

Brief guide to your study module

PHM203: Economic analysis for management and policy

Hello and welcome to PHM203

Wherever you work, the design and management of health systems will pose key questions such as:

- How should we allocate the health sector budget between different interventions?
- What role should the government have in health care provision?
- How should we finance health care?
- How should we pay health care providers?

The tools of economic analysis have much to contribute to these dilemmas. In this module we explore how economic theory can be used in the health sector. It builds on the knowledge of key economic concepts gained from the Introduction to Health Economics (PHM103) module, progressing them so that you develop a more in-depth understanding of key theories and their application to important debates.

We begin by considering the theoretical basis for health economics, and the role of economic evaluation (the latter is covered in much more depth in the Economic Evaluation Module (PHM204) which is complementary to this module). We move on to investigating the behaviour of individuals as consumers of health care (demand), and the behavior of health care providers (supply). Then we bring the two sides of the market together to explore competition and market failure. Building on our understanding of market failures, we'll explore the appropriate role of government, the nature of contracts in health care, and agency relationships. Finally we turn to the concept of equity.

A key theme running through the module is the ways in which health care markets differ from markets for other goods. We'll explore the strengths and weaknesses of economic models for studying real world health care – you are encouraged to be a critical user of the all the models presented!

The best way of learning the concepts is to think about how they apply to the health sectors you work in or know, and to the issues you are studying in other modules. In going through the course materials, and in preparing your assignment, try to think of examples from your own knowledge for each concept or issue that you address.

Materials provided

The various materials listed below are available to support your study on this module, which are provided on the Public Health (DL) Student Website and will also be made available on Moodle, later this year.

1. The core text: Jan S, Kumaranayake L, Roberts J, Hanson K & Archibald K (2006) *Economic Analysis for Management and Policy*. Maidenhead: Open University Press

The book will serve as your main resource for the module. Each chapter begins with an overview, learning objectives, and list of key terms. The text is designed to be clear and succinct, and is interspersed with excerpts from journal articles, to give you a flavor of the wider literature. New concepts will be introduced and applied in activities, for which feedback is then provided. While you go through it, remember to apply what you read to the health sectors you know, and the situations you've faced yourself. Even initially off-putting graphs and formulae will come to life if you think of where and how you might have encountered such a scenario yourself. As you complete each chapter, return to its learning objectives to check that you have met them, and that you have a good understanding of all the key terms.

The text book has an accompanying **Corrections and Clarifications sheet** – I suggest you immediately make all the listed changes in your book.

2. An annotated list of recommended reading

The recommended reading document suggests a number of key papers related to the concepts covered in the textbook. While the textbook covers all the core material you need to know, we strongly suggest that you read some full articles, to elaborate on concepts and provide practical examples of their application. To achieve the maximum grades in your assignment and exam you need to show some evidence of such wider reading beyond Jan et al. The papers we have provided are some of our favourites - they each taught us something revealing and memorable at some stage in our careers as economists, and we hope the same for you. The reading list provides some key questions to bear in mind while reading these papers, in order to gain the maximum benefit from them.

You should also feel free to read more widely, sourcing material from your local libraries, the LSHTM e-journal service, or the internet – it will only add to your enjoyment and appreciation of the course. Some suggested additional references are listed at the end of each of the textbook

chapters. Feel free to ask on web-conferencing if you would like ideas of readings on specific topics.

3. Useful websites

We have prepared a list of websites which may be of interest to you during your study of this module, or in any work you do in the area of health economics.

4. Past exam papers and examiner reports

The PHM203 exam papers for the past three years and an examiner report for each paper can be accessed via the PH (DL) Student website and also on Moodle (later this year).

5. The PHM203 Assignment for 2012/13

Web-conferencing

Web-conferencing is your prime tool for interaction with your tutor and your fellow students. We encourage you to use it! For example, you can post messages seeking clarification on passages in the textbook, to start up a discussion on key issues, and to test your understanding of a concept and its application by re-phrasing it in your own words and seeing whether your course mates (and tutor) agree. Even if you do not participate in all the discussions, make sure you check the web-conferencing from time to time to keep up to date with the issues covered.

Assessed assignment

The assignment for this module can be found on the PH(DL) Student Website (Assignment section) and on Moodle (PHM203 zone). Please ensure you complete the assignment set for the year in which you plan to submit your assignment. Please note we cannot accept assignments that address a question set in previous years. It's worth having a quick look at the assignment early on, but you will want to have read most of the textbook before tackling it. To help you understand what is required in a good assignment, we have provided a model answer from a previous year's assignment question.

Exam preparation

Exam questions generally have several sections, requiring you to explain key terms and concepts, demonstrate that you can apply them in practice, discuss the pros and cons of different approaches and provide examples from health care.

Here's some advice for your exam preparation:

- Start early, and make sure you have sufficient time to review all the key concepts.
- Look at exam questions from previous years so you know what to expect.

- Precision is very important in economics, so make sure you can explain all the key terms using precise and clear language.
- It's very important to show that you can apply the concepts, so take time in preparation to think of examples you would give for each concept or issue.
- Use web-conferencing for any queries you have. If you like you can post your practice answers to previous exam questions on web-conferencing and invite feedback from the rest of the course.
- Practice answering a previous exam sheet to time – and with legible handwriting!

Finally.....

We wish you all the very best with your studies, and hope you'll enjoy this module as much as we do. Keep in touch via web-conferencing, and let us know how you are getting on.

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