The purpose of this course is to provide substantial exposure to the state of the evidence and the major theoretical and empirical approaches used to study salient issues in health economics. Selected topics may vary from year to year; examples include health capital, health insurance, health behaviors, health care market structure and competition, not-for-profit ownership, payment incentives, and the effects of information on provider behavior (e.g. public reporting and value-based purchasing) and consumer behavior (e.g., advertising and medical decision making). The course is aimed at students who wish to pursue a career in, or related to, health economics. Students will be expected to read each paper in depth, participate in discussions about them, and present and discuss several papers during the quarter. The instructors will assume that students have had prior graduate courses in microeconomics and econometrics or statistics, including the use of linear and nonlinear regression methods.

All required and recommended course readings will be on Chalk. Students are expected to read carefully and be prepared to discuss each paper on the date listed on the syllabus. Grades will be based on class participation (25%), presentation of papers (25%), a mid-term exam (25%) and a final exam (25%).
COURSE OUTLINE

Week 1 (Jan 4): Health capital (Lead: RC)


Week 2 (Jan 11): Health behaviors (Lead: RC)


Recommended:

Week 3 (Jan 18): Health insurance (Lead: RC)


Recommended:

**Week 4 (Jan 25): Aging and Long-Term Care Insurance (Lead: TK)**

• Grabowski and Gruber, “Moral hazard in nursing home use,” JHE, 2007

Recommended:
• M Pauly, “The rational nonpurchase of long-term care insurance,” JPE, 1990

**Week 5 (Feb 1): Drugs (Lead: RC)**


(Mid-term exam (take-home) due Friday, Feb 4.)

**Week 6 (Feb 8): Health care market structure and competition (Lead: TK)**


Recommended:
• Abraham, Gaynor and Vogt, “Entry and competition in local hospital markets,” J Industrial Ec, 2007
Week 7 (Feb 15): Payment incentives and quality of care (Lead: TK)

- D Grabowski, “Medicaid reimbursement and the quality of nursing home care,” JHE, 2001

Recommended:

Week 8 (Feb 22): Physician agency and incentives (Lead: TK)


Week 9 (Mar 1): Information 1: Consumer behavior in drug markets (Lead: RC)


Recommended:
- Conti R. (diffusion paper)

Week 10 (Mar 8): Information 2: Public reporting of health care quality (Lead: TK)


For each paper assigned in the course, one student will be assigned primary responsibility for presenting the paper to the class. These presentations will be somewhat informal, without slides or other technology, but a 1-3 page outline should be prepared and brought to class for distribution. You can assume that all students in the course have read the papers carefully and will be ready to discuss.

We expect the student responsible for presenting the paper to be able to include discussion of the following elements of each paper:

1. Policy context/motivating rationale of the paper.

2. Theory: Who are the actors in the model? What do they maximize, and what are the tradeoffs they face? What are the assumptions of the behavioral model required in order to derive theoretical predictions? How standard are these assumptions? Does the empirical data match the proposed agents in the behavioral model?

3. Justification for the choice of empirical model specifics. Explain the methods used. What are the threats to internal and external validity for the proposed empirical approach? How do the authors address them?

4. What are the main results of the paper? How do we interpret the coefficients? What are the limitations? Is the presentation optimal for promoting reader understanding?

5. Conclusions – what are the conclusions and are they warranted?

6. What important questions have not been addressed by this paper that could be interesting and important topics for future research? How would you go about studying them? What are the potential pitfalls?

Non-presenting students should keep these elements in mind and be prepared to discuss them.