient. Finally, the fundamental principles of technologically and economically evaluating different health services will be addressed.

At the end of the course, students will be able to:

- Understand the fundamentals of welfare economics and public economics.

- Understand the justifications and limitations of the various health policies adopted at international level.

- Understand the typical language of health economics.

- Critically discuss the main issues of health economics.

- Understand and discuss the main differences between health system organisational models.

- Adopt the cost-effective approach to assess the economic sustainability of a healthcare investment.

- Know the factors that influence supply and demand for health services, and demand for health insurance.

- Understand the issues of the agency relationship between doctor and patient.

- Interpret the results of an economic assessment.

***COURSE CONTENT***

*The course is divided into five parts:*

 *(i)* The justifications for public intervention in health protection

*• The justifications for public intervention in modern economies, beginning with the market's limits: efficiency, equity, information asymmetry, principal-agent model, adverse selection and moral risk.*

*• Collective choices and the limits of public intervention.*

*(ii)* Health protection and health policies

• The role of health systems and health policies in increasing life expectancy and healthy life; the link between socio-economic determinants and health.

• Conflicts of interest, public-private partnerships and health funds.

 *(iii)* The reality of the Italian health system

*• Origins and evolution of the Italian health system; fiscal federalism and health care.*

*• Health expenditure, its financing and the impact on public accounts: cost containment policies and repayment plans.*

*(iv)* Health systems compared

*• Origins and development of health insurance; insurance applications.*

*• The different models of health protection: Italy, Germany, United Kingdom and United States compared.*

*(v)* Supply and demand of health services

*• Demand: From need to demand; Demand for health services; Grossman's model.*

*• Supply: the doctor as a provider of services and the agency relationship with patients; the hospital as a business; measuring productivity.*

*(vi)* Technological and economic evaluation

*• Health technology assessment, cost-benefit analysis and cost-effectiveness analysis.*

***READING LIST***

The recommended texts are:

for the first part: N. Dirindin - E. Caruso, *Salute* *ed Economia: Questioni di Economia e Politica Sanitaria*, Il Mulino, Chapters from I to VI.

for the second part: R. Levaggi - S. Capri, *Economia Sanitaria,* FrancoAngeli Edizioni.

Additional reading references for further study will be indicated in class for each teaching unit.

***TEACHING METHOD***

Lectures using modern teaching tools that permit active participation by students.

***ASSESSMENT METHOD AND CRITERIA***

A written exam in three parts, lasting 60 minutes. Each part is worth a maximum of 10 points. The first part consists of 10 multiple choice questions and must be handed in after 20 minutes. Each correct answer contributes 1 mark to the final mark; there is a 0.5 mark penalty mechanism for any wrong answer. The second and third parts consist of open-ended questions aimed at assessing students' ability to analyse and formally discuss the micro- and macro-economic consequences of public health policies, and require the use of a graph or the ability to critically analyse public finance statistics. Assessment will take into account completeness and accuracy of each answer.

***NOTES AND PREREQUISITES***

Students are encouraged to visit the lecturer’s personal page to get additional, more up-to-date information, as well as any support material available.

An ability to both apply the key concepts of micro- and macro-economic analysis, and represent economic data and information through simple Cartesian graphs are prerequisites for a full understanding of the lessons.

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