

# HEALTH ECONOMICS



Professor Tony Scott

The Health Economics research program was formally established at the beginning of 2008, after building significant momentum since 2005. Its aim is to conduct high-quality and policy-relevant research across a number of areas of applied health economics. The program is based in the Melbourne Institute and employed five researchers in 2008. The program has 19 other 'members' from across the University of Melbourne, including the Department of Economics, School of Population Health, and Department of General Practice. This includes other economists conducting academic research in health and health care.

Research is funded from competitive external grants from ARC, NHMRC, State and Commonwealth governments, and other sources. Since 2005, we have been involved in grants worth \$7.1m, with \$3.1m as chief investigator. Members have a strong international record of health economics research in the following areas:

- health care workforce and health professionals' labour markets;
- health insurance and health care finance;
- performance, incentives and competition in health care;
- the economics of primary health care services;
- social and economic determinants of health; and
- the economics of substance use and abuse.

These are under-researched areas of work within Australia and internationally, as well as being highly policy relevant.

The methods used in these areas include the interrogation of large datasets using econometric techniques, through to the collection of data using specially designed surveys and experiments.

We continue to meet regularly with policy makers at various levels of government informing them of our research findings and activities, with a view to building long-term partnerships. These include the Department of Human Services (Victoria) and a number of sections in the Commonwealth Department of Health and Ageing.

## Research

### Publications

Research staff had papers accepted and published in *Social Science and Medicine* and *Health Economics*, and presented at a number of domestic and international peer-reviewed conferences. Eight working papers were also produced which were submitted to leading journals in 2008.

### Workshops and Visitors

The Health Economics research program hosted a one-day workshop in March. Speakers included Professor Carol Propper (University of Bristol) and speakers from the Melbourne Institute and the Department of Economics. Topics included the performance of public and private hospitals, by Dr Paul Jensen, and how obesity may be caused by parents' 'bad habits', by Professor Kostas Mavromaras.

Other visitors and seminar speakers in 2008 included Professor Bob Elliott (University of Aberdeen), Dr Tom van Ourti (Erasmus University), Professor Steve Birch (McMaster University) and Professor Jeff Richardson (Monash University). We also hosted an MSc student from the University of York (Paedric Ward).

## Projects in 2008

### MABEL

The first wave of the NHMRC-funded longitudinal survey of doctors (Medicine in Australia: Balancing Employment and Life) was administered in the middle of 2008, with over 10,000 doctors completing the survey. These doctors are representative by age, gender, doctor type and geographic location. Initial results will be available in the first half of 2009, with the second research wave to commence in June 2009.

## Improving Your Working Life

This survey of nurses investigates factors influencing nurses' labour supply. It is funded by an ARC Linkage Grant with the Department of Human Services, and the survey was administered in late 2008. The data will be analysed during 2009.

## Blended Payments for General Practitioners

This research was funded by an ARC Discovery Grant which was completed in 2008. The research evaluated the effects of the Practice Incentive Program on indicators of quality of care. Results showed improvements in quality of care for diabetes and asthma, but not for cervical screening or mental health. Results will be published throughout 2009.

## Financial Incentives, Personal Responsibility and Prevention

Professor Tony Scott and Dr Stefanie Schurer were invited to prepare a discussion paper for the National Health and Hospitals Reform Commission (NHHRC). This reviewed evidence for the use of financial incentives provided to patients to encourage their uptake of preventive health services. This will be included in the NHHRC Interim Report published in early 2009.

## The Sonography Workforce

This was the subject of a review for the Department of Human Services involving Professor Tony Scott, Peter Sivey and colleagues from the Australian Health Workforce Institute at the University of Melbourne.

## New Grants Awarded in 2008

Four new project grants were awarded in 2008, to begin in 2009.

Two ARC Linkage Grants are in the area of the social and economic determinants of health, which is an area of proposed expansion for the Health Economics program.

The first study, 'Obesity Prevention among Low Income Families: Economic and Strategic Modelling', will be conducted by Dr Catherine Burns, Professor Kostas Mavromaras, Professor Tony Scott, Ms Lisa Gold and Dr Mark Lawrence. VicHealth is our Linkage partner. This project will examine the determinants of healthy food choices amongst low socio-economic groups.

The other ARC Linkage Grant, 'Social and Health Inequalities Related to Changes in Drinking Water in Rural Victoria', will be conducted by Dr Andrea Sanigorski, Professor Liz Waters, Professor Tony Scott, Dr Mark Gussy, Ms Lisa Gold and Dr Hanny Calache. The Department of Human Services (Victoria) is our Linkage partner. This project examines the role of fluoridation of the water supply in relation to drink choices, obesity and dental health.

A research grant was received from the Australian Primary Health Care Research

Institute, for a systematic literature review on the impact of financial incentives on the quality of primary health care in Australia. This project will be conducted by Professor Tony Scott, Dr Lucio Nacerella, Dr John Furler and Professor Doris Young. A narrative and Cochrane systematic literature review will be conducted.

A Faculty Research Grant, provided by the Faculty of Economics and Commerce, was received to investigate the validity of the relative income hypothesis using Australian survey data (HILDA). This project,

conducted by Dr Stefanie Schurer, examines the degree by which different measures of relative income and the estimation methods chosen influence the conclusions on the effects of income position on individual well-being (life satisfaction). The project develops alternative parametric and non-parametric estimation methods that overcome methodological shortfalls identified in the general happiness literature.



*Members of the Health Economics team*