

HEALTH ECONOMICS
ECON 850
UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
SPRING 2020 SYLLABUS¹

LOGISTICS

Department: Economics

Credit Hours: 3.0

Lectures: T/Th 2:00 - 3:15 PM (Alumni Hall - Rm 0308)

Prerequisites: ECON 710, 770, 771.

Instructor: Andrés Hincapié

Pronouns: *he/him/his*

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Gardner 101

Office Hours: By appointment.

COURSE DESCRIPTION

This course focuses on the consumer side of health economics with an emphasis on dynamic behavior. Topics include health as human capital, demand for medical care, health insurance, health and labor supply interactions, risky and addictive behaviors and innovation and learning. The course has two main objectives. First, it aims to help students become familiar with a subset of economic research in the field as well as the methods employed. Second, it aims to foster students' critical understanding of health economics as students prepare to embark upon their own dissertation research.

ASSIGNMENTS AND GRADING

- Research proposal (50%)
 - Mid-point research proposal (10%) [**February 27**]
 - Research proposal for peer review (10%) [**April 9**]
 - Proposal presentation (10%) [**April 16, 21, 23**]
 - Final research proposal (20%) [**May 4**]
- Research proposal peer review (10%) [**April 16**]
- Paper presentation (10%) [**TBD**]
- Participation (30%)
 - In class participation (15%)
 - Paper summaries (15%) [**Every paper-based class**]

¹This version was compiled on January 16, 2020. I will notify you of any updates to the syllabus.

Research groups and topic. Students are allowed and encouraged to work in groups of any size from one to three members. If a student would like to work with someone but they do not know people in the class they can submit their names to me (via an email) and I will pair you with other students looking to partner up. Emails with requests to be partnered up should be sent by **January 21**. Groups and a broad sketch of topic and research question should be sent to me on **January 28**. Failures to comply with the deadlines will be reflected in your participation grade.

Mid-point research proposal. It should contain:

- Research question stated as clearly and sharply as possible.
- Motivation: two paragraphs motivating your question and its importance.
- Related literature: this should include a focal paper (or papers) that you plan to use as a model or benchmark for your paper and how your work relates.
- Data: summary statistics of key variables and one descriptive table that provides insight into your question of interest.
- Empirical model: write down your empirical equation(s). What is your estimation strategy? If your model is reduced form: explain how you identify your causal effect of interest and potential confounders. If your model is structural: explain how you identify your policy-invariant deep parameters of interest.

We will devote one or two classes to discuss mid-point research proposals. Be prepared to present your work.

Research proposal for peer review. It should be about 12-15 pages long (1.5 spacing, 1 inch margins, 12pt Times New Roman like font), and it should include:

- Abstract: 100 words or less (this can be single spaced).
- Introduction. The following questions should be answered concisely in (at most) the first three paragraphs of your introduction: What is your research question? What is the motivation for your research? Why do you think your research is a contribution to the literature?
- A thorough literature review.
- The theoretical model in your thesis.
- The empirical model for your thesis.
- Describe the data set that you will use.
- Provide and analyze summary statistics.

- Define the econometric procedure that you will follow.
- Provide preliminary estimates of your model. (If your proposal is structural you may provide preliminary simulations of the model instead. In general, for structural models, check with me about what is acceptable progress.)
- Bibliography.

The proposal will be reviewed by one of your classmates. Each of you will provide detailed written comments to another student's proposal.

Proposal presentation. Depending on the number of research groups, we will devote several classes for research groups to present their proposals.

Final research proposal. A final version of the research proposal with modifications after discussion and comments must be submitted. It still should be about 12-15 pages long.

Research proposal peer review. Provide detailed written comments to another research group's proposal. Be prepared to present and discuss your comments.

Paper presentation. Every student will lead at least one class during the semester.

In-class participation. Participation is critical for the success of the class. I expect you to come to each class having read the papers and prepared to discuss them. The more ready and willing you are to ask questions and provide your opinion, the more you will learn. Being prepared for class, classroom attendance and participation will all be factored into the final in class-participation grade.

Paper summaries. In order to provide an basic ground for discussion you will do a summary of each paper we discuss in class by providing a brief (one to two sentence) responses to each of **questions 1 to 5 of the guidelines for reading papers** (see below), along with **1 critique** and **1 research question** that occurred to you from reading the paper. Bring a printed copy of your summary to class. No summaries are needed for handbook chapters.

COURSE TOPICS OUTLINE

1. Introduction; 2. Demand for Medical Care; 3. Health Insurance; 4. Health and the Labor Market; 5. Consumption of Addictive Goods; 6. Other Topics (e.g. Innovation, Learning, Long-Term Care, Mental Health).

Tentative Schedule - Spring 2020

Week	Day	Date	Topic	Paper(s)	Comments
1	T	1/7	NO CLASS		Classes start Jan 8
1	TH	1/9	Intro	Arrow (1963); Pauly (1988); Garber and Skinner (2008); Papanicolas, Woskie, and Jha (2018)	
2	T	1/14	Demand for medical care	Jones (2000)	
2	TH	1/16	Demand for medical care	Jones (2000)	
3	T	1/21	Demand for medical care	Jones (2000); Lewbel (2019) (Sections 1-6)	Request partner email
3	TH	1/23	Demand for medical care	Manning et al. (1987)	
4	T	1/28	Demand for medical care	Finkelstein et al. (2012)	Group and question email
4	TH	1/30	Demand for medical care	Aron-Dine, Einav, and Finkelstein (2013)	
5	T	2/4	Health insurance	Gilleskie and Thomas (2004)	
5	TH	2/6	Health insurance	Cutler and Zeckhauser (2000)	
6	T	2/11	Health insurance	Rothschild and Stiglitz (1976)	
6	TH	2/13	Health insurance	Liran, Finkelstein, and Cullen (2010)	
7	T	2/18	Health insurance	Finkelstein, Hendren, and Luttmer (2019)	
7	TH	2/20	Health and labor market	Cronin (2019)	
8	T	2/25	Health and labor market	Gilleskie (1998)	
8	TH	2/27	Mid-point proposal discussion		Mid-point proposal
9	T	3/3	Health and labor market	Dey and Flinn (2005)	
9	TH	3/5	Health and labor market	Fang and Gavazza (2011)	
10	T	3/10	NO CLASS		Spring Break
10	TH	3/12	NO CLASS		Spring Break
11	T	3/17	Health and labor market	Papageorge (2016)	
11	TH	3/19	Addictive goods	Becker, Grossman, and Murphy (1994)	
12	T	3/24	Addictive goods	Darden (2017)	
12	TH	3/26	Addictive goods	TBD	
13	T	3/31	Other topics	Hamilton et al. (2019)	
13	TH	4/2	Other topics	Crawford and Shum (2005)	
14	T	4/7	Other topics	Chan and Hamilton (2006)	
14	TH	4/9	Other topics	TBD	Proposal for peer review
15	T	4/14	Other topics	TBD	
15	TH	4/16	Proposal presentations and review		Peer review of proposal
16	T	4/21	Proposal presentations and review		
16	TH	4/23	Proposal presentations and review		Classes end April 24
	M	5/4			Paper proposal due

Note: Make sure to check every week the updated syllabus for changes.

OTHER INFORMATION

USE OF ELECTRONIC DEVICES

Laptops, tablets, phones, or similar devices are not prohibited during the lecture, except when in-class activities require so. However, you should probably limit their use as much as possible to facilitate your interaction with the class. Be aware that I tend to ask questions to my students. So you probably want to remain engaged at all times.

HONOR CODE

You are expected to be honest and honorable in your fulfillment of course conduct and course assignments. Adherence to the honor code is required.²

GUIDELINES FOR READING PAPERS

The first set of questions are geared toward helping you to make sure you have understood the main ideas of the paper. A good introduction should hit most (often all) of these points.

1. What is the primary question/issue/hypothesis that the author wanted to address?
2. Why is the question interesting or important? (This often includes a description of how the paper contributes to the literature.)
3. What data does the author use (if empirical paper)?
4. Give an intuitive description of the author's test or model. (This is key to making sure you've understood the paper. If the details of the model are confusing, take a step back and try to think about the underlying intuition.)
5. What are the author's findings or conclusions?

The second set of questions may help you to think critically about the paper.

6. Did you find the question interesting and relevant?
7. Are you convinced by the author's results/arguments? Why or why not?
8. Did they identify the effect they claimed to identify? Why or why not?
9. Did the results obtained justify the interpretation and conclusions? (Often this may include concerns about external validity or heterogeneous treatment effects.)

²See <https://studentconduct.unc.edu/sites/studentconduct.unc.edu/files/documents/Instrument.pdf>

10. Were the findings well supported by economic theory? In the cases where the paper does not have a clear theoretical model, do you think a model would have been helpful or that the lack thereof might lead to erroneous conclusions?

SEMINARS

Students are encouraged to attend the seminars listed below. At this point in your graduate career these are great sources for ideas as you look for field paper and dissertation topics.

- Triangle Health Economics Workshop: <http://theweb.unc.edu>
- UNC Applied Micro: <https://econ.unc.edu/seminars/applied-microeconomics/>
- UNC Applied Micro (student workshop): TBD, email Klara Peter to be included in the listserv.
- Duke Health Economics Events: <https://econ.duke.edu/events/health-economics>

OTHER RESOURCES

If you ever need assistance from a librarian, Nancy Lovas is the economics librarian. She is available to work with you on your research if you were to need it. You can email or meet with her to talk about developing a research question, identifying databases, how to search for information, literature reviews, finding datasets, and more. You can make an appointment with Nancy at <https://calendar.lib.unc.edu/appointments/business> or contact her via email at nancy64@email.unc.edu. In addition, Professor Gilleskie's old syllabus has a number of data sources you may want to check out.

References

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