

Economic 565

Health Economics

Fall 2016

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Course Objectives

Health economics applies the tools of economics to issues of the organization, delivery, and financing of health care. The objectives of this course are to: (1) develop an understanding of the application of economic models to the health care sector, (2) to describe the system of health care financing and delivery arrangements in the health care sector, and (3) to examine the role of economic factors in the development of public policy concerning health and health care. Emphasis will be placed on understanding the estimation methods applied in empirical health economics papers.

Students with Disabilities

Any student with a documented disability needing academic adjustments or accommodations is requested to speak with one of the instructors during the first two weeks of class. All discussions will remain confidential. Students with disabilities should also contact Disabled Student Services in the Ley Student Center.

Course Materials

A. Colin Cameron and Pravin K. Trivedi, *Microeconometrics Using Stata, Revised Edition*. Stata Press, 2010.

Selected readings, downloadable from various websites via a Rice computer or Canvas.

Class Format and Requirements

Format: Read the assignment before class, and come prepared to discuss either your questions about the reading or your applications of the ideas introduced here.

Grading:

Homework sets for selected readings	20%
In-class paper presentation	30%
Final in-class presentation & paper	50%

Each student will be required to present one health economics paper of their choosing on one of the dates listed with ** on the Course Schedule. Further instructions will be distributed on choosing a paper. You will need to discuss the motivation for the paper, the estimation strategy, the results, and weaknesses of the approach. For the final paper, you will need to choose a topic in health economics and read and summarize at least 5 papers in this area. Based on these papers, you will need to propose a study that would be the next “logical step” in this research area, describe what data you would need to analyze, and what regressions you would estimate.

COURSE SCHEDULE

Tues, Aug 23: Defining Health

- a. Robert Fogel, Changes in the disparities in chronic disease during the course of the twentieth century, NBER Working Paper 10311. <http://www.nber.org/papers/w10311>

Thurs, Aug 25: Determinants of Health

- a. Michael Grossman. The human capital model of the demand for health, NBER Working Paper 7078. <http://www.nber.org/papers/w7078>
- b. David Cutler & Adriana Lleras-Muney. Understanding differences in health behaviors by education. *Journal of Health Economics* 2010; 29(1): 1-28.

Tues/Thurs Aug 30/Sept 1: Using Stata

Handling large data files, do-files, helpful regression commands.
Cameron & Trivedi, Chapters 1-3.

Tues/Thurs Sept 6/Sept 8: Health Insurance

- a. Randell Cebul, James Rebitzer, Lowell Taylor, Mark Votruba. Unhealthy insurance markets: Search frictions and the cost and quality of health insurance. *The American Economic Review* 2011: 101:1842-1871.
- b. Willard Manning, Joseph Newhouse, Naihua Duan, Emmett Keeler, Arleen Leibowitz. Health insurance and the demand for medical care: evidence from a randomized experiment. *The American Economic Review* 1987; 77(3): 251-277
- c. Leemore Dafny, Mark Duggan, Subramaniam Ramanarayanan. Paying a premium on your premium? Consolidation in the U.S. health insurance industry. *American Economic Review* 2012; 102(2): 1161-1185.

Tues Sept 13: Guest Lecture, David Chan

- a. David Chan, Teamwork and Moral Hazard: Evidence from the Emergency Department, *Journal of Political Economy*, 2016; 124 (3): 734-770.

Thurs Sept 15: Instrumental Variables

- a. Cameron & Trivedi, Chapter 6

Tues Sept 20: Medicare

- a. David Card, Carlos Dobkin, and Nicole Maestas. Does Medicare save lives? *Quarterly Journal of Economics* 2009; 124(2): 597-636.
- b. Amitabh Chandra, Jonathan Gruber, and Robin McKnight. Patient cost-sharing and hospital offsets in the elderly. *American Economic Review* 2010; 100: 193-213.

Thurs Sept 22: Panel Data

- a. Cameron & Trivedi, Chapter 8

Tues Sept 27: Medicaid

- a. Mark Duggan, Does Contracting Out Increase the Efficiency of Government Programs? Evidence from Medicaid HMOs". *Journal of Public Economics* 2004; 88: 2549-2572

Thurs Sept 29: Differences-in-differences

- a. Imbens/Wooldridge, NBER Lecture 10, Summer 2007
http://www.nber.org/WNE/lect_10_diffindiffs.pdf

Tues Oct 4: Guest Lecture, Muhammad Farhan Majid

Thurs Oct 6: Nursing Homes

- a. David C. Grabowski, Zhanlian Feng, Richard Hirth, Momotazur Rahman, Vincent Mor. Effect of nursing home ownership on the quality of post-acute care: An instrumental variables approach. *Journal of Health Economics* 2013; 32:12-21.

Thurs Oct 13: **Student paper presentation 1

Tues Oct 18: **Student paper presentation 2

Thurs Oct 20: **Student paper presentation 3

Tues Oct 25: Guest Lecture, Michael Geruso

- a. Michael Geruso, Thomas McGuire, Tradeoffs in the design of health plan payment systems: Fit, power and balance, *Journal of Health Economics* 2016 (47):1-19

Thurs Oct. 27: **Student paper presentation 4

Tues Nov 1: Viral Diseases

- a. Jérôme Adda, Economic activity and the spread of viral diseases: Evidence from high frequency data. *Quarterly Journal of Economics* 2016: 891-941.

Thurs Nov 3: Provider Supply

- a. Kevin Stange, How does provider supply and regulation influence health care markets? Evidence from nurse practitioners and physician assistants. *Journal of Health Economics*, 2014 (33) 1-27.

Tues Nov 8: Guest Lecture, Abby Alpert

- a. Abby Alpert, The Anticipatory Effects of Medicare Part D on Drug Utilization, *Journal of Health Economics* 2016 (49): pp 28-45.

Thurs Nov 10/Tues Nov 15: Physicians

- a. Jeffrey Clemens, Joshua D. Gottlieb, Do Physicians' Financial Incentives Affect Medical Treatment and Patient Health? *American Economic Review* 2014, 104(4): 1320–1349.
- b. Jeffrey Clemens, Joshua D. Gottlieb, In the Shadow of a Giant: Medicare's Influence on Private Physician Payments. *Journal of Political Economy* forthcoming.
- c. Jeffrey Clemens, Joshua D. Gottlieb, Tímea Laura Molnár, Do Health Insurers Innovate? Evidence from the Anatomy of Physician Payments. Working Paper, 2016.

Thurs Nov 17: Guest Lecture, Elaine Liu

Tues Nov 22: Student Presentations of Final Paper

Tues Nov 29: Student Presentations of Final Paper

Thurs Dec 1: Student Presentations of Final Paper