

**Eco 582c: The Economics of Health and Health Policy
Princeton University- Spring 2005**

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Office hours: By appointment

Lecture times: Tuesdays and Thursdays 10:40-12:10 in Robertson 020.

Required readings

The required textbook for the course is:
Sherman Folland, Allen Goodman and Miron Stano, The Economics of Health and Health Care (Prentice Hall), 3rd edition.

Additional readings are listed under each topic. These readings will be available on electronic reserves.

Grading

There will be a class presentation (35%) and a final 25 page long paper (65%). Students have to get their topic approved.

The paper is due the first day of final examinations. Student presentations will take place during lecture times, the exact dates will be determined in the first week of classes.

Topics

1-Why Health Economics?

Fuchs, Victor R. "What is Health Economics?" In *The Future of Health Policy*. Boston: Harvard University Press, pp. 27-40.

De Lew, Nancy; Greenberg, George; and Kinchen, Kraig. 1992. "A Layman's Guide to the U.S. Health Care System," *Health Care Financing Review* 14(1, Fall): 151-169.

A-What is health? How we measure it? What determines it?

FGS 1

Baker, M., Stabile, M., and Deri, C. "What Do Self-Reported Objective Measures of Health Measure?" NBER Working Paper # 8419.

B-Cost benefit and cost effectiveness analysis. Other measurement issues

FGS 4

Ashenfelter, Orley and Michael Greenstone, "Using Mandated Speed Limits to Measure The Value of a Statistical Life," NBER Working Paper #9094

Portney, Paul R. "The Contingent Valuation Debate: Why Economists Should Care" *The Journal of Economic Perspectives*, Vol. 8, No. 4. (Autumn, 1994), pp. 3-17.

Sen, Amartya "The Discipline of Cost-Benefit Analysis," *The Journal of Legal Studies*, Vol 29, No.2 June 2000, pp. 931-952.

C- Health valuation: Individual and Social perspectives

*****Guest Speaker: Paul Dolan*****

*****Date: February 22 and 24*****

Readings: TBA

2-Why are people healthy? The production of health

A-Grossman's model of health production

FGS 6

B-Socio-economic status and health

FGS 5

Lleras-Muney "The Relationship Between Education and Adult Mortality in the US", *Review of Economic Studies*, forthcoming

Case, Anne, Christina Paxson and Darren Lubotsky, "Economic Status and Health in Childhood: The Origins of the Gradient," *American Economic Review*, 92(5), December 2002.

C-Unhealthy behavior: Evidence and policy issues

FSG 25

Becker, Gary; Grossman, Michael; and Murphy, Kevin. "An Empirical Analysis of Cigarette Addiction," *American Economic Review*, 84 (3), June 1994: 396-418.

Gruber, Jonathan. "Tobacco at the Crossroads: The Past and Future of Smoking Regulation in the United States," *Journal of Economic Perspectives*, Volume 15, Number 2, Spring 2001, pp. 193-212

Manning W. G., E.B. Keeler, J. P. Newhouse, E. M. Sloss and J. Wasserman, "Taxes of Sin: Do smokers and Drinkers pay their way?," *Journal of the American Medical Association* 261(11), 1989

3-Health Insurance

A-The demand for health insurance

FSG 7, 9

B-Supply of insurance: Moral hazard and adverse selection

Akerlof, George. "The Market for Lemons," *Quarterly Journal of Economics*, 84, August 1970: 488-500.

Rothschild, Michael and Stiglitz, Joseph. "Equilibrium in Competitive Insurance Markets: An Essay on the Economics of Imperfect Information," *Quarterly Journal of Economics*, 90 (4), November 1976: 629-649.

Cutler, D. and Reber, S. "Paying for Health Insurance: The Trade-Off Between Competition and Adverse Selection," *Quarterly Journal of Economics*, May 1998:434-466.

C-Effect of insurance on demand and health

Manning, Willard; Newhouse, Joseph; Naihua, Duan; Keeler, Emmett; and Leibowitz, Arleen. "Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment." *American Economic Review* 77 (June, 1987): 251-277.

D-Social insurance: Medicaid

FGS 22

Iglehart, John K. "The American Health Care System-Medicaid," *New England Journal of Medicine*, 340 (5), February 4, 1999: 403-408.

Currie, Janet and Gruber, Jonathan. "Saving Babies: The Efficacy and Cost of Recent Changes in the Medicaid Eligibility of Pregnant Women," *Journal of Political Economy*, 104, (6), December 1996.

E-Social insurance: Medicare

Card, David, Carlos Dobkin and Nicole Maestas, “The Impact of Nearly Universal Insurance Coverage on Health Care Utilization and Health: Evidence from Medicare,” NBER Working paper 10365, March 2004

F-Crowd out

Cutler, David M. and Gruber, Jonathan. 1996. “Does Public Insurance Crowd Out Private Insurance?” *Quarterly Journal of Economics*, 111 (2): 391-430

G-The uninsured

Kaiser Family Foundation, “The Uninsured: A Primer,” (March 2001),

Kronick, Richard & Todd Gilmer, “Explaining the decline in health insurance coverage, 1979-1995,” *Health Affairs*, (Mar/Apr 1999).

H-Health insurance and labor market

FGS 11

Madrian, B. “Employment Based Health Insurance and Job Mobility: Is there Evidence of Job-Lock?” *Quarterly Journal of Economics*, 109 (1), February, 1994: 27-54.

I-Economics of mandated benefits

Summers, L. “Some Simple Economics of Mandated Benefits,” *American Economic Review*, 79 (May, 1989): 177-183.

Gruber, J. “The Incidence of Mandated Maternity Benefits,” *American Economic Review*, 84 (3) 1994: 622-641.

4-Supply of medical care

A-Physicians and nurses

FGS 15 and 16

Kessler, D. and McClellan, M. “Do Doctors Practice Defensive Medicine?” *Quarterly Journal of Economics*, May 1996: 354-390.

Hirsch, Barry T. and Edward Schumacher, “Monopsony Power and Relative Wages in the Labor Market For Nurses,” *Journal of Health Economics* 14 (1995), pp. 443-476

B-Hospitals

FGS 17

Mark Duggan, "Hospital Ownership and Public Medical Spending," *Quarterly Journal of Economics* 115 (2000), 1343-1374.

C-Health care costs and technology

FGS 14

Weisbrod, Burton A. 1991. "The Health Care Quadrilemma: An Essay on Technological Change, Insurance, Quality of Care, and Cost Containment." *Journal of Economic Literature*, 29 (1991): 523-552.

D-Quality of care: Small area variations

Chassin, Mark; Brook, Robert H.; Park, R.E., et al., "Variations in the Use of Medical and Surgical Services by the Medicare Population," *New England Journal of Medicine*, 314(5), Jan. 30, 1986: 285-290.

E-Health care provision in the US: HMOs and Managed care

FGS 12

Cutler, David M., McClellan, Mark; Newhouse, Joseph P. "Prices and Productivity in Managed Care Insurance." NBER Working Paper No.w6677, August 1998

5 - Financing health insurance

FGS 10

Krueger, Alan B., and Reinhardt, Uwe E. "The Economics of Employer Versus Individual Mandates," *Health Affairs* 13 Spring (II) 1994: 34-53.

Additional Topics

These will be chosen by the students. Students can chose their presentations from these topics. Depending on how much time we have, we will treat these in more or less detail. The readings are not required.

Environmental Health

Chay, Kenneth and Greenstone, Michael. "The Impact of Air Pollution on Infant Mortality: Evidence from Geographic Variation in Pollution Shocks Induced by a Recession," NBER Working Paper No.w7442, December 1999.

Birth Outcomes and Infant Mortality in the US

Kane, Thomas and Staiger, Douglas. "Teen Motherhood and Abortion Access," *Quarterly Journal of Economics*, May 1996.

Development and Health

Miguel, Edward, and Michael Kremer (2004). "Worms: Identifying Impacts on Education and Health the Presence of Treatment Externalities", *Econometrica*, 72(1), 159-217.

Subramanian, Shankar, and Angus Deaton. (1996). "The Demand for Food and Calories," *Journal of Political Economy*, 104(1), 133-162. [JSTOR]

Strauss, John, and Duncan Thomas. (1998). "Health, Nutrition, and Economic Development," *Journal of Economic Literature*, 36(2), 766-817. [JSTOR]

Obesity: Policy issues

Cutler, David, Edward Glaeser and Jesse Shapiro ["Why Have Americans Become More Obese?"](#), *Journal of Economic Perspectives* 17(3), Summer 2003, 93-118.

Philipson, Thomas and Richard Posner, "The Long Run Growth of Obesity as a function of Technological Change," NBER Working paper # **7423**

Alternative Health care systems: International Comparisons

FSG 23, 24

Blendon, Robert J.; Benson, John; Donelan, Karen; et al. 1995. "Who Has the Best Health Care System? A Second Look." *Health Affairs*, 14 (4): 220-230.

Fuchs, V. and Hahn, J. "How Does Canada Do It? A Comparison of Expenditures for Physicians' Services in the U.S. and Canada," *New England Journal of Medicine*, Sept 1990.

Iglehart, J.K. "Germany's Health Care System," *New England Journal of Medicine*, 1991.

Health Care Reform in the US

Glied, Sherry, *Chronic Condition: Why Reform Fails*. Harvard University Press, 1998