

Economics 771: Health Economics II
Emory University
Fall 2009

Professor David Frisvold
Rich Building 322
(404) 727-7833
david.frisvold@emory.edu

Classes: MW 2:00-4:00pm
Room: Bowden 118
Office Hours: MWF 4:00-5:00pm &
by appointment

Course Description

This course examines the role of the government in health and health insurance. Federal and state/local spending on health represent approximately 25 % and 20 % of the respective budgets and these percentages have risen significantly in the last 50 years. Additionally, government expenditures on education and social services have implications for health outcomes. We will examine how government has intervened, and the effect of these interventions on health and economic outcomes. More specifically, this course will examine the impact of government intervention on health behaviors and individuals' behavioral responses to government intervention, the influence of anti-poverty and nutrition programs on health outcomes, and the influence of government intervention in health insurance markets on insurance coverage and health outcomes.

Prerequisites: Econ 500 (Micro I), Econ 521 (Econometrics)

Course Requirements

Paper	50 %
Presentations of Articles	10 %
Presentation of Your Paper	20%
Discussion of Classmate's Paper	10 %
Participation in Class Discussion	10 %

Presentations of Articles: Students will lead the discussion of two articles from different topics from the syllabus in class. This will consist of providing a summary presentation of the key points and methodology of the article and coming up with a few questions/comments/ideas for extensions to facilitate the discussion.

When you present an article, as well as when you read an article in preparation for class, you should think about the following overview questions:

- What is the research question that the authors attempt to answer in this paper?
- Why is this paper an improvement on the existing literature?
- How could this paper be improved or extended to further contribute to the literature?

You should also think about the following specific questions (when applicable):

- How did the authors attempt to answer their specific research question?
- Are there/what are the sources of endogeneity related to this question?
- What is the identification strategy used by the authors?
- What assumptions are necessary for the identification strategy to answer the research question?

How could the authors demonstrate whether these assumptions are accurate?
Are the identifying assumptions likely to be accurate? Do you find their identification strategy convincing?
What data do the authors use to answer their research question?
What data would be ideal to answer their research question?
Which econometric techniques do the authors use?
What are the primary results of the paper?
What are the implications of these results?
How could/do the authors examine the robustness of the results?
Are the results convincing? Why or why not?
Are the results externally valid?
What are the overall strengths and weaknesses of the paper?
How could the weaknesses be improved?
What additional research questions are generated by this paper?

Paper: Students will prepare a paper on the topic of their choice. The paper should be at least 15 pages and should be prepared in a format similar to the journal articles that we will discuss in class. Students are encouraged to discuss their paper ideas with me and are required to submit a 300 word abstract of the paper by the end of week 6 (October 7 at 2pm). The additional references related to the course topics are listed to help you find additional references about any topics that are of particular interest to you as you consider potential topics for this paper. You should begin thinking about a paper topic immediately. A polished draft of the paper will be due to the paper's discussant and me by the end of week 12 (November 18 at 2pm). The final paper, which should incorporate any helpful comments from the discussant, will be due on the date of the assigned final exam for the course (December 16 at 11am).

Presentation of Your Paper: Students will present their paper during the last few weeks of the course. The format will be similar to a conference presentation and students will have 15 minutes to present.

Discussion of Classmate's Paper: Students will discuss a classmate's paper following the classmate's presentation of their paper. The format will be similar to a discussant's role at a conference and students will have 7 minutes to discuss the paper. The discussion should include a brief summary of the paper that describes the contribution of the paper to the literature and should describe how the paper could be improved. I will provide examples of discussant comments.

Tentative Course Outline

Articles referred to in this outline are available online either through the Emory library or through the organization's working paper series. All readings should be completed prior to class and students should come to class prepared to discuss the readings. Reading marked with an asterisk are required reading.

Week 1: 8/31 and 9/2

Introduction (8/31)

Cutler, Handbook of Public Economics, Chapter 31, "Health Care and the Public Sector"

Evans, W., H. Levy, and K. Simon (1996) "Data Watch: Research Data in Health Economics," *Journal of Economic Perspectives*, 14(4), 203-216.

Health Behaviors: Smoking and Taxation (9/2)

* P DeCicca, D Kenkel, and A Mathios (2002) "Putting out the fires: Will higher taxes reduce the onset of youth smoking?" *JPE*

* Carpenter and Cook (2008) "Cigarette Taxes and Youth Smoking: New Evidence From National, State, & Local Youth Risk Behavior Surveys," *JHE*

Markowitz (2008) "The Effectiveness of Cigarette Regulations in Reducing Cases of Sudden Infant Death Syndrome" *JHE*

Chaloupka, F. and K. Warner (2000). "The economics of smoking," in *Handbook of Health Economics*, A. Culyer and J. Newhouse, Eds. Netherlands: North-Holland, Elsevier Science.

The Price of Smoking, by Frank A. Sloan, Jan Ostermann, Gabriel Picone, Christopher Conover, and Donald H. Taylor, Jr., MIT Press, 2004.

Manning, Willard et al., "The Taxes of Sin," *Journal of the American Medical Association* 1989 (261:11), 1604 – 1609.

Week 2: 9/9 (no class on Labor Day, 9/7)

Health Behaviors: Smoking and Taxation (9/9)

* Evans, William N. and Matthew C. Farrelly. (1998). The Compensating Behavior of Smokers: Taxes, Tar, and Nicotine. *RAND Journal of Economics*, 29(3), 578-595.

* Adda, Jerome and Francesca Cornaglia. (2006). Taxes, Cigarette Consumption, and Smoking Intensity. *American Economic Review*, 96(4) 1013-1028.

Week 3: 9/14 and 9/16

Health Behaviors: Smoking and Regulation (9/14)

* Evans, Farrelly, and Montgomery (1999) "Do Workplace Smoking Bans Reduce Smoking?" *American Economic Review*, 89(4), 728-747.

* Adda, Jerome and Francesca Cornaglia. (in press). The Effect of Bans and Taxes on Passive Smoking. *American Economic Journal: Applied Economics*.

Sloan, F. and J. Trogdon (2004). "The Impact of the Master Settlement Agreement on Cigarette Consumption," *Journal of Policy Analysis and Management*, 23(4): 843-855.

Cutler et al. (2002). "The Economic Impacts of the Tobacco Settlement," *Journal of Policy Analysis and Management*, 21(1), 1-19.

Health Behaviors: Alcohol (9/16)

* Manning, W.G., Blumberg, L., and L.H. Moulton (1995) "The Demand for Alcohol: The Differential Response to Price," *Journal of Health Economics*, 14, 123-148.

* DiNardo, J. and T. Lemieux (2001). "Alcohol, Marijuana, and American Youth: The Unintended Consequences of Government Regulation," *Journal of Health Economics*, 20(2001): 991-1010.

Cook, P.J., and M. Moore (2000), "Alcohol", in: A. Culyer and J. Newhouse, eds., *Handbook of Health Economics*, Vol. B (Elsevier, Amsterdam) pp. 1629-1673.

Paying the Tab, Philip J. Cook, Princeton University Press, 2007.

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.

Markowitz and Grossman (2000) "The Effects of Beer Taxes on Physical Child Abuse," *Journal of Health Economics*, 19(2), 271-282.

Week 4: 9/21 and 9/23

Health Behaviors: Obesity (9/21)

* Bhattacharya, Jay, Kate Bundorf, Noemi Pace, and Neeraj Sood (2009). Does Health Insurance Make You Fat? NBER Working Paper 15163.

* Finkelstein, Ruhm, and Kosa (2005) "Economic Causes and Consequences of Obesity," *Annual Review of Public Health*, 26, 239-257.

Bhattacharya and Sood (2005) "Health Insurance and the Obesity Externality," NBER WP 11529.

Markowitz, Sara and Inas Rashad (2007) "Incentives in Obesity and Health Insurance" NBER WP 13113.

Cawley, John (2008) "The Economics of Obesity," Presentation at the CDC.

Finkelstein, E.A., Trogdon, J.G., Cohen, J.W., Dietz, W. 2009. "Annual Medical Spending Attributable to Obesity: Payer- And Service-Specific Estimates." *Health Affairs*, doi: 10.1377/hlthaff.28.5.w822

Finkelstein, Fiebelkorn, and Wang (2003) "National Medical Spending Attributable to Overweight and Obesity: How Much, and Who's Paying?" *Health Affairs*, W3, 219-226.

Thorpe, Florence, Howard, and Joski (2004) "The Impact of Obesity on Rising Medical Spending," *Health Affairs*, W4, 480-486.

Cawley and Burkhauser (2006) "Beyond BMI: The Value of More Accurate Measures of Fatness and Obesity in Social Science Research" NBER WP 12291.

Health Behaviors: Obesity (9/23)

*Anderson, Patricia M. and Kristin F. Butcher (2006) "Reading, Writing, and Refreshments: Are School Finances Contributing to Children's Obesity?" *Journal of Human Resources*, 41 (3), 467-494.

* 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.

Variyam and Cawley (2006) "Nutrition Labels and Obesity," NBER WP 11956

Week 5: 9/28 and 9/30

Health Behaviors: Obesity (9/28)

* Fletcher, Frisvold, and Tefft (2009) "The Effects of Soft Drink Taxes on Child and Adolescent Consumption and Weight Outcomes," Emory WP 09-08.

I will present this paper during class. The main purpose of this presentation will be for you to have the opportunity to ask questions about the research process. I expect that you will have read this paper before class and will use this opportunity to ask questions and further understand how to develop a research paper and the details involved in the research process.

Health Behaviors: Interactions between behaviors (9/30)

- * Chou, S.-Y., M. Grossman and H. Saffer, “An economic analysis of adult obesity: results from the behavioral risk factor surveillance system,” *Journal of Health Economics* **23** (2004), pp. 565–587.
- * Gruber, J and Frakes, M, (2006). “Does falling smoking lead to rising obesity?” *Journal of Health Economics*, 25:2, 183-197.
- S. Chou, M. Grossman and H. Saffer, Reply to Jonathan Gruber and Michael Frakes, *Journal of Health Economics* **25** (2006), pp. 389–393.
- Adams, Scott and Chad Cotti. (2008). Drunk driving after the passage of smoking bans in bars *Journal of Public Economics* Volume 92, Issues 5-6, Pages 1288-1305

Week 6: 10/5 and 10/7

Poverty and Nutrition: Overview

- Holzer, Harry J., Diane Whitmore Schanzenbach, Greg J. Duncan, and Jens Ludwig (2007) “The Economic Costs of Poverty in the United States: Subsequent Effects of Children Growing Up Poor,” Institute for Research on Poverty Discussion Paper 1327-07.
- Bhattacharya, Jayanta, Janet Currie, Steven Haider (2004) “Poverty, Food Insecurity, and Nutritional Outcomes in Children and Adults,” *Journal of Health Economics*, 23, 839-862.

Poverty and Nutrition: School Nutrition Programs (10/5)

- * Schanzenbach, Diane Whitmore (2005) “Do School Lunches Contribute to Childhood Obesity?” Harris School Working Paper 05.13.
- * Tchernis, Millimet, and Husain (2009) “School Nutrition Programs and the Incidence of Childhood Obesity,” NBER WP.
- Bhattacharya, Jayanta, Janet Currie, and Steven J. Haider (2006) “Breakfast of Champions? The School Breakfast Program and the Nutrition of Children and Families,” *Journal of Human Resources*, 41 (3), 445-466.

Poverty and Nutrition: The Food Stamp Program (10/7)

- * Almond, Hoynes, and Schanzenbach (2008) “Inside the War on Poverty: The Impact of Food Stamps on Birth Outcomes,” NBER WP 14306.
- * Kaushal (2007) “Do Food Stamps Cause Obesity? Evidence from Immigrant Experience,” *Journal of Health Economics*, 26, 968-991.
- Currie, Janet (2002) “U.S. Food and Nutrition Programs,” available at:
http://www.econ.columbia.edu/currie/Papers/US_Food_and_Nutrition.pdf

Week 7: no class

Week 8: 10/19 and 10/21

Poverty and Nutrition: WIC (10/19)

- * Bitler and Currie (2005) “Does WIC Work? The Effects of WIC on Pregnancy and Birth Outcomes,” *Journal of Policy Analysis and Management*, 24(1), Winter 2005, pp. 73–91.
- * Joyce, Gibson, and Colman (2005) “The Changing Association between Prenatal Participation in WIC and Birth Outcomes in New York City,” *Journal of Policy Analysis and Management*, 24(4), 661-685.

Bitler and Currie (2005) “The Changing Association between Prenatal Participation in WIC and Birth Outcomes in New York City: What Does It Mean?,” *Journal of Policy Analysis and Management*, 24(4), 687-690.

Ludwig, Jens and Matthew Miller (2005) “Interpreting the WIC debate,” *Journal of Policy Analysis and Management*, 24(4), 691-701.

Poverty and Nutrition: WIC and Head Start (10/21)

* Figlio, David, Sarah Hamersma, and Jeffrey Roth (forthcoming) “Does Prenatal WIC Participation Improve Birth Outcomes? New Evidence from Florida” *Journal of Public Economics*.

* Ludwig, Jens and Douglas L. Miller (2007) “Does Head Start Improve Children’s Life Chances? Evidence from a Regression Discontinuity Design,” *Quarterly Journal of Economics*, 122 (1), 159-208.

Frisvold, David (2007) “Head Start Participation and Childhood Obesity,” *Early Childhood Research Collaborative Discussion Paper 108*.

Frisvold and Lumeng (2008) “Expanding Exposure: Can Increasing the Daily Duration of Head Start Reduce Childhood Obesity?” *Emory University Working Paper*.

Week 9: 10/26 and 10/28

Poverty and Nutrition: I will present a paper on the School Breakfast Program (10/26)

Health Insurance: Overview

Cutler, David M., and Richard J. Zeckhauser. 2000. “The Anatomy of Health Insurance.” In *Handbook of Health Economics, Volume 1a*, ed. A. J. Culyer and J. P. Newhouse, 563–643. Amsterdam; New York and Oxford: Elsevier Science, North-Holland.

Levy, Helen and David Meltzer (2001). “What Do We Really Know About Whether Health Insurance Affects Health?” *University of Chicago Harris School of Public Policy*, Unpublished Working Paper.

Health Insurance: Crowding Out (10/28)

* Cutler and Gruber (1996) “Does Public Insurance Crowd Out Private Insurance?” *QJE*.

* Finkelstein and Brown (2008) “The Interaction of Public and Private Insurance: Medicaid and the Long-Term Care Insurance Market,” *American Economic Review*, vol. 98, no. 3, pp. 1083 – 1102.

Gruber, Jonathan, and Kosali Simon. Forthcoming. “Crowd-Out Ten Years Later: Have Recent Public Insurance Expansions Crowded Out Private Health Insurance?” *Journal of Health Economics*.

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.

Ham, J. and L. Shore-Sheppard. 2005. “The Effect of Medicaid Expansions for Low-Income Children on Medicaid Participation and Private Insurance Coverage: Evidence from the SIPP” *Journal of Public Economics*, 89(1), 57-83.

Week 10: 11/2 and 11/4

Health Insurance: Medicaid (11/2)

- * Currie, Janet and Gruber, Jonathan (1996a). "Health Insurance Eligibility, Utilization of Medical Care, and Child Health." *Quarterly Journal of Economics* 11: 431-66.
 - * Currie, Janet and Gruber, Jonathan (1996b). "Saving Babies: The Efficacy and Cost of Recent Changes in the Medicaid Eligibility of Pregnant Women." *Journal of Political Economy* 104: 1263-96.
- Gruber, Jonathan. 2003. "Medicaid." In *Means-Tested Transfer Programs in the United States*, ed. Robert A. Moffitt, 15–77. Chicago and London: University of Chicago Press.

Health Insurance: Medicaid/SCHIP (11/4)

- * Davidoff, Kenney, and Dubay (2005) "Effects of the State Children's Health Insurance Program Expansions on Children with Chronic Health Conditions," *Pediatrics*, 116(1), e34-e42.
- * Card, David and Lara D. Shore-Sheppard. "Using Discontinuous Eligibility Rules to Identify the Effects of the Federal Medicaid Expansions on Low-Income Children." *Review of Economics and Statistics* 86 (2004): 752-66.

Week 11: 11/9 and 11/11

Health Insurance: Medicare (11/9)

- * 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 (2007) "The Aggregate Effects of Health Insurance: Evidence from the Introduction of Medicare," *Quarterly Journal of Economics*, vol. 122, no. 3, pp. 1-37.

Health Insurance: Medicare (11/11)

- * Card, Dobkin, and Maetas (2004) "The Impact of Nearly Universal Insurance Coverage on Health Care Utilization and Health: Evidence from Medicare," NBER WP 10365.
- * Bhattacharya, J. and D. Lakdawalla. 2006. "Does Medicare Benefit the Poor?" *Journal of Public Economics*, 90(1-2), January, 277-292.

Week 12: 11/16 and 11/18

Health Insurance: The Uninsured (11/16)

- * Helen Levy. "The Economic Consequences of Being Uninsured," Economic Research Initiative on the Uninsured Working Paper 12, October 2002.
 - * Helen Levy and Thomas DeLeire. "What Do People Buy When They Don't Buy Health Insurance And What Does that Say About Why They Are Uninsured?" National Bureau of Economic Research Working Paper 9826, July 2003.
- Gruber (2008) "Covering the Uninsured in the United States," *Journal of Economic Literature*, 46(3), 571-606.

11/18: TBD

Week 13: 11/23 (no class on 11/25)

Student Presentations

Week 14: 11/30 and 12/2

Student Presentations

Week 15: 12/7

Student Presentations

Note that this course will involve reading many empirical papers. For a review of applied microeconometrics, I recommend that you review at least one of the following resources:

Angrist and Krueger “Empirical Strategies in Labor Economics,” Handbook of Labor Economics
Imbens and Wooldridge (2008) “Recent Developments in the Econometrics of Program
Evaluation”

Blundell, Richard and Monica Costa Dias (2009) “Alternative Approaches to Evaluation in
Empirical Microeconomics,” Journal of Human Resources, 44(3), 565-640.

Lee, David S. and Thomas Lemieux (2009) “Regression Discontinuity Designs in Economics,”
NBER working paper 14723.

Other Course Details

Office Hours: My office hours are the hour following our class time and Friday from 4-5pm. If you are planning to see me during office hours, send me an e-mail ahead of time to let me know that you would like to see me and what you would like to discuss. This is especially important for the Friday office hours. I am available by appointment during other hours as well.

Course Management: I will likely not use Blackboard for this course. I will instead correspond with you directly through e-mail. Send me your e-mail after the first class so that I know your contact information.

This syllabus is not a fixed document and is subject to revisions.

Honor Code

The Emory University Honor Code is taken seriously and governs all work in this course. Details about the Honor Code are available at:

http://www.college.emory.edu/current/standards/honor_code.html