

KU4SECSSE202: HOSPITAL ECONOMICS

Semester	Course Type	Course Level	Course Code	Credits	Total Hours
IV	SEC	200-299	KU4SECSSE202	3	45

Learning Approach (Hours/ Week)			Marks Distribution			Duration of ESE (Hours)
Lecture	Practical/ Internship	Tutorial	CE	ESE	Total	
2	1	-	25	50	75	1.5

Course Description:

This course is designed to provide students of economics with the knowledge and skills necessary to analyse hospital performance. The course will cover a wide range of topics, including the healthcare sector, hospital economics, measurement of hospital performance, cost and financial performance. The course will also include practical sessions to help the students apply the concepts they learn.

Course Prerequisite: NIL

Course Outcomes:

At the end of the course the student will be able to;

CO No.	Expected Outcome	Learning Domains
1	Understand the importance of the healthcare sector in the economy	U
2	Analyse the outputs and inputs of hospitals	An, E
3	Analyse and interpret indicators of operational efficiency, cost and financial performance.	An, E

4	Evaluate cost analysis and analyse department wise average cost and procedure costing	An, E
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**Remember (R), Understand (U), Apply (A), Analyse (An), Evaluate (E), Create (C)*

-Mapping of Course Outcomes to PSOs

-	PSO 1	PSO 2	PSO 3	PSO 4	PSO 5	PSO 6	PSO 7
CO 1	✓		✓				
CO 2	✓		✓				
CO 3	✓						
CO 4			✓				

COURSE CONTENTS

Contents for Classroom Transaction:

M O D U L E	U N I T	DESCRIPTION	HOURS 45
1	SIGNIFICANCE OF THE HEALTHCARE SECTOR		12
	1	Introduction to the Healthcare Sector - Importance of healthcare sector in the economy - Uniqueness of the health care market– Physician dominance and Supplier Induced Demand	5
	2	Systems of medicine- Types of care: preventive, curative, promotive, rehabilitative, palliative – Ownership of hospitals-Layers of public and private facilities – Distribution of hospitals by ownership type in Kerala- Clinical Establishment Act – provider payment mechanisms – Public-funded insurance schemes (PMJAY, MEDISEP) – voluntary insurance	7
2	MEASUREMENT OF HOSPITAL PERFORMANCE (including practical sessions)		13
	1	Major Departments in a Hospital- Identifying Outputs and Inputs of Hospitals – Indicators of Operational Performance- Average Length of	6

		Stay (ALOS), Bed Occupancy Rate (BOR), Bed Turnover Rate (ToR), Turnover Interval (ToI),	
	2	Practical Sessions on Estimation - Pabon Lasso model for hospital performance assessment	7
	COSTING OF HOSPITAL SERVICES (including practical sessions)		12
3	1	Importance of costing in hospital management - Types of costs: fixed, variable, direct, indirect -Costing Methodology - Components of Cost - Operating and Capital Cost - Step down Costing	6
	2	Building Allocation rules - Step-by-step guide to conduct Step down costing- Activity based costing or procedure costing- Hands-on exercises to calculate Department wise Average Cost.	6
4	Teacher Specific Module Direction: PRACTICAL: UNDERTAKE A CASE STUDY IN A NEARBY HOSPITAL		8
	1	Work out the Operational Indicators- Calculate the Department wise Average Cost using either step down method or through Activity based costing.	

Essential Readings:

1. Arrow, K (1963) Uncertainty and the Welfare Economics of Medical Care American Economic Review Vol 53 No 5 941-973
2. Mills, A & Gilson L (1988) Health Economics for Developing Countries: A Survival Kit HEFP Working Paper 01/88, LSHTM, 1988
3. Langenbrunner, J., Cashin, C., & O'Dougherty, S. (Eds.). (2009). *Designing and implementing health care provider payment systems: how-to manuals* (Vol. 434). World Bank Publications.
4. Ramesh Bhat; Bharat Bhushan Verma, Elan Reuben (2001) Hospital Efficiency and Data Envelopment Analysis (DEA) An empirical analysis of district hospitals and grant-in-aid hospitals in Gujarat state of India, Working Paper No. 2001- 07-05, IIM, Ahmedabad
5. Shepard, D. S., Hodgkin, D., & Anthony, Y. E. (2000). *Analysis of hospital costs: a manual for managers*. World Health Organization.
6. World Health Organisation (2000). The World Health Report: Health Systems: Improving Performance, Geneva: WHO.
7. Wallace Hopp & William S Lovejoy (2023) Hospital Operations: Principles of High Efficiency Health Care

Reference Distribution:

Module	Unit	Reference No.	Remarks
1	1	Essential Reading 1, 2	-
	2		-
2	1	Essential Reading 1, 2, 3	-
	2		-
3	1	Essential Reading 5, 6	-
	2		-
4	1	Essential Reading 4, 6, 7	-

Suggested Readings:

1. Hendriks, M. E., Kundu, P., Boers, A. C., Bolarinwa, O. A., Te Pas, M. J., Akande, T. M., ... & Tan, S. S. (2014). Step-by-step guideline for disease-specific costing studies in low-and middle-income countries: a mixed methodology. *Global health action*, 7(1), 23573.
2. Howard Barnum & Joseph Kutzin (1993) Public Hospitals in Developing Countries John Hopkins University Press for the World Bank, Washington
3. World Bank (1993). World Development Report: Investing in Health. Oxford University Press, New York.

Assessment Rubrics:

Evaluation Type		MARKS
End Semester Evaluation-Theory		35
End Semester Evaluation – Practical		15
End Semester Evaluation – Total		50
Continuous Evaluation – Theory		15
a)	Test Paper- 1	10
b)	Test Paper-2	-
c)	Assignment	5
d)	Seminar	-
e)	Book/ Article Review	-
f)	Viva-Voce	-
Continuous Evaluation -Practical		10
Continuous Internal Evaluation – Total		25
Grand Total		75