Economics 3760 (06E:113): Health Economics University of Iowa Spring 2019

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Course Description

This course examines the role of the government in health and health insurance. We will examine the theoretical reasons for government intervention in health and health insurance, the related empirical evidence related to the theory, how government has intervened, and the effect of these interventions on health and economic outcomes. The objectives for students are to understand how and why government attempts to influence health-related behaviors and the health insurance market, and to be able to analyze the effects of these government policies on individuals' behavior and health outcomes.

Prerequisites: ECON:1100 (Principles of Microeconomics)

Text

There is no required text for this course. The required readings are all journal articles, which are available on the journals' websites and are accessible for no charge through the University of Iowa library (search for the journal name in E-Journals (<u>http://infolink.lib.uiowa.edu/e-journals</u>) and then find the article within the journal database), or working papers available at <u>www.nber.org</u>. These articles are also commonly available through an online search engine if accessed through Iowa's network.

Many of the topics will be introduced using selected material from: *Public Finance and Public Policy*, by Jonathan Gruber, Worth Publishers, Fifth Edition, 2016. This text is not required for the course, but copies will be available on reserve for your access in the business library if you are interested in additional background reading. The introductory material for most sections of the course will be based on this text.

Course Outline

Students should complete these readings prior to class and come prepared to discuss the readings and ask questions about the material. This syllabus is not a fixed document and is subject to revisions.

Week 1:	1/15, 1/17	Course Overview & Overview of Micro
<u>Week 2</u> :	1/22, 1/24	Overview of Externalities

		Manning et al. (1989) Finkelstein, Ruhm, and Kosa (2005)
<u>Week 3</u> :	1/29, 1/31	Smoking Carpenter and Cook (2008) Evans, Farrelly, and Montgomery (1999)
<u>Week 4</u> :	2/5, 2/7	Alcohol Carpenter and Dobkin (2009) Dee (2001) <i>Project Assignment due on 2/7</i>
<u>Week 5</u> :	2/12, 2/14	Obesity Bollinger, Leslie, and Sorensen (2011) Cawley, Meyerhoefer, and Newhouse (2007)
Week 6:	2/19, 2/21	Presentations
<u>Week 7</u> :	2/26, 2/28	Overview of Health Insurance
<u>Week 8</u> :	3/5, 3/7	Overview of Health Insurance <i>Exam on 3/7</i>
<u>Week 9</u> :	3/12, 3/14	Health Care Costs, Insurance, and Technology Manning et al. (1987) Cutler and McClellan (2001) <i>Short Paper due on 3/14</i>
<u>Week 10</u> :	3/19, 3/21	NC: Spring Break
<u>Week 11</u> :	3/26, 3/28	Uninsured; Overview of Public Insurance Gruber (2008)
<u>Week 12</u> :	4/2, 4/4	Expansions of Public Insurance Finkelstein and McKnight (2008) Finkelstein et al. (2012)
<u>Week 13</u> :	4/9, 4/11	Pre-ACA Reforms Kolstad and Kowalski (2012) Buchmueller, DiNardo, and Valleta (2011)
<u>Week 14</u> :	4/16, 4/18	Affordable Care Act Courtemanche et al. (2017)
<u>Week 15</u> :	4/23, 4/25	Topic TBD Paper due on 4/25

<u>Week 16</u>: 4/30, 5/2

Presentations

Readings

- Bollinger, Bryan, Phillip Leslie, and Alan Sorensen (2011) "Calorie Posting in Chain Restaurants," *American Economic Journal: Economic Policy*, 3, 91-128.
- Buchmueller, Thomas C., John DiNardo, and Robert G. Valleta (2011) "The Effect of an Employer Health Insurance Mandate on Health Insurance Coverage and the Demand for Labor: Evidence from Hawaii," *American Economic Journal: Economic Policy*, 3, 25-51.
- Carpenter, Christopher and Philip J. Cook (2008) "Cigarette Taxes and Youth Smoking: New Evidence from National, State, & Local Youth Risk Behavior Surveys," *Journal of Health Economics*, 27, 287-299.
- Carpenter, Christopher and Carlos Dobkin (2009) "The Effect of Alcohol Consumption on Mortality: Regression Discontinuity Evidence from the Minimum Drinking Age," *American Economic Journal: Applied Economics*, 1(1), 164-182.
- Cawley, John, Chad Meyerhoefer, and David Newhouse. (2007). The Impact of State Physical Education Requirements on Youth Physical Activity and Overweight. *Health Economics*, 16(12), 1287-1301.
- Courtemanche, Charles, James Marton, Benjamin Ukert, Aaron Yelowitz, and Daniela Zapata (2017), "Early Effects of the Affordable Care Act on Health Care Access, Risky Health Behaviors, and Self-Assessed Health," NBER Working Paper 23269.
- Cutler, David M. and Mark McClellan (2001) "Is Technological Change in Medicine Worth It?" *Health Affairs*, 20(5), 11-29.
- Dee, Thomas S. "Does Setting Limits Save Lives? The Case of 0.08 BAC Laws," *Journal of Policy Analysis and Management* 2001 20(1): 113-130.
- Evans, Farrelly, and Montgomery (1999) "Do Workplace Smoking Bans Reduce Smoking?" *American Economic Review*, 89(4), 728-747.
- Finkelstein and McKnight (2008) "What Did Medicare Do? The Initial Impact of Medicare on Mortality and Out of Pocket Medical Spending," *Journal of Public Economics*, vol. 92, pp. 1644-1669.
- Finkelstein, Ruhm, and Kosa (2005) "Economic Causes and Consequences of Obesity," *Annual Review of Public Health*, 26, 239-257.
- Finkelstein, Taubman, Wright, Bernstein, Gruber, Newhouse, Allen, Baicker, and The Oregon Health Study Group (2012) "The Oregon Health Insurance Experiment: Evidence from the First Year," *Quarterly Journal of Economics*, 127(3):1057-1106.
- Gruber, Jonathan (2008) "Covering the Uninsured in the United States," *Journal of Economic Literature*, 46(3), 571-606.
- Kolstad and Kowalski (2012) "The Impact of Health Care Reform on Hospital and Preventive Care: Evidence from Massachusetts," *Journal of Public Economics*, 96, 909-929.
- Manning, Willard G., E.B. Keeler, J.P. Newhouse, E.M. Sloss, J. Wasserman (1989) "The Taxes of Sin: Do Smokers and Drinkers Pay Their Way?" *Journal of the American Medical Association*, 261, 1604-1609.
- Manning, W.G., J.P. Newhouse, N. Duan, E.B. Keeler, A. Leibowitz (1987) "Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment," *American Economic Review*, 77(3), 251-277.

Course Requirements / Grading

Determination of grades:	
Final Exam	20 %
Paper	20 %
Short Paper	15 %
Midterm Exam	15 %
Presentation	10 %
Literature Summaries	10 %
Project Assignment	10 %

Exams: The midterm exam will occur on March 7. The final exam will be scheduled by the University Registrar. Requests to review the grading of an exam must be made in writing within one week of the exam being returned and submitted to the Professor. The entire exam will be regraded, which means that your score could increase or decrease.

Presentation: Students will be divided into teams to present an analysis of an assigned current topic in health economics. Teams will research and prepare the arguments together and all team members in attendance will be assigned the same grade. Groups will be randomly assigned. Further details about these presentations will be provided during the semester on ICON.

Paper: Students will write two papers during the course. The first paper will be one singlespaced page on an assigned topic, not including the list of references; thus, it must be clear and concise. You should avoid unsubstantiated generalities and should use specific details to bolster your arguments. This paper will be due prior to the beginning of class on March 14 and will be submitted electronically. The second paper will be 4-5 single-spaced pages, not including references, tables, or figures. This paper will be an analysis of a government policy of your choice that is related to health behaviors, nutrition, or health insurance. This paper will be due prior to the beginning of class on April 25 and will be submitted electronically. Late papers will not be accepted except for unforeseen reasons that are deemed valid.

Literature Summaries: Students are expected to attend class, read the assigned articles prior to class, and come to class prepared to discuss the readings. The class discussion will focus on: why the research question of the article is important, how the authors answer the question, what are the results, and what are the implications of the results.

As preparation for each class and to facilitate class discussion, students are expected to write a 300-500 word reflection on the article before class. It should begin with a summary of each article, include your reflection on the main questions that will guide the class discussion (why the research question of the article is important, how the authors answer the question, what are the results, and what are the implications of the results), and include a list of any questions that you have about the reading material. These summaries will be submitted electronically prior to the beginning of each class that we will discuss the assigned article. Late summaries will not be accepted, but students may choose not to write a summary on any two articles (in other words, only 14 out of 16 summaries will count towards your grade).

Course Policies

Overview: Course policies, such as dropping and adding the class after the deadline and academic misconduct, are governed by the Tippie College of Business.

Course Management: All files for the course will be posted on ICON. Additional details about the assignments and grades will also be posted on ICON.

Communication: Communication with students outside of class will primarily occur through announcements on ICON, e-mail, and office hours. University policy specifies that students are responsible for all official correspondence sent to their University of Iowa e-mail address. The University provides guidance for acceptable etiquette when utilizing electronic communication technologies.

Students with Disabilities: If you have a disability that may require some modification of seating, testing, or any other class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Similarly if you have any emergency medical information about which I should know, or if you need special arrangements in the event the building must be evacuated, please let me know. The Office of Student Disability Services is available to assist you. Students seeking classroom and/or exam accommodations should first register with Student Disability Services (SDS): <u>https://sds.studentlife.uiowa.edu/students/apply/.</u>

Academic Misconduct: Any type of academic misconduct will result in an F for the assignment and may result in an F for the course grade. Expectations regarding working with others and how to reference the literature will be made clear; however, if you have any questions, you should e-mail me. All incidents of cheating or plagiarism will be reported to the Associate Dean of the Tippie College of Business and the student may be placed on disciplinary probation for the remainder of his or her undergraduate work at the University of Iowa. In general, the decision of the Professor may be appealed to the College of Business' Judicial Board, then to the Associate Dean for the Undergraduate Program. The Honor Code for the Tippie College of Business will determine the appropriate appeal process. By enrolling in this course, you agree to be bound by the Honor Code, which can be found here: <u>http://www.biz.uiowa.edu/upo/honorcode.html</u>.

Sexual Harassment: The University will not tolerate sexual harassment, nor will it tolerate unwelcomed behavior of a sexual nature toward members of the University community when that behavior creates an intimidating or hostile environment for employment, education, on-campus living, or participation in a University activity. Incidents of sexual harassment should be reported immediately. See the UI Comprehensive Guide on Sexual Harassment for assistance, definitions, and the full University policy: <u>http://www.sexualharassment.uiowa.edu/index.php</u>. Concerns regarding sexual harassment should be directed to the Office of the Sexual Misconduct Response Coordinator (<u>http://osmrc.uiowa.edu/</u>).

Grades: Your performance in this class will be determined by your performance on the course requirements described above. Plusses and minuses will be used. Subject to increasing grades at my discretion, I will use the following scale, based on your weighted percentage according to the weights described for the course requirements above, to determine grades: A+ = 97 - 100; A = 93 - 97; A- = 90 - 93; B+ = 87 - 90; B = 83 - 87; B- = 80 - 83; C+=77-80; C=73-77; C-=70-73; D+=67-70; D=63-67; D-=60-63; F=0-60. For your reference, based on previous experience, the median course grade will likely be a C or C+ and about 15 percent of students will receive at least an A-; although, the grade distribution can vary across semesters.

Absence Policy: If you miss an exam due to *unforeseen* reasons, you will be accommodated if I deem the reason valid according to College and University Policy (illness, accident, etc.). If you will miss an exam due to unavoidable University activities, you should consult with me as soon as the date of the activity is known and preferably during the first week of the semester. Depending on the circumstances, accommodation may be in form of waived requirements or makeup exams. Zero points will be awarded otherwise.

Grievance Policy: Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we can't resolve the complaint, you may contact the departmental executive officer of the Department of Economics (Professor Solow, S220 PBB, 319-335-0845, john-solow@uiowa.edu). If you cannot resolve the complaint by speaking with the DEO, you should take your concern to the Dean's Office (C120 PBB).

Writing Support: The Writing Center is available to provide support on all aspects of the writing process. For more details, visit their website: <u>http://www.uiowa.edu/~writingc/index.shtml</u>.

Resources for Obtaining Additional Help: If you would like help outside of class, I am available during office hours or you can schedule an appointment to meet with me. Additionally, support from the Writing Center is available. Tutors will not be provided for you for this class by the university. Graduate students may be available for hire as tutors.

Additional: The use of cell phones and laptops are not permitted in class. You are expected to attend class on time. Arriving late to class and using cell phones or laptops is disruptive and creates a negative externality.