

Economics 3180 (06E:113): Health Economics

University of Iowa
Fall 2013

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Classes: MWF 10:30-11:20
Room: PBB W307
Office Hours: M 11:20-1:20

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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)
ECON:1200 (Principles of Macroeconomics)

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 (<http://infolink.lib.uiowa.edu/e-journals>) and then find the article within the journal database), or working papers available at 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, Worth Publishers, Third Edition, 2010. 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.

Guide for the structure of class each week: We will commonly discuss one topic per week. On Monday, I will introduce the topic. On Wednesday, we will discuss the first assigned reading. On Friday, we will discuss the second assigned reading. Keep in mind that this is a rough outline for each class and it is subject to change depending on the material and discussion.

<u>Week 1:</u>	8/26, 8/28, 8/30	Course Overview & Overview of Micro
<u>Week 2:</u>	9/2 (NC), 9/4, 9/6	Overview of Externalities
<u>Week 3:</u>	9/9, 9/11, 9/13	Externalities: Smoking Carpenter and Cook (2008) Adda and Cornaglia (2006)
<u>Week 4:</u>	9/16, 9/18, 9/20	Externalities: Alcohol Carpenter and Dobkin (2009) Dee (2001) <i>Short Paper due on 9/20</i>
<u>Week 5:</u>	9/23, 9/25, 9/27	Externalities: Obesity Bollinger, Leslie, and Sorensen (2011) Cawley, Meyerhoefer, and Newhouse (2007)
<u>Week 6:</u>	9/30, 10/2, 10/4	<i>Debates 1, 2, & 3</i>
<u>Week 7:</u>	10/7, 10/9, 10/11	Overview of Health Insurance
<u>Week 8:</u>	10/14, 10/16, 10/18	Overview of Health Insurance Manning et al. (1987) Gruber (2008) <i>Exam on 10/18</i>
<u>Week 9:</u>	10/21, 10/23, 10/25	Overview of Public Insurance
<u>Week 10:</u>	10/28, 10/30, 11/1	Health Care Costs and Technology Cutler and McClellan (2001) <i>Presentations on 11/1</i>
<u>Week 11:</u>	11/4, 11/6, 11/8	Expansions of Public Insurance Finkelstein and McKnight (2008) <i>Paper due on 11/8</i>
<u>Week 12:</u>	11/11, 11/13, 11/15	Expansions of Public Insurance Lo Sasso and Buchmueller (2004) Finkelstein et al. (2011)
<u>Week 13:</u>	11/18, 11/20, 11/22	Pre-ACA Reforms

Kolstad and Kowalski (2010)
Buchmueller, DiNardo, and Valleta (2011)

<u>Week 14:</u>	11/25, 11/27, 11/29	NC: Thanksgiving Week
<u>Week 15:</u>	12/2, 12/4, 12/6	<i>Presentations</i>
<u>Week 16:</u>	12/9, 12/11, 12/13	<i>Debate 4, 5, & 6</i>

Readings

- Adda, Jerome and Francesca Cornaglia. (2006). Taxes, Cigarette Consumption, and Smoking Intensity. *American Economic Review*, 96(4) 1013-1028.
- 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.
- 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* 20(1): 113-130.
- 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, Taubman, Wright, Bernstein, Gruber, Newhouse, Allen, Baicker, and The Oregon Health Study Group (2011) "The Oregon Health Insurance Experiment: Evidence from the First Year," NBER working paper 17190.
- Gruber, Jonathan (2008) "Covering the Uninsured in the United States," *Journal of Economic Literature*, 46(3), 571-606.
- Kolstad and Kowalski (2010) "The Impact of Health Care Reform on Hospital and Preventive Care: Evidence from Massachusetts," NBER WP 16012.
- Lo Sasso, Anthony T., and Thomas C. Buchmueller. 2004. "The Effect of the State Children's Health Insurance Program on Health Insurance Coverage." *Journal of Health Economics*, 23(5): 1059-82.

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 %
Debate Performance (team grade)	20 %
Paper	20 %
Short Paper	10 %
Midterm Exam	10 %
Literature Journal	10 %
Presentation	5 %
Participation	5 %

Exams: The midterm exam will occur on October 18. 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 re-graded, which means that your score could increase or decrease.

Debates: Students will be divided into six teams for each set of debates. There will be six debates that occur throughout the semester. Each debate will consist of two teams participating and four teams observing. The details of the debate will be described as the semester progresses. In the debate, each team will be assigned a position on the assigned policy and will debate the pros and cons of the policy using the economic tools developed in class and additional reading from academic articles. Teams will research and prepare the arguments together and all team members in attendance will be assigned the same grade. The four teams not participating in the debate are expected to observe and judge the debate.

Papers: Students will write two papers during the course. The first paper will be one single-spaced 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 September 20 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 November 8 and will be submitted electronically. Late papers will not be accepted except for unforeseen reasons that are deemed valid.

Participation in Class Discussion/Literature Journal: 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, why the question is difficult to answer, 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 500 word summary of each article before class that includes a short response to each of

class discussion questions listed above, lists any questions that you have about the reading material, and lists any questions that you would like the class to discuss. 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 12 out of 14 summaries will count towards your grade).

Presentation: Students will describe current events related to the course material. These presentations will occur on November 1 and Week 15 and will be scheduled during the second week of class. Prior to the presentation, students will circulate a news article to the class on ICON. The news article must be related to the topic of the course and must have been published within the prior month in a major local, national, or international media outlet. Students will briefly summarize the article and emphasizing how the article relates to the economic concepts discussed during the course.

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. Please see me after class hours during my scheduled office hours or schedule an appointment. The Office of Student Disability Services is available to assist you.

Academic Misconduct: Any type of academic misconduct will 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 or your TA. 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: <http://www.biz.uiowa.edu/upo/honorcode.html>.

Sexual Harassment: The Tippie College of Business and the University of Iowa are committed to providing students with an environment free from sexual harassment. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University website, <http://www.sexualharassment.uiowa.edu/index.php>, and to seek assistance from department chairs, the Dean's Office, the University Ombuds Office, or the Office of Equal Opportunity and Diversity.

Grades: Your performance in this class will be determined by your performance on the course requirements described above. 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.

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, W210 PBB). 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: <http://www.uiowa.edu/~writingc/index.shtml>.

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.