

ECO369 Health Economics — Course Syllabus

University of Toronto, Winter 2024

This course will introduce you to the core concepts of health economics and explore areas where health economics affects public policy and everyday life. As a society, we spend more than 10% of our resources on health care, and that share is growing over time. In your day-to-day life, you face decisions about your health behaviours and your medical care. As an employee, you will face job offers that involve supplemental health and sickness insurance benefits. And as a voter, you will be presented with alternative visions for the future of hospital care, pharmacare, disability insurance and long-term care insurance.

In health economics, many assumptions taught in introductory micro classes about how free markets create efficient outcomes break down. Health economics involves imperfect information, market power, externalities, and other market failures, alongside deep concerns about equity. Put together, these factors create challenging and interesting problems for economists and policymakers alike.

Logistics

Instructor: Prof. Michael Stepner, Office 277 in the economics department (Max Gluskin House)

- **Office hours:** Tuesdays 11am-noon, and by appointment.
- You can schedule a 15 minute appointment online (Calendly link posted on Quercus). Appointments must be scheduled at least 4 hours before the start time. Drop-ins are not available.

Teaching Assistant: Olivia Yu

- **Office hours:** Wednesdays 10-11am. (Calendly link posted on Quercus, same policies apply.)

Lecture hours: Mondays 2:10pm-4pm in room 1073 of [Sidney Smith Hall \(SS\)](#).

- Lectures will not be recorded.
- There will sometimes be *optional* sessions from 4-5pm. These will be recorded and posted on Quercus. (See the Key Dates section below.)

Contact Information

- Questions about course logistics, readings, class discussions or assignment details should be either posted on Quercus, or raised live during class or office hours.
- For private matters that would not be relevant to your classmates (such as personal accommodations), email eco369.stepner@utoronto.ca from your @mail.utoronto.ca email address.
 - If you directly contact the professor or TA at their personal email addresses, your email will be jumbled in with many others and replies will be slower, not faster.

Key Dates

| | | |
|----------------------|--|--|
| Week 1 | What is Health? | Monday Jan 8 |
| Week 2 | Valuing Health | Monday Jan 15 |
| Week 3 | <i>Syllabus Survey</i> Risk and Adverse Selection | <i>due Monday Jan 22, 2pm</i> Monday Jan 22 |
| Week 4 | Costs and Moral Hazard | Monday Jan 29 |
| Week 5 | Impacts of Health Insurance | Monday Feb 5 |
| Week 6 | <i>class cancelled</i> Midterm Review Session | Monday Feb 12 recorded and posted online |
| Week 7 | (Reading Week) | February 19 – February 23 |
| Week 8 | <i>Midterm Exam</i> | Monday Feb 26 |
| Week 9 | <i>class cancelled</i> <i>Mid-Course Survey</i> | Monday Mar 4 <i>due Monday Mar 4, 5pm</i> |
| Week 10 | Health Care Systems: Canada + <i>Health Inequality</i> | Monday Mar 11, 2-4pm 4-5pm, recorded and posted |
| Week 11 | Health Care Systems: OECD + <i>Health in Developing Countries</i> | Monday Mar 18, 2-4pm 4-5pm, recorded and posted |
| Week 12 | Drug, Dental and Long Term Care + <i>Medical Innovation</i> | Monday Mar 25, 2-4pm 4-5pm, recorded and posted |
| Week 13 | Disability Insurance + <i>COVID-19</i> | Monday Apr 1, 2-4pm 4-5pm, recorded and posted |
| | Final Review Session | recorded and posted online |
| Finals Period | <i>Final Exam</i> | Apr 10 to Apr 30, time TBA |

The topics taught in the 3rd hour of Weeks 10 to 13 were chosen by the students in the class based on your answers to the *Syllabus Survey*. Each topic will have one reading, which will be covered on the final exam but will not be covered by Reading Quizzes. Attendance at this 3rd hour is optional: the lecture will be recorded and posted online.

Course Materials

- There is no textbook for this course. There will typically be two required readings associated with each lecture. Readings may be added or substituted throughout the semester.
 - The typical reading is an academic paper. During some weeks you may read a popular article or listen to a podcast instead.
- Slides for each lecture will typically be posted before class begins.
 - These slides are an incomplete set of notes. They contain blank spaces that you can fill in while attending class.
 - If you miss a class for any reason, the professor and teaching assistant will not be able to provide completed notes or recordings.

Assessment

| Weight | Assessment | Details |
|------------|--------------------------|---|
| 2% | 2% | Surveys |
| | <i>Syllabus Survey</i> | 1% for completing the survey |
| | <i>Mid-Course Survey</i> | 1% for completing the survey |
| 18% | 18% | Quizzes |
| | | In-class reading quizzes, lowest two grades dropped |
| 30% | 40% | Midterm Exam |
| | | Exam written in-person during class hours |
| 50% | 40% | Final Exam |
| | | Exam written in-person during finals period |

- Your final grade will be calculated using whichever weighting scheme gives you a higher grade.
 - If you perform better on the final than the midterm, your midterm will be weighted 30% and your final will be weighted 50%. If you perform better on the midterm than the final, your midterm and final will both be weighted 40%.
 - This is deliberately designed to give you the possibility to recover from a low grade early in the course by demonstrating growth in your knowledge on the later assessments. Alternatively, if you have a bad day for any reason on the day of an assessment, that assessment will be automatically down-weighted.
- Content that appears in the required readings will be tested throughout the semester via in-class *Reading Quizzes*. There will be a reading quiz during most classes.
 - The quizzes serve two broad purposes. For you, they should help keep your reading on track and highlight topics that I consider important in each reading. For me, they will help me detect which concepts were well-understood and which were confusing, which will guide my emphasis during class discussions and during exam review sessions.
 - The quizzes are handwritten and closed book: you will not be allowed to use any materials or electronics.
 - Your lowest two quiz grades will be automatically dropped.

- Compared to exams, these quizzes are low-stakes. There will be approximately 8 quizzes during the course: each quiz is therefore worth roughly 3% of your grade, and each question is worth 1% of your grade or less.

Absences and Accommodation

- If you require accommodations, remember to register with both [Accessibility Services](#) and [Accommodated Testing Services](#).
- If you find yourself in a particularly challenging situation, you will need to work with your [College Registrar](#) and/or your [Accessibility Advisor](#). They can provide comprehensive guidance and, when appropriate, contact your professors for you while guarding your privacy.
 - Remember, **for significant challenges, which last more than a week, work with your [College Registrar](#) or [Accessibility Advisor](#) immediately**. Also, there are limits to the situations that we can accommodate: in some cases the only option is to drop the course.
- Out of fairness to all students, I cannot offer individualized opportunities to raise your grade beyond those described in the syllabus. While some might perceive this as “strict”, my goal is to be fair and kind by default to all students, and be fully transparent about the flexibility that is available. It is not fair to make further exceptions only for those students who contact me: many are not comfortable asking.
- **Automatic absence recognition:**
 - If you are absent from your studies for up to one week and miss a course assessment, you must [submit the absence declaration form for ECO369](#) and upload one of the university’s recognized forms of absence documentation.
 - You should carefully read the University’s [Student Absences](#) page to understand the current rules on absence declarations. For example, last year you could self-declare unlimited ACORN absence declarations, but you can now self-declare an absence on ACORN only once per term.
- **Exceptional absence recognition:**
 - If there is an exceptional circumstance that prevents you from completing a course assessment but does not fit within the university’s student absences provisions, the only way to request an extension is to send an email from your @mail.utoronto.ca email address explaining the situation to eco369.stepner@utoronto.ca **with your college registrar’s office or accessibility advisor cc-ed on the email**.
 - In ECO369, the policy is to accommodate absences for any reasonable circumstance *so long as your college registrar is kept informed*. No exceptional extensions will be granted without including your college registrar in the conversation. The college registrar’s offices are there to provide you with support throughout your undergraduate experience, including if you encounter any problems of an academic or personal nature. (For students working with an accessibility advisor, the same policy applies with respect to keeping your accessibility advisor in the conversation.)
 - If your request is approved, you must [submit the absence declaration form for ECO369](#) and upload a screenshot or PDF of the email conversation.

- **Late Surveys**

- No credit is available for late submissions of *Syllabus Survey* or *Mid-Course Survey*. These are not time consuming, and the only requirement for getting full credit is completing them on time. I recommend submitting your survey responses early if you have any concerns about conflicts in your schedule close to the deadline.

- **Missed Quizzes**

- If you are absent for an in-class reading quiz, you will get a 0. Since the lowest two grades are dropped, you can miss up to two quizzes and still earn full marks.
- If you miss three or more in-class quizzes due to *university-recognized absences*, we can determine an appropriate accommodation in coordination with your college registrar or accessibility advisor.

- **Missed Exams**

- If you miss the midterm exam, you must declare your absence as described above in order to take the make-up exam.
 - * A cumulative make-up exam will be held at the end of the term, which will cover all weeks of material taught at that point, not just those that were covered on the original midterm.
 - * The flexible weighting scheme will not apply to the make-up exam. The make-up exam will be weighted **40%** and the final exam will be weighted **40%**.
 - * If you miss the make-up exam, you will get a grade of zero without the possibility for a make-up unless an alternative accommodation has been coordinated with your [College Registrar](#).
- The rules and accommodations for a missed final exam are governed by the Faculty of Arts and Science. Professors have no discretion to excuse a student from writing a final exam, nor can they offer an alternative date or form of examination. In accordance with the Faculty's rules, if you cannot write your final exam, you must arrange an alternative through your [College Registrar](#), or work through [Accessibility Services](#) if it is a matter of accommodation.

Academic Resources

- An important part of the university experience is learning how and when to ask for help. Everyone can use the [Academic Success Centre](#) and benefit from their resources, workshops and one-on-one assistance.
- Your fellow students are one of the best resources available to you. I encourage you to connect with the other students in this class to discuss the readings and prepare for exams together.
 - You can create a [Recognized Study Group](#) with up to eight other students. Study groups might discuss readings together, proofread each other's essays, help each other with programming questions, or simply serve as a commitment device to focus together on completing assignments or readings.

- If you're just looking for some company and some informal motivation while working on your assignments, [Meet to Complete](#) is an online drop-in “study with me” space for Arts & Science students, hosted by SSC student-staff. At Meet to Complete, you can work on assignments or study with other students wherever you are.
- You may experience challenges that can interfere with learning, such as strained relationships, increased anxiety, substance use, feeling down, difficulty concentrating, lack of motivation, financial concerns, family worries and so forth. These factors can affect your academic performance and may reduce your ability to participate fully in daily activities.
 - Everyone feels stressed now and then — it is a normal part of university life. Some days are better than others, and there is no wrong time to reach out. There are resources at UofT for every situation and every level of distress. Many helpful resources are available through your [College Registrar](#) or through [Student Life](#).
 - There is support available 24 hours a day, 7 days a week. Two especially useful resources are [UofT Health Student Support](#) (formerly called My SSP) and the [Good2Talk helpline](#). UofT also provides a chatbot called [Navi](#) that can help direct you to more specific resources.

Grading Appeals

- If you believe there is an error in the grading of your work, you can appeal the grade:
 - You must complete the [ECO369 Regrade Request Form](#). Your request must be submitted within two weeks of the grades being posted. Late requests will not be considered.
 - Your entire quiz or exam may be re-graded, not only the portion of the grade that you are appealing. Your request will be given a fair look: we are not seeking to penalize anyone for raising a genuine marking concern. **After re-grading, your mark may remain unchanged, go up or go down.**
 - Any further appeals are subject to the [Faculty of Arts and Science regulations for grading appeals](#), and are not handled by the professor and TA for this course.

Required Readings

Lecture 1: What is Health?

- Cutler, D., Deaton, A., & Lleras-Muney, A. (2006). The Determinants of Mortality. *Journal of Economic Perspectives*, 20(3), 97–120. <https://doi.org/10.1257/jep.20.3.97>
- Gawande, A. (2007, April 23). The Way We Age Now. *The New Yorker*. <http://www.newyorker.com/magazine/2007/04/30/the-way-we-age-now>

Lecture 2: Valuing Health

- Lives vs. The Economy. (2020, April 15). [Podcast]. *Planet Money on NPR*. <https://www.npr.org/2020/04/15/835571843/episode-991-lives-vs-the-economy>
- Murray, C. J. (1994). Quantifying the burden of disease: The technical basis for disability-adjusted life years. *Bulletin of the World Health Organization*, 72(3), 429–445. <https://apps.who.int/iris/handle/10665/264057>

Lecture 3: Risk and Adverse Selection

- Gross, T. & Notowidigdo, M. (2024). “Health Insurance versus Broccoli” (Chapter 2). In *Better Health Economics: an Introduction for Everyone*. The University of Chicago Press. [PDF accessible on Quercus](#).
- Einav, L., & Finkelstein, A. (2011). Selection in Insurance Markets: Theory and Empirics in Pictures. *Journal of Economic Perspectives*, 25(1), 115–138. <https://doi.org/10.1257/jep.25.1.115>

Lecture 4: Costs and Moral Hazard

- Gross, T. & Notowidigdo, M. (2024). “Moral Hazard” (Chapter 4). In *Better Health Economics: an Introduction for Everyone*. The University of Chicago Press. [PDF accessible on Quercus](#).
- Gross, T. & Notowidigdo, M. (2024). “Payment Reform” (Chapter 8). In *Better Health Economics: an Introduction for Everyone*. The University of Chicago Press. [PDF accessible on Quercus](#).

Lecture 5: Impacts of Health Insurance

- Gross, T. & Notowidigdo, M. (2024). “What Does Health Insurance Do?” (Chapter 1). In *Better Health Economics: an Introduction for Everyone*. The University of Chicago Press. [PDF accessible on Quercus](#).
- Miller, S., Johnson, N., & Wherry, L. R. (2021). Medicaid and Mortality: New Evidence From Linked Survey and Administrative Data. *The Quarterly Journal of Economics*, 136(3), 1783–1829. <https://doi.org/10.1093/qje/qjab004>

◆◆◆◆◆ MIDTERM EXAM ◆◆◆◆◆

Lecture 6: Health Care Systems, Canada

- Picard, A. (2013). “Health Care for the Masses, Medicare is Born” (Chapter 2). In *The Path to Health Care Reform: Policy and Politics*. The Conference Board of Canada. [PDF accessible on Quercus](#).
- Picard, A. (2013). “The Canada Health Act: Icon or Paper Tiger?” (Chapter 3). In *The Path to Health Care Reform: Policy and Politics*. The Conference Board of Canada. [PDF accessible on Quercus](#).

+ *Health Inequality (topic chosen by students, not on reading quiz)*

- Smith, J. P. (1999). Healthy Bodies and Thick Wallets: The Dual Relation between Health and Economic Status. *Journal of Economic Perspectives*, 13(2), 145–166. <https://doi.org/10.1257/jep.13.2.145>

Lecture 7: Health Care Systems, OECD

- Papanicolas, I., Woskie, L. R., & Jha, A. K. (2018). Health Care Spending in the United States and Other High-Income Countries. *JAMA*, 319(10), 1024–1039. <https://doi.org/10.1001/jama.2018.1150>
- Carroll, A. E., & Frakt, A. (2017, September 18). The Best Health Care System in the World: Which One Would You Pick? *The New York Times*. <https://www.nytimes.com/interactive/2017/09/18/upshot/best-health-care-system-country-bracket.html>

+ *Health in Developing Countries (topic chosen by students, not on reading quiz)*

- Dupas, P. (2011). Health Behavior in Developing Countries. *Annual Review of Economics*, 3(1), 425–449. <https://doi.org/10.1146/annurev-economics-111809-125029>

Lecture 8: Drug, Dental and Long Term Care

- Busby, C. (2019, July 3). The past, present and future of pharmacare (No. 84). In *Policy Options Podcast*. <https://policyoptions.irpp.org/magazines/july-2019/past-present-future-pharmacare/>
- Khazan, O. (2014, September 25). Why Don't We Treat Teeth Like the Rest of Our Bodies? *The Atlantic*. <https://www.theatlantic.com/health/archive/2014/09/why-dont-we-treat-teeth-like-the-rest-of-our-bodies/380703/>
- Picard, A. (2021, May 3). Opinion: Fixing long-term care in Ontario is looking increasingly hopeless. *The Globe and Mail*. <https://www.theglobeandmail.com/opinion/article-fixing-long-term-care-in-ontario-is-looking-increasingly-hopeless/>

+ *Medical Innovation (topic chosen by students, not on reading quiz)*

- Williams, H. (2019). What Inventions Are We Missing? In *NBER Reporter*. <https://www.nber.org/reporter/2019number1/what-inventions-are-we-missing>

Lecture 9: Disability Insurance

- Milligan, K., & Schirle, T. (2019). Push and Pull: Disability Insurance, Regional Labor Markets, and Benefit Generosity in Canada and the United States. *Journal of Labor Economics*, 37(S2), S289–S323. <https://doi.org/10.1086/703255>
- Meredith, T., & Chia, C. (2015). Leaving Some Behind: What Happens When Workers Get Sick. Institute for Research on Public Policy (IRPP). <https://irpp.org/research-studies/leaving-some-behind-what-happens-when-workers-get-sick/>

+ COVID-19 (topic chosen by students, not on reading quiz)

- Cutler, D. (2020, November 11). The Economic Cost of COVID-19 [12 minute video]. <https://www.youtube.com/watch?v=hq8gx0hUSE8>

Rules and Regulations

Prerequisites

Students must have completed the [prerequisites listed in the Academic Calendar](#) to take this course.

The professor has no ability to waive these prerequisites. The Department of Economics checks prerequisites in all courses, and students who do not have them will be removed from the course.

Public Health on Campus and in Class

U of T is committed to providing a learning environment that is as productive as possible in the midst of a pandemic. At times during the COVID-19 pandemic, the university has issued regulations governing face masks and vaccinations on campus. All regulations published by the university apply within the classroom, with exceptions and accommodations are managed by the University [Accessibility Services](#). The regulations are subject to change at the discretion of the University administration, guided by the evolution of public health guidance, legal requirements, scientific understanding about COVID-19, and the active variants of COVID-19.

The COVID-19 pandemic is a significant source of anxiety and stress for many students and university staff, and unfortunately there are no in-person interactions that carry zero health risk. If you are feeling distressed, there are resources available to you such as [UofT Health Student Support](#) (formerly called My SSP) and the [Good2Talk helpline](#). If you have concerns about this course, please arrange an appointment to meet with the professor during office hours or email eco369.stepner@utoronto.ca.

The present version of the syllabus presents the course plan assuming that public health rules and regulations issued by the university and the government remain unchanged during the semester. The dates, formats and requirements for classes and assessments may be modified during the semester in accordance with university guidance if new public health regulations are issued.

Academic Integrity

The University of Toronto treats cases of academic misconduct very seriously. Academic integrity is a fundamental value of learning and scholarship at the U of T. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that your U of T degree is valued and respected as a true signifier of your individual academic achievement.

The University of Toronto's [Code of Behaviour on Academic Matters](#) outlines the behaviours that constitute academic misconduct, the processes for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

- In papers and assignments:
 - Using someone else's ideas or words without appropriate acknowledgement.
 - Submitting your own work in more than one course without the permission of the instructor.
 - Making up sources or facts.
 - Obtaining or providing unauthorized assistance on any assignment (this includes working in groups on assignments that are supposed to be individual work).
- On tests and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else’s answers.
- Letting someone else look at your answers.
- Misrepresenting your identity.
- Submitting an altered test for re-grading.
- Misrepresentation:
 - Falsifying or altering any documentation required by the University, including (but not limited to) doctor’s notes.
 - Falsifying institutional documents or grades.

All suspected cases of academic dishonesty will be investigated following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have questions or concerns about what constitutes appropriate academic behaviour or appropriate research and citation methods, please reach out to me. Note that you are expected to seek out additional information on academic integrity from me or from other institutional resources (for example, the [University of Toronto website on Academic Integrity](#)).

Plagiarism Detection

Normally, students will be required to submit their course essays to the University’s plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool’s reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University’s use of this tool are described on the Centre for Teaching Support & Innovation web site (<https://uoft.me/pdt-faq>).

Crowdmark

This course may use [Crowdmark](#), a collaborative online grading tool for marking and providing feedback on graded term assessments. Crowdmark provides efficiencies with grading, data recording, returning term assessments and handling regrade requests. Copies of student work marked in Crowdmark, including grading and feedback, will be available online to students for at least one year. Digital (i.e., online) copies will serve as the authoritative record for course administrative purposes, and paper copies of assessments scanned and uploaded to Crowdmark will be destroyed after the term has ended and final grades are approved. If you have questions about how your information is stored on Crowdmark, please email eco369.stepner@utoronto.ca.

Notice of Recorded Lectures

Some or all of the classes in this course, including your participation, may be recorded on video and made available to students in the course for viewing remotely and after each session.

Course videos and materials belong to your instructor, the University, and/or other sources depending on the specific facts of each situation and are protected by copyright. Do not download, copy, or share any course or student materials or videos without the explicit permission of the instructor.

For questions about the recording and use of videos in which you appear, please contact your instructor.

Accommodations

Students with disabilities

The University provides academic accommodations for students with disabilities in accordance with the terms of the Ontario Human Rights Code. This occurs through a collaborative process that acknowledges a collective obligation to develop an accessible learning environment that both meets the needs of students and preserves the essential academic requirements of the University's courses and programs.

Students with diverse learning styles and needs are welcome in this course. If you have a disability that may require accommodations, please feel free to approach me and/or the [Accessibility Services office](#).

Religious observances

The University provides reasonable accommodation of the needs of students who observe religious holy days other than those already accommodated by ordinary scheduling and statutory holidays. Students have a responsibility to alert members of the teaching staff in a timely fashion to upcoming religious observances and anticipated absences and instructors will make every reasonable effort to avoid scheduling tests, examinations or other compulsory activities at these times.

Please reach out to me as early as possible to communicate any anticipated absences related to religious observances, and to discuss any possible related implications for course work.

Family care responsibilities

The University of Toronto strives to provide a family-friendly environment. You may wish to inform me if you are a student with family responsibilities. If you are a student parent or have family responsibilities, you also may wish to visit the [Family Care Office website](#).