

# Health Economics

## INSTRUCTOR

Professor David Frisvold

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PBB W374

## CLASS MEETING TIMES

T Th 11:00 – 12:15, 140 SH (Schaeffer Hall)

## OFFICE HOURS

T Th 12:30 – 1:30, PBB W374

## COURSE SITE

To access the course site, [log into Iowa Courses Online \(ICON\)](https://icon.uiowa.edu/index.shtml)  
(<https://icon.uiowa.edu/index.shtml>) using your Hawk ID and password.

## ACADEMIC COURSE HOME

Department of Economics, Department Chair: David Cooper, [david-j-cooper@uiowa.edu](mailto:david-j-cooper@uiowa.edu), (319) 467-4466

## PROGRAM GOALS

The Tippie College of Business Undergraduate Program has learning goals that drive decisions about curriculum and assignments within courses.

Program Goal 1: Graduates will use analytical, creative and collaborative approaches to solving complex, ambiguous problems

Program Goal 2: Graduates will demonstrate effective written, spoken and visual communication

Program Goal 3: Graduates will obtain global awareness and understanding

Program Goal 4: Graduates will demonstrate ethical reasoning

Program Goal 5: Graduates will obtain professional preparation.

## COURSE DESCRIPTION AND GOALS

This course examines health-related behaviors and health insurance markets. The course will focus on reading and discussing original economics research. The objectives for students are: (1) to understand how and why government attempts to influence health-related behaviors and the health insurance market, and (2) to be able to analyze the effects of these government policies on individuals' behavior and health outcomes.

## MEDIA/SYSTEM REQUIREMENTS

Technical requirements for completing this class include:

- Access to a computer with Internet access.

## TEXTBOOK/MATERIALS

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 (when connected to the university network, either through eduroam or a VPN) and then find the article within the journal database), or working papers available at [www.nber.org](http://www.nber.org). 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. This text is not required for the course, but copies of older editions are 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 selected chapters of this text.

## GRADING CRITERIA

Plusses and minuses will be used. Subject to increasing (but not decreasing) grades at my discretion, I will use the following scale, based on your weighted percentage according to the weights described for the course requirements below, 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.

Final course grades will be assessed based on the student's performance in the following activities:

Graded Item	% of Final Grade
Final Exam	20%
Debates	20%
Presentation	20%
Paper	15%
Project Assignment	15%
Literature Summaries	10%
Total	100%

## COURSE WORK

### Final Exam:

Students will take one cumulative final exam. The final exam will be scheduled by the University Registrar. There will be an optional review session for the final exam on Thursday, May 8 from 5:00-6:00 pm.

### Debates:

Students will be divided into teams to debate 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 debates will be provided during the semester on ICON.

### 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 a paper that will involve an analysis of a government policy of their choice that is related to health behaviors or health insurance. Further details about the paper assignment will be provided during the semester on ICON.

**Project:**

Students will estimate the influence of state e-cigarette taxes on changes in youth cigarette smoking rates. Students may work on this assignment individually or with up to two partners. Further details about the project will be provided during the semester on ICON.

**Literature Summaries (15):**

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 250-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 five articles (in other words, only 15 out of 20 summaries will count towards your grade). The use of AI to assist with the literature summaries is not permitted.

## HOW TO GET 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 or the Frank Business Communication Center is available. Tutors will not be provided for you for this class by the university.

## COURSE-SPECIFIC POLICIES AND GUIDELINES

**AI Policy:** Students are invited to use AI platforms to help prepare for the debates and presentations. Students are encouraged and expected to use AI platforms for the paper as described in the assignment instructions. Students are not permitted to use AI platforms for the project or the literature summaries. For all assignments, students are responsible for the final content of their work.

**Communications:** Students can expect to receive occasional communications from the instructor (via course “Announcements” in ICON). Students are also responsible for all official correspondence sent through their University of Iowa email address. Students can expect to receive responses to email inquiries within 24-48 hours. Privacy considerations, such as federal law, may apply when using an address other than the standard University e-mail address.

**Exams:** Students are expected to take the final exam at the regularly scheduled times. The exam is INDIVIDUAL WORK and collaboration on the exam is not permitted under any circumstance. Students are permitted to use one handwritten page of notes on one side of a letter-size sheet of paper during the exam, but no other notes or text.

**Attendance:** Attendance in all class sessions is expected. However, unforeseen conflicts due occasionally arise. Students are not expected to give notice about a class absence. If you miss an exam or other graded assignment 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 the debates, presentations, or the final 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 a makeup exam. Zero points will be awarded otherwise.

**Late Work:** Late work is unprofessional and will be penalized. Unless specified otherwise, assignments that are late will receive an automatic 20% grade reduction. Each following day late will result in another 20% reduction in the grade.

**Inclement Weather/Class Cancellation:** Although it is our intent to offer every class at its assigned time, on rare occasion there are weather or other emergency events that require that alternative arrangements are made for class delivery. If that happens, please stay alert for an email from me indicating how the class will be handled. This may include: 1) Cancelling the class completely – all reading and work that was due is expected to be completed and turned in on time through ICON; or 2) Holding an online version of the class (i.e., via Zoom)– you will receive an email invitation to join the

session remotely from a computer with an internet connection – headphones are recommended.

**Class Recording Policy:** The sessions in this course will not be recorded or live-streamed. The class may not be recorded without the explicit, written consent of the faculty member. Any such recordings are the intellectual property of the faculty, and they may not be shared or reproduced without the explicit, written consent of the faculty member. Further, students may not share these sessions with those not in the class or upload them to any other online environment. Doing so would be a breach of the Code of Student Conduct, and, in some cases, a violation of the Federal Education Rights and Privacy Act (FERPA).

**Additional:** The use of cell phones is not permitted in class. You are expected to attend class on time. Arriving late to class and using cell phones is disruptive and generates a negative externality. Using your laptop to browse any material not related to the course is also not permitted in class since it distracts other students and generates a negative externality.

## COLLEGIATE AND UNIVERSITY POLICIES AND GUIDELINES

The administrative home of this course is the Tippie College of Business, which governs academic matters relating to the course such as the add/drop deadlines, the second-grade-only option, issues concerning academic misconduct, and how credits are applied for various graduation requirements. Different colleges might have different policies.

Students at Tippie adhere to an honor code that emphasizes the importance of honesty and integrity. Student concerns about this class or your performance in it can be discussed with the instructor or the Associate Dean for Undergraduate Programs. More details about these and other policies are available on the [Tippie website](#).

The University of Iowa is committed to the [protection of freedom of speech and the principles of academic and artistic freedom, to accommodating students with disabilities, and to accommodating absences due to religious holidays and military obligations](#). In addition, students are expected to comply with the University's Code of Student Life. The University is also committed to non-discrimination and prohibits all forms of sexual harassment, sexual misconduct, and related retaliation. The University also provides resources for student mental health as well as for the basic needs and support of students.

## TIPPIE CAREER SERVICES

Tippie Undergraduate Career Services provides students with personalized career support, regularly updated internship and job leads, and other useful career information. Additional information and access to services can be found at [students.tippie.uiowa.edu/tippie-resources/career-services/undergraduate-career-services](https://students.tippie.uiowa.edu/tippie-resources/career-services/undergraduate-career-services).

## COURSE CALENDAR

DATE	TOPICS AND ACTIVITIES	READINGS AND ASSIGNMENTS	ASSIGNMENT DUE
<b>Week 1: 1/21</b>	Course overview		
<b>Week 1: 1/23</b>	Review of micro		
<b>Week 2: 1/28</b>	Overview of externalities	Manning et al. (1989)	
<b>Week 2: 1/30</b>	Overview of externalities	Finkelstein, Ruhm, and Kosa (2005)	
<b>Week 3: 2/4</b>	Tobacco/taxes	Hansen et al. (2017)	
<b>Week 3: 2/6</b>	No class	Work on project assignment	
<b>Week 4: 2/11</b>	Tobacco/taxes/substitutes	Cotti et al. (2022)	
<b>Week 4: 2/13</b>	Alcohol/restrictions	Carpenter and Dobkin (2009); Carrell, Hoekstra, and West (2011)	
<b>Week 5: 2/18</b>	Alcohol/selective penalties	Hansen (2015)	Project Assignment due
<b>Week 5: 2/20</b>	Obesity/information	Cawley, Susskind, and Willage (2020)	

<b>Week 6: 2/25</b>	Obesity/taxes	Cawley et al. (2019)	
<b>Week 6: 2/27</b>	No class	Prepare for debates	
<b>Week 7: 3/4</b>	Marijuana/legalization	Pacula et al. (2015)	
<b>Week 7: 3/6</b>	Opioids/supply restrictions	Wen et al. (2019)	
<b>Week 8: 3/11</b>	Debates		
<b>Week 8: 3/13</b>	Debates		
<b>3/18, 3/20</b>	Spring Break		
<b>Week 9: 3/25</b>	Overview of Health Insurance		
<b>Week 9: 3/27</b>	Overview of Health Insurance		
<b>Week 10: 4/1</b>	Health Care Costs	Cutler and McClellan (2001)	
<b>Week 10: 4/3</b>	Costs and Insurance	Manning et al. (1987)	
<b>Week 11: 4/8</b>	Uninsurance	Gruber (2008)	
<b>Week 11: 4/10</b>	Overview of Public Insurance		
<b>Week 12: 4/15</b>	Introduction of Medicare	Finkelstein and McKnight (2008)	
<b>Week 12: 4/17</b>	Medicare Part D	Duggan and Scott Morton (2010)	
<b>Week 13: 4/22</b>	Medicaid	Finkelstein et al. (2012)	
<b>Week 13: 4/24</b>	ACA	Frean et al. (2017)	
<b>Week 14: 4/29</b>	ACA Medicaid expansions	Simon et al. (2017)	Paper due
<b>Week 14: 5/1</b>	Medicaid managed care	Duggan and Hayford (2013)	



<b>Week 15: 5/6</b>	Presentations		
<b>Week 15: 5/8</b>	Presentations		

**Readings** (listed in order)

- 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.
- Finkelstein, Ruhm, and Kosa (2005) "Economic Causes and Consequences of Obesity," *Annual Review of Public Health*, 26, 239-257.
- Hansen, Benjamin, Joseph J. Sabia, & Daniel I. Rees. (2017). "New Estimates of the Relationship between Cigarette Taxes and Youth Smoking," *American Journal of Health Economics*, 3(1), 60-75.
- Cotti, Chad, Charles Courtemanche, Joanna Catherine Maclean, Erik Nesson, Michael F. Pesko, & Nathan W. Tefft. (2022). "The Effects of E-Cigarette Taxes on E-Cigarette Prices and Tobacco Product Sales: Evidence from Retail Panel Data," *Journal of Health Economics*, 86, 102676.
- 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.
- Carrell, Scott E., Mark Hoekstra, & James E. West. (2011). "Does Drinking Impair College Performance? Evidence from a Regression Discontinuity Approach," *Journal of Public Economics*, 95, 54-62.
- Hansen, Benjamin. (2015). "Punishment and Deterrence: Evidence from Drunk Driving," *American Economic Review*, 105(4), 1581-1617.
- Cawley, John, Alex Susskind, & Barton Willage. (2020). "The Impact of Information Disclosure on Consumer Behavior: Evidence from a Randomized Field Experiment of Calorie Labels on Restaurant Menus," *Journal of Policy Analysis and Management*, 39(4), 1020-1042.
- Cawley, John, David Frisvold, Anna Hill, & David Jones. (2019). "The Impact of the Philadelphia Beverage Tax on Purchases and Consumption by Adults and Children," *Journal of Health Economics*, 67, 102225.

- Pacula, Rosalie L., David Powell, Paul Heaton, & Eric L. Sevigny. (2015). "Assessing the Effects of Medical Marijuana Laws on Marijuana Use: The Devil is in the Details," *Journal of Policy Analysis and Management*, 34(1), 7-31.
- Wen, Hefei, Jason M. Hockenberry, Philip J. Jeng, & Yuhua Bao. (2019). "Prescription Drug Monitoring Program Mandates: Impact on Opioid Prescribing and Related Hospital Use," *Health Affairs*, 9, 1550-1556.
- Cutler, David M. and Mark McClellan. (2001). "Is Technological Change in Medicine Worth It?" *Health Affairs*, 20(5), 11-29.
- 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.
- Gruber, Jonathan. (2008). "Covering the Uninsured in the United States," *Journal of Economic Literature*, 46(3), 571-606.
- 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.
- Duggan, Mark, and Fiona Scott Morton. (2010). "The Effect of Medicare Part D on Pharmaceutical Prices and Utilization," *American Economic Review*, 100(1), 590-607.
- 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.
- Frean, Molly, Jonathan Gruber, & Benjamin D. Sommers. (2017). "Premium Subsidies, the Mandate, and Medicaid Expansion: Coverage Effects of the Affordable Care Act," *Journal of Health Economics*, 53, 72-86.
- Simon, Kosali, Aparna Soni, & John Cawley. (2017). "The Impact of Health Insurance on Preventive Care and Health Behaviors: Evidence from the First Two Years of the ACA Medicaid Expansions," *Journal of Policy Analysis and Management*, 36(2), 390-417.
- Duggan, Mark, & Tamara Hayford. (2013). "Has the Shift to Managed Care Reduced Medicaid Expenditures? Evidence from State and Local-Level Mandates," *Journal of Policy Analysis and Management*, 32(3), 505-535.