AFRICAN ECONOMIC RESEARCH CONSORTIUM (AERC)

COLLABORATIVE PHD DEGREE PROGRAMME IN ECONOMICS FOR SUB-SAHARAN AFRICA (CPP)

JOINT FACILITY FOR ELECTIVES

HEALTH ECONOMICS

COURSE OUTLINE

(Revised April, 2016)
INTRODUCTION
This course has been designed primarily for those who wish to specialize in Health Economics at the Ph.D. level. It builds on what has been covered in the Master’s module of the Joint Facility for Electives or its equivalent. For each topic, examples and applications to African and other developing countries will be provided.

COURSE GOAL
To advance students’ knowledge, understanding and appreciation of health economics as a branch of economics; to broaden their use of economic tools to provide evidence for health policy analysis; and underscore the importance of health in development.

COURSE OBJECTIVES
On completion of this course students should, among other things, be able to:

(a) Apply economic concepts and techniques to analyze health and health policy and other development related issues;
(b) Undertake independent research in health economics and health policy;
(c) Communicate research results to stakeholders; and
(d) Function professionally in different health care systems.

PREREQUISITES
Students should have passed CPP core courses of Microeconomics, Macroeconomics and Quantitative Methods, or their equivalent.

COURSE STRUCTURE
The course consists of two parts. Part 1 covers individuals, states and markets in health and health-care production. Part 2 covers policy and planning issues in health and development. Each part consists of 60 hours of instruction in a combination of lectures, seminars, and tutorials.

COURSE ASSESSMENT
The final course mark in each part has the following components:

<table>
<thead>
<tr>
<th>Component</th>
<th>Marks</th>
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<tbody>
<tr>
<td>Class presentations (by students)</td>
<td>10</td>
</tr>
<tr>
<td>Class Test</td>
<td>15</td>
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<tr>
<td>Course paper</td>
<td>15</td>
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<tr>
<td>Final examination</td>
<td>60</td>
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<td><strong>Total</strong></td>
<td><strong>100</strong></td>
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The final examination is a 3-hour written paper for each part. The final mark for the course as a whole is the simple average of the marks for the two parts.
MAIN TEXTS FOR THE COURSE

Recommended Text Books

Background Text Books

COURSE DELIVERY
The course will be delivered using lectures, seminars, published articles, assigned readings with emphasis on formal theory and methods, e.g. health econometrics.
TOPICS COVERED

Health Economics I: Individuals, States and Markets in Health and Healthcare Production (60 Hours)

1. Overview of the Normative and Positive Economics of the Health Sector (4 Hours)
   - Concept of normative economics of the health sector
   - Concept of positive economics of the health sector
   - Difference between normative and positive economics of the health sector

2. Individuals as Producers of Health (16 Hours)
   2.1 Human Capital Model
      - Basic Model
      - Investment Model
      - Pure Consumption Model
      - Empirical Testing
      - Extension
      - Health and Schooling
   2.2 Habits and Lifestyles
      - Smoking
      - Alcohol and Substance Abuse
      - Obesity
      - Ageing
      - Sexual Behaviour including Contraceptive Use
      - The Government and Lifestyle Adjustment for Health

3. States and Markets in Health Production and Health-care (24 Hours)
   3.1 Peculiarities of Health-care Goods and their Allocative Implications
      - Externalities, Public Goods and Increasing Returns to Scale
      - Asymmetric Information between Producers and Consumers
   3.2 Government as Producer, Financier and Regulator of Health-care Services
      - Role of Government arising from the Peculiarities of Health-care Goods
      - Provision of Services
      - Own Facilities
      - Purchasing/Contracting
      - Regulation
      - Appropriate Roles of State and Markets
   3.3 Health-care Markets
      - Market Prices and Outputs
      - Agency Issues
      - Moral Hazard and Consumer Incentives for Health-care
      - The Industrial Organization of Health-care
      - Not-for-Profit Ownership and Hospital Behaviour
      - Economics of General Practice
      - The Pharmaceutical Industry
4. **Insurance Markets, Managed Care and Contracting (12 Hours)**
   - The Anatomy of Health Insurance
   - Insurance Reimbursement
   - Optimal Design of Health Insurance Contracts
   - Health Insurance and the Labour Market
   - Social Health Insurance
   - Managed Care

- Quality of healthcare
TOPICS COVERED

Health Economics II: Policy and Planning Issues in Health and Development (60 Hours)

5. Health and Development Challenges in Africa (16 Hours)
   5.1 Economics of Disease
   - Principles of epidemiology
   - Disease Burden Measurement and Policy Implications
   - Disease Burden Profiles of Africa

   5.2 Poverty and Health
   - From Poverty to Health: Impact of Nutrition, Education, Overcrowding on Health
   - From Health to Poverty: Impact of Poor Health on Labour Market Status
   - Impact of ill-health on household wealth

   5.3 Growth and Health
   - From growth to health
   - From health to growth
   - Social Determinants of Health
   - Environment and health

   5.4 Health under shocks/disasters
   - Health under conflict
   - Health under disease outbreaks (e.g. Ebola, etc)
   - Case studies

6. Performance Evaluation of Health Systems (12 Hours)
   - Measurement of Health-Related Quality of Life
   - Advances in economic evaluation methods
   - Healthcare provider Efficiency Analysis
   - Performance-based financing
   - Equity and Efficiency in Healthcare delivery
   - Equity in Healthcare Financing
   - The Equity-Efficiency Trade-Off

7. Healthcare Financing, Planning and Programming (12 Hours)
   - Health Expenditure and Health Accounts
   - Public-Private Partnerships
   - Strategic Health Planning
   - Scenario Planning
   - Operations Research (Goal Programming)
   - Stakeholders Analysis
   - Advocacy and Consensus Building Tools

8. African Health Systems in the Global Context (16 Hours)
   8.1 Comparative Health Systems
   - Basis for Comparison
• International Comparison of Health Expenditures and health Outcomes
• Changing Trends in the State-Market Mix

8.2 Globalization and Health
• International Migration of Health Personnel
• Global Public Health Issues
• Trade and Intellectual Property Rights in Health

8.3 Health Sector Reforms
• Health Sector Reforms: Global Context
• African Initiatives in Health Sector Reform
• Current Trends in Health Sector Reform

8.4 Health Policy Development in Africa-issues, perspectives and lessons
• Evidence-based health policy
• Global best practices
SEMESTER I: HEALTH ECONOMICS I (ECON 631)

1. BACKGROUND

1.1 An Overview of the Normative and Positive Economics of the Health Sector

Core Readings on Normative Economics of the Health Sector

Supplementary Readings

Core Readings on the Positive Economics of the Health Sector

Supplementary Readings

2. INDIVIDUALS AS PRODUCERS OF HEALTH

2.1 Human Capital Model
Core Readings

**Supplementary Readings**


2.2 Habits and Lifestyles

**Smoking**

**Core Readings**


**Supplementary Readings**

Alcohol and Substance Abuse

Core Readings

Supplementary Readings

Sexual Behaviour including Contraceptive Use

Core Readings

Supplementary Readings

Government and Lifestyle Adjustment for Health
Core Readings

Supplementary Readings

3. STATES AND MARKETS IN HEALTH AND HEALTH-CARE PRODUCTION

3.1 Peculiarities of Health Goods and their Allocative Implications

Core Readings

Supplementary Readings

3.2 Government as Producer, Financier and Regulator of Health

Core Readings

Supplementary Readings
3.3 Health Care Markets

Healthcare Prices and Outputs

Core Readings

Supplementary Readings

Moral Hazard and Consumer Incentives for Health Care

Core Reading

Supplementary Readings

Physician Agency

Core Readings

Supplementary Readings

The Industrial Organization of Health Care

Core Readings
Supplementary Readings

Not-for-Profit Ownership and Hospital Behaviour

Core Readings

Supplementary Readings

Economics of General Practice

Core Readings

Supplementary Readings

The Pharmaceutical Industry

Core Readings

Supplementary Readings

4. INSURANCE MARKETS, MANAGED CARE AND CONTRACTING

4.1 The Anatomy of Health Insurance

**Core Readings**

**Supplementary Readings**

4.2 Insurance Reimbursement

**Core Readings**

**Supplementary Readings**

4.3 Optimal Design of Health Insurance Contracts

**Core Reading**
### Supplementary Readings


### 4.4 Health Insurance and the Labour Market

#### Core Readings


#### Supplementary Readings


### Social insurance


### 4.5 Managed Care

#### Core Readings


#### Supplementary Readings

SEMESTER II: HEALTH ECONOMICS II (ECON 632)

5. Health and Development Challenges in Africa

5.1 Economics of Disease

Principles of epidemiology
1. Handbook of Health Economics. Chapter on Economic Epidemiology

Disease Burden Measurement and Policy Implications

Core Readings

Supplementary Readings

5.2 Poverty and Health

Required Readings

Supplementary Readings


5.3 Health and Growth


From Health to Growth-Micro

From Health to Growth-Macro

From Growth to Health

5.4 Health under Shock/Disaster
• Health under conflict
• Health under disease outbreak
• Case studies

Readings


6 Performance Evaluation of Health Systems

The Measurement of Health – Related Quality of Life
Core Readings


Supplementary Reading
Xxxxxxxxxxxxxxxxxxxxxx

Advances in Cost-Effectiveness Analysis
Core Reading

**Supplementary Readings**


**Healthcare Provider Efficiency Analysis**

**Core Reading**


**Supplementary Readings**


Equity and Efficiency in Health and Healthcare

Core Readings

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Supplementary Reading
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7. HEALTH PLANNING AND PROGRAMMING

Health Expenditure and Health Accounts

Public-Private Partnerships

Strategic and Scenario Health Planning
Operations Research (Goal Programming)


Stakeholders Analysis in the Health Sector


Advocacy and Consensus Building Tools


8 AFRICAN HEALTH SYSTEMS IN THE GLOBAL CONTEXT

8.1 International Comparison of Health Expenditures and health Outcomes

Core Reading


Supplementary Readings


8.1 Comparative Health Systems


8.2 Globalization and Health


8.3 Health Sector Reforms

- Health Sector Reforms: Global Context
- African Initiatives in Health Sector Reform
- Current Trends in Health Sector Reform

Readings


8.4 Health Policy Development in Africa-issues, perspectives and lessons

Evidence-based Health Policy


Global Best Practices

