

INTERNATIONAL UNIVERSITY OF JAPAN
Graduate School of International Relations

Academic Year: 2013/2014

Term: Winter

Course	Course code ADC 6535	Course title Health Economics	
Name of Instructor			Credit Number:
Instructor's contact Information	Office# 114	Office Hours Thursday 4pm-6pm	E-mail: yjinnai@iuj.ac.jp
Class Schedule Day / Time			

Course Description: This course provides an introduction to the field of health economics. We will cover a number of journal articles with a variety of health issues, ranging from child mortality and nutrition to health insurance and addiction.

Learning Objectives: This course is designed to train students to (1) critically consume empirical research done by others and (2) thoughtfully produce their own empirical research.

Career Relevance: This course should serve students in their future role as a policy-maker, business analyst, or academic researcher in the field of health, development, and other related public policies.

Course Context or Rationalization: This course covers empirical studies that apply microeconomic concepts and econometric tools, which students learned in the core courses. Since most of those papers discuss health policies in developing countries, the course is closely related to development economics and public policies.

Delivery Methods: This course consists of lectures, class discussion, and student presentations.

Assessment: There will be class discussion, student presentation, one critical report, and a research proposal with the following grading weights.

1. Class discussion (10%)
2. Student presentation (20%)
3. Critical report (20%)
4. Research proposal (50%)

Students are expected to read assigned papers in advance and encouraged to participate in class discussions. Each student has a chance to present a journal article picked up from the reading list. Students

are required to write a critical report (max 3 pages), discussing the strengths and weaknesses of assigned papers. Students will also write their own research proposal (max 10 pages) by the end of the course, clearly stating (i) literature review, (ii) research questions, (iii) econometric models, and (iv) (ideal) data sets, although obtaining data sets and results are not necessary at this moment.

Prerequisite: Microeconomics, Statistics, and Econometrics.

Textbook(s)	<p>Required: There is no required textbook in this course.</p> <p>Reference books/Journal Articles:</p> <p>The following two books are recommended especially for those who are interested in working on a topic in health economics. There is a latest 7th Edition of the book, but its contents are almost identical to those in its 6th Edition.</p> <ol style="list-style-type: none"> 1. Folland, Goodman, and Stano (2009), <i>The Economics of Health and Health Care</i>, 6th Edition, Prentice Hall. 2. Sloan and Kasper (2008), <i>Incentives and Choice in Health Care</i>, The MIT Press <p>If students plan to conduct an empirical research (not limited to health economics) for their thesis, they may also find the following book very useful. Angrist and Pischke (2008) discuss the advantages and pitfalls of several econometric models.</p> <ol style="list-style-type: none"> 3. Angrist and Pischke (2008), <i>Mostly Harmless Econometrics: An Empiricist's Companion</i>, Princeton University Press.
Class Outline	<ol style="list-style-type: none"> 1. Overview of causal inference 2. Introduction to health economics 3. Demand for medical care 4. Health production 5. Health insurance 6. Addiction, externalities, and peer effects 7. Patterns of health and the impact of nutrition 8. Health, economic growth, and development
Reading List	<ol style="list-style-type: none"> 1. Overview of causal inference <ol style="list-style-type: none"> a. Holland (1986), "Statistics and Causal Inference," <i>Journal of the American Statistical Association</i>. b. Imbens and Wooldridge (2009), "Recent Developments in the Econometrics of Program Evaluation," <i>Journal of Economic Literature</i>. c. Blundell and Costa-Dias (2009), "Alternative Approaches to Evaluation in Empirical Microeconomics," <i>Journal of Human Resources</i> 2. Introduction to health economics

- a. Becker, Philipson, and Soares (2005), "The quantity and quality of life and the evolution of world inequality," *American Economic Review*.
- b. Banks and Smith (2012), "International Comparisons in Health Economics: Evidence from Aging Studies," *Annual Review of Economics*.
- c. Bleakley (2010), "Health, Human Capital, and Development," *Annual Review of Economics*.
- d. Dupas (2011), "Health Behavior in Developing Countries," *Annual Review of Economics*.
- e. Deaton (2003), "Health, inequality, and economic development," *Journal of Economic Literature*.
- f. Arora (2001), "Health, human productivity, and long-term economic growth," *Journal of Economic History*.

3. Demand for medical care

- a. Grossman (1972), "On the concept of health capital and the demand for health," *Journal of Political Economy*.
- b. Manning, Newhouse, Duan, Keeler, Leibowitz, and Marquis (1987), "Health insurance and the demand for medical care: Evidence from a randomized experiment," *American Economic Review*.
- c. Viscusi and Evans (1990), "Utility functions that depend on health status: Estimates and economic implications," *American Economic Review*.
- d. Cohen and Dupas (2010), "Free distribution or cost-sharing? Evidence from a randomized malaria prevention experiment," *Quarterly Journal of Economics*.
- e. DeNardi, French, and Jones (2010), "Why Do the Elderly Save? The Role of Medical Expenses," *Journal of Political Economy*.

4. Health production

- a. Kremer (1996), "Integrating behavioral choice into epidemiological models of AIDS," *Quarterly Journal of Economics*.
- b. Kremer and Miguel (2007), "The illusion of sustainability," *Quarterly Journal of Economics*.
- c. Currie (2011), "Inequality at birth: some causes and consequences," *American Economic Review*.
- d. Almond, Doyle, Kowalski, and Williams (2010), "Estimating marginal returns to medical care: Evidence from at-risk newborns," *Quarterly Journal of Economics*.
- e. Chou, Liu, Grossman, and Joyce (2010), "Parental Education and Child Health: Evidence from a Natural Experiment in Taiwan,"

American Economic Journal: Applied Economics.

- f. Björkman and Svensson (2009), "Power to the people: Evidence from a randomized field experiment on community-based monitoring in Uganda" Quarterly Journal of Economics.

5. Health insurance

- a. Finkelstein, Luttmer, and Notowidigdo (2009), "Approaches to estimating the health state dependence of the utility function." American Economic Review.
- b. Rothschild. and Stiglitz (1976), "Equilibrium in competitive insurance markets: An essay on the economics of imperfect information," Quarterly Journal of Economics.
- c. Vera-Hernandez (2003), "Structural Estimation of a Principal Agent Model: Moral Hazard in Medical Insurance," Rand Journal of Economics.
- d. Card , Dobkin, and Maestas (2009), "Does Medicare save lives?" Quarterly Journal of Economics.
- e. Gertler and Gruber (2002), "Insuring consumption against illness," American Economic Review.
- f. Fang, Keane, and Silverman (2008), "Sources of advantageous selection: Evidence from the Medigap insurance market," Journal of Political Economy.
- g. Finkelstein (2007), "The aggregate effects of health insurance: Evidence from the introduction of Medicare," Quarterly Journal of Economics.
- h. Philipson and Becker (1998), "Longevity and Mortality-Contingent Claims," Journal of Political Economy.
- i. Chandra, Gruber, and McKnight (2010), "Patient Cost Sharing and Hospitalization Offsets in the Elderly," American Economic Review.
- j. Golosov and Tsyvinski (2006), "Designing optimal disability insurance: a case for asset testing," Journal of Political Economy.
- k. French and Jones (2011), "The effects of health insurance and selfinsurance on retirement behavior," Econometrica.

6. Addiction, externalities, and peer effects

- a. Becker and Murphy (1988), "A theory of rational addiction," Journal of Political Economy.
- b. Gruber and Koszegi (2001), "Is addiction 'rational'? Theory and evidence," Quarterly Journal of Economics.
- c. Carpenter and Dobkin (2009), "The Effect of Alcohol Consumption on Mortality: Regression Discontinuity Evidence from the Minimum Drinking Age," American Economic Journal: Applied Economics.
- d. Gruber (2001), "Tobacco at the Crossroads: The Past and Future of Smoking Regulation in the United States." Journal of Economic

Perspectives.

- e. Cohen-Cole and Fletcher (2008), "Is Obesity Contagious? Social Networks versus Environmental Factors in the Obesity Epidemic," *Journal of Health Economics*.

7. Patterns of health and the impact of nutrition

- a. Case and Paxson (2008), "Stature and status: height, ability, and labor market outcomes," *Journal of Political Economy*.
- b. Dow, Philipson, and Sala-i-Martin (1999), "Longevity complementarities under competing risks," *American Economic Review*.
- c. Anderson and Ray (2010), "Missing women: age and disease," *Review of Economic Studies*.
- d. Galiani, Gertler, and Schargrofsk (2005), "Water for life: the impact of privatization of water services on child mortality," *Journal of Political Economy*.
- e. Bell, Devarajan, and Gersbach (2006), "The long-run economic costs of AIDS: a model with an application to South Africa," *World Bank Economic Review*.
- f. Bleakley (2010), "Malaria Exposure in the Americas: A Retrospective Analysis of Childhood Exposure," *American Economic Journal: Applied Economics*.
- g. Miller and Urdinola (2010), "Cyclical mortality, and the Value of Time: The Case of Coffee Price Fluctuations and Child Survival in Colombia," *Journal of Political Economy*.

8. Health, economic growth, and development

- a. Strauss and Thomas (1998), "Health, Nutrition and Economic Development," *Journal of Economic Literature*.
- b. Smith (1999), "Healthy Bodies and Thick Wallets: The Dual Relation between Health and Economic Status," *Journal of Economic Perspectives*.
- c. Canning (2006), "The Economics of HIV/AIDS in Low-Income Countries: The Case for Prevention," *Journal of Economic Perspectives*.
- d. Acemoglu and Johnson (2007), "Disease and development: the effect of life expectancy on economic growth," *Journal of Political Economy*.
- e. Hall and Jones (2007), "The value of life and the rise in health spending," *Quarterly Journal of Economics*.
- f. Weil (2007), "Accounting for the effect of health on economic growth," *Quarterly Journal of Economics*.
- g. Hazan (2009), "Longevity and labor supply: evidence and implications," *Econometrica*.

	<ul style="list-style-type: none"><li data-bbox="619 165 1495 286">h. Miguel (2005), "Health, Education and Economic Development," in Lopez-Casasnovas, Rivera, and Currais eds. Health and Economic Growth: Findings and Policy Implications. MIT Press.<li data-bbox="619 300 1495 421">i. Sala-i-Martin (2005), "On The Health Poverty Trap," in Lopez-Casasnovas, Rivera, and Currais eds. Health and Economic Growth: Findings and Policy Implications. MIT Press.
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