



**School of Economics**

**Academic Year 2019-20  
Term 2**

**COURSE CODE & COURSE TITLE: ECON 730 Health Economics**

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**COURSE DESCRIPTION**

Health economics is a rapidly growing and increasingly popular field in economics. This course will survey recent work in health economics. The course will mainly cover evidence-based empirical research using recent econometric tools such as regression discontinuity design and randomized controlled trials. Topics include demand and supply of healthcare services, economic returns to medical care, economic issues in health insurance reforms, long-term effects of early-life health shocks, health care in developing countries, etc. We will also discuss how to apply cutting-edge health economic research in the context of the Singapore Health Care Market.

**LEARNING OBJECTIVES**

The objective of this course is to equip doctoral students with frontier knowledge on the cutting-edge empirical research techniques in health economics and an ability to write a research paper on health economics topics.

**ASSESSMENT METHODS**

Paper Presentation	50%
Assignments	50%
<b>Total</b>	<b>100%</b>

**ACADEMIC INTEGRITY**

All acts of academic dishonesty (including, but not limited to, plagiarism, cheating, fabrication, facilitation of acts of academic dishonesty by others, unauthorized possession of exam questions, or tampering with the academic work of other students) are serious offences.

All work (whether oral or written) submitted for purposes of assessment must be the student's own work. Penalties for violation of the policy range from zero marks for the component assessment to expulsion, depending on the nature of the offense.

When in doubt, students should consult the instructors of the course. Details on the SMU Code of Academic Integrity may be accessed at <http://www.smuscd.org/resources.html>.

## **CLASS TIMINGS**

Class sessions are of 3-hour duration per week on every Tuesday from 12:00pm to 3:15pm.

## **RECOMMENDED TEXTBOOK (OPTIONAL)**

1. Handbook of Health Economics Vol. 2 by Mark V. Pauly (Editor), Thomas G McGuire (Editor), Pedro Pita Barros (Editor)
2. Angrist, Joshua D. and Jörn-Steffen Pischke. 2008. *Mostly Harmless Econometrics: An Empiricists' Companion*, Princeton University Press, Princeton, NJ.
3. Angrist, Joshua D. and Jörn-Steffen Pischke. 2014. *Mastering Metrics*, Princeton University Press, Princeton, NJ.

### **Accessibility:**

SMU strives to make learning experiences accessible for all. If you anticipate or experience physical or academic barriers due to disability, please let me know immediately. You are also welcome to contact the university's disability services team if you have questions or concerns about academic provisions: [included@smu.edu.sg](mailto:included@smu.edu.sg).

Please be aware that the accessible tables in our seminar room should remain available for students who require them.

## WEEKLY LESSON PLAN

Week	Topic
1	Introduction to Health Economics Econometrics Review #1
2	Economic and Health Returns to Healthcare Econometrics Review #2
3	Public Health Insurance and Health Insurance Reform Econometrics Review #3 Individual Paper Presentation
4	Estimating Welfare Effects of Health Insurance Individual Paper Presentation
5	Health Issues In Developing Countries Individual Paper Presentation
6	Research Proposal Presentation

**MATERIAL COVERED WILL BE DETERMINED AFTER SURVEYING STUDENTS' PREFERENCES.**

## REQUIRED READINGS

### Week 1

Kim, Daeho. 2011. "Medicare Payment Reform and Hospital Costs: Evidence from the Prospective Payment System and the Treatment of Cardiac Disease" Working Paper.

Di Tella, Rafael, Sebastian Galiani and Ernesto Schargrodsky. 2007. "The Formation of Beliefs: Evidence from the Allocation of Land Titles to Squatters." *The Quarterly Journal of Economics*, 122 (1): 209-241.

Decker, P. T., Mayer, D. P., and Glazerman, S. 2004. "The effects of teach for America on students: Findings from a National evaluation." Mathematica policy research report 8792-8750, New York.

### Week 2

1. Almond, Douglas, Joseph J. Doyle Jr., Amanda E. Kowalski and Heidi Williams. 2010. "Estimating Marginal Returns to Medical Care: Evidence from At-risk Newborns." *Quarterly Journal of Economics*, 125(2): 591-634.
2. Aron-Dine, Aviva, Liran Einav, and Amy Finkelstein. 2013. "The RAND Health Insurance Experiment, Three Decades Later." *Journal of Economic Perspectives*, 27(1): 197-222.
3. Ashraf, Nava, James Berry, and Jesse M. Shapiro. 2010. "Can Higher Prices Stimulate Produce Use? Evidence from a Field Experiment in Zambia." *American Economic Review*, 100: 2383-2413
4. Ashraf, Nava, Oriana Bandiera, and Scott S. Lee. 2014. "Do-gooders and Go-getters: Career Incentives, Selection, and Performance in Public Service Delivery." Harvard Business School Working Paper.
5. Auld, Christopher, and Nirmal Sidhu. (2005) "Schooling, Cognitive Ability and Health." *Health Economics* Oct 14(10): 1019-34.
6. Barker, David J. P. 1992. "Fetal and Infant Origins of Adult Diseases." *British Medical Journal*, 301(6761).

7. Berk. R.A., Rauma D. 1983. "Capitalizing on nonrandom assignment to treatment: A regression-discontinuity evaluation of a crime-control program ". *Journal- American Statistical Association* 78:21-27.
8. Brian A. Jacob, and Jens Ludwig. 2008. "Improving Educational Outcomes for Poor Children". *National Bureau of Economics Working Paper* 14550.
9. Chay, Kenneth, Daeho Kim, Shailender Swaminathan. 2012. "Health Insurance, Hospital Utilization and Mortality: Evidence from Medicare's Origins," *Working Paper*.
10. Card, David, Carlos Dobkin, and Nicole Maestas. 2009. "Does Medicare Save Lives." *Quarterly Journal of Economics* 127(2): 597-636.
11. Chaudhury, N., Hammer, J., Kremer, M., Muralidharan, K., & Rogers, H. (2006). Missing in action: teacher and health workers absence in developing countries. *Journal of Economic Perspectives*, 20, 91–116.
12. Cutler, David M. and Adriana Lleras-Muney. 2006. "Education and Health: Evaluating Theories and Evidence." *NBER Working Paper No. 12352*
13. Cutler, David M. 2008. "Are We Finally Winning the War on Cancer?" *Journal of Economic Perspectives*, 22(4): 3-26
14. Cutler, David M., & Ellen Meara, 1998. "The Medical Costs of the Young and Old: A Forty-Year Perspective," *NBER Chapters*, in: *Frontiers in the Economics of Aging*, pages 215-246 *National Bureau of Economic Research*.
15. Dixon, D., Johnston, M., Rowley, D., and Pollard, B. 2008. "Using the ICF and psychological models of behavior to predict mobility limitations". *Rehabilitation Psychology*, 53, 191-200.
16. Das, Jishnu, Jeffery Hammer. 2014. "Quality of Primary Care in Low-Income Countries: Facts and Economics." *Annual Review of Economics* 6:525–553.
17. Feldman R., Weller A., Zagoory-Sharon O., Levine A. 2007. "Evidence for a neuroendocrinological foundation of human affiliation: plasma oxytocin levels across pregnancy and the postpartum period predict mother-infant bonding." *Psychol. Sci.* 18, 965–970.
18. Finkelstein, Amy. 2007. "The Aggregate Effects of Health Insurance: Evidence from the Introduction of Medicare." *Quarterly Journal of Economics*, 122(1): 1-37.
19. Fuchs, Victor R., 1982. "Time Preference and Health: An Exploratory Study," *NBER Chapters*, in: *Economic Aspects of Health*: 93-120.

20. Grossman, Michael. 1972. "On the Concept of Health Capital and the Demand for Health." *Journal of Political Economics* 80(2): 223-255.
21. Gruber, Jonathan, 2002. "Taxes and Health Insurance," NBER Chapters, in: *Tax Policy and the Economy*, 16: 37-66.
22. Hitoshi Shigeoka. 2014. "The Effect of Patient Cost Sharing on Utilization, Health, and Risk Protection" *American Economic Review*. Vol. 104(7)
23. Kim, Hyuncheol Bryant, and Sun-Mi Lee. 2014. "Public Health Intervention: Cost-sharing, Crowd-out, and Selection." Working Paper
24. Kolstad, Jonathan T., and Amanda Kowalski. 2014. "Mandate-Based Health Reform and the Labor Market: Evidence from the Massachusetts Reform". NBER Working Paper 17933
25. Li, Wei, and Dennis Tao Yang. 2005. "The Great Leap Forward: Anatomy of a Central Planning Disaster." *Journal of Political Economy*, 113 (4).
26. Miguel, Edward, and Michael Kremer. 2004, "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities". *Econometrica*, 72: 159-217.
27. Meng, Xin, Nancy Qian, and Pierred Yard. 2014 "The Institutional Causes of China's Great Famine, 1959-1961." NBER Working paper No.16361.
28. Lleras-Muney, Adriana. 2005. "The Relationship Between Education and Adult Mortality in the United States." *Review of Economic Studies* 72(1): 189-221.
29. Neumark, David and William Wascher. 2007. "Minimum Wages, the Earned Income Tax Credit, and Employment: Evidence from the Post-Welfare Reform Era." IZA Discussion Papers 2610, Institute for the Study of Labor (IZA).
30. Oregon Health Insurance Experiment: <http://www.nber.org/oregon/>
31. Oreopoulos, Philip. 2006. "Estimating Average and Local Average Treatment Effects of Education when Compulsory Schooling Laws Really Matter." *American Economic Review*, 96(1): 152-175.
32. Rauscher, H. Frances, Goron L. Shaw and Catherine N. Ky. 1993. "Music and Spatial Task performance". *Nature* 365,611.

33. Rochaix L., and Nassiri A. 2006. "Revisiting Physicians' financial incentives in Quebec: a Panel System Approach." *Health Economics* 15(1): 49-64.
34. Sickles, Robin C., and Abdo Yazbeck (1998): "On the Dynamics of Demand for Leisure and the Production of Health," *Journal of Business and Economic Statistics*, 16, 187-197.
35. Truffer, Christopher J., Sean Keehan, Sheila Smith, Jonathan Cylus, Andrea Sisko, John A. Poisal, Joseph Lizonitz and M. Kent Clemens. 2010. "Health Spending Projections Through 2019: The Recession's Impact Continues." *Health Affairs* 34(8).
37. 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): 164-82.
38. Carpenter, Christopher, and Carlos Dobkin. 2011. "The Minimum Legal Drinking Age and Public Health." *Journal of Economic Perspectives*, 25(2): 133-56.