

ECO402H1F: 2015  
TOPICS IN HEALTH ECONOMICS

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Office: GE350  
Office hours: Monday 2-4pm

Lectures: Monday, Tuesday, Wednesday 10am-12pm  
Location: LM 157

### Course description

Health economics is an extensive and growing field of applied microeconomics. It is the study of determinants of health and allocation of resources within the health system. The objective of the course is to introduce students to selected topics in health economics, such as health insurance, risky health behaviours, and child health. Students will learn how to use economic tools to study questions in health economics, and how to address issues that arise in empirical analysis of these questions. Course material assumes some knowledge of econometrics, but relevant concepts will be covered in class. No previous background in health economics is required.

### Prerequisites

1. one of microeconomics: ECO200Y1/ECO204Y1/ECO206Y1
2. one of macroeconomics: ECO202Y1/ECO208Y1/ECO209Y1
3. one of quantitative methods for economics: ECO220Y1/ECO227Y1  
or one of statistics: (STA220H1,STA255H1)/(STA257H1,STA261H1)

### Textbooks

There is no textbook for this course.

### Grading

Course grade is based on the following:

1. Homework - 10%
2. Midterm test (June 1, 2015) - 25%
3. Project (June 15, 2014) - 35%
4. Final exam (TBA) - 30%

### Project

The project is a referee report on a journal article, approximately 1500 words, or 5 pages double spaced. The project will be evaluated based on the following components:

1. Draft version of the article summary (May 25, 2015, 10am) - 10%
2. Draft version of the complete referee report (June 3, 2015, 10am) - 20%
3. Peer review of the complete referee report (June 8, 2015, 10am) - 10%
4. Final version of the complete referee report (June 15, 2015, 10am) - 60%

The peer review component of the assignment involves providing feedback on 2 drafts from randomly assigned classmates. Classmates' feedback on the draft will not be included in the evaluation. If the draft version is submitted any time after the deadline, a grade of 0 is assigned. Similarly, the peer review component will also be assigned a grade of 0 if submitted any time after the deadline.

The final version of the report is due on June 15, 2015, at the beginning of class. A paper submitted after 10am on June 15 is considered one day late. Late penalty is 10% per day, for a maximum penalty of 50%. A project submitted after 10am on June 20 will not be accepted, with a grade of 0 assigned for the project.

Further details about the project will be provided later in the course.

University disclaimer concerning turnitin.com:

“Normally, students will be required to submit their course essays to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University’s use of the Turnitin.com service are described on the Turnitin.com web site”

## Homework

Students are required to submit 1 homework assignment. Homework can be submitted at any time before June 1, otherwise a grade of 0 is assigned. The homework assignment requires students to write a one-page analysis of a news article of their choice, related to any topic covered in class, making direct references to the course material. Further details about the homework assignment will be provided.

## Course outline

1. Introduction – May 11
2. Empirical methods – May 12
3. Health production and demand for healthcare – May 19
  - Aron-Dine, Aviva, Liran Einav, and Amy Finkelstein. The RAND health insurance experiment, three decades later. No. w18642. National Bureau of Economic Research, 2012.
  - Dupas, Pascaline. “Short-Run Subsidies and Long-Run Adoption of New Health Products: Evidence From a Field Experiment.” *Econometrica* 82, no. 1 (2014): 197-228. (R)
4. Health and socio-economic status – May 25
  - Cutler, David M., Adriana Lleras-Muney, and Tom Vogl. Socioeconomic status and health: dimensions and mechanisms. No. w14333. National Bureau of Economic Research, 2008.
  - Arendt, Jacob Nielsen. “Does education cause better health? A panel data analysis using school reforms for identification.” *Economics of Education Review* 24, no. 2 (2005): 149-160. (R)
5. Risky health behaviours – May 26
  - Cawley, John, and Christopher Ruhm. The economics of risky health behaviors. No. w17081. National Bureau of Economic Research, 2011.
  - Dee, Thomas S. “State alcohol policies, teen drinking and traffic fatalities.” *Journal of Public Economics* 72, no. 2 (1999): 289-315. (R)
6. Midterm - June 1
7. Health insurance – June 2
  - Einav, Liran, and Amy Finkelstein. Selection in insurance markets: Theory and empirics in pictures. No. w16723. National Bureau of Economic Research, 2011.
  - Cutler, David M., and Richard J. Zeckhauser. The Anatomy of Health Insurance. No. w7176. National Bureau of Economic Research, 1999.
  - Anderson, Michael, Carlos Dobkin, and Tal Gross. The effect of health insurance coverage on the use of medical services. No. w15823. National Bureau of Economic Research, 2010. (R)

## 8. Population health – June 3

- Fogel, Robert W. Economic growth, population theory, and physiology: the bearing of long-term processes on the making of economic policy. No. w4638. National Bureau of Economic Research, 1994.
- Cutler, David, and Grant Miller. “The role of public health improvements in health advances: the twentieth-century United States.” *Demography* 42, no. 1 (2005): 1-22. (R)

## 9. Health in developing countries – June 8

- Dupas, Pascaline. “Health behavior in developing countries.” *Annual Review of Economics* 3, no. 1 (2011): 425-449.
- Holla, Alaka, and Michael Kremer. Pricing and access: Lessons from randomized evaluations in education and health. Center for Global Development, 2009.
- Miguel, Edward, and Michael Kremer. “Worms: identifying impacts on education and health in the presence of treatment externalities.” *Econometrica* 72, no. 1 (2004): 159-217. (R)

## 10. Fetal origins – June 9

- Almond, Douglas, and Janet Currie. “Killing me softly: The fetal origins hypothesis.” *The Journal of Economic Perspectives* (2011): 153-172.
- Almond, Douglas. “Is the 1918 Influenza pandemic over? Long-term effects of in utero Influenza exposure in the post-1940 US population.” *Journal of Political Economy* 114, no. 4 (2006): 672-712. (R)

## 11. Childhood development – June 15

- Almond, Douglas, and Bhashkar Mazumder. “Fetal origins and parental responses.” *Annual Review of Economics* 5, no. 1 (2013): 37-56.
- Bleakley, Hoyt. “Health, human capital, and development.” *Annual Review of Economics* 2 (2010): 283.
- Adhvaryu, Achyuta R., and Anant Nyshadham. “Endowments at birth and parents’ investments in children.” Unpublished manuscript, Yale University (2012). (R)

## 12. Public supply and financing – June 16

- Cutler, David M. “Equality, efficiency, and market fundamentals: the dynamics of international medical-care reform.” *Journal of Economic Literature* (2002): 881-906.
- Tuohy, Carolyn Hughes, and Sherry Glied. “The Political Economy of Health Care.” in *The Oxford handbook of Health Economics*, ed. Glied, Sherry, and Peter Smith. (OUP Oxford, 2013), 59.
- Galiani, Sebastian, Paul Gertler, and Ernesto Schargrodsy. “Water for life: The impact of the privatization of water services on child mortality” *Journal of Political Economy* 113, no. 1 (2005): 83-120. (R)

\*Readings marked (R) are required. The rest are supplementary. Additional readings may be assigned throughout the course.

### Email policy

Students should use school email for all course email correspondence, with the course number (ECO402) in the subject line. Please note that I will not answer questions which are more suitable for discussion in class, office hours, or whose answers can be found in the syllabus or the lecture notes.

### Request for re-marking

If a student believes a piece of work has not been graded correctly, the student may submit a request for re-marking no later than two weeks after the work is returned to the student. The request should explicitly state why the student believes more marks should be allocated, making direct references to the grading scheme. Please note that I will not accept a request for re-marking of a test written in pencil. In addition, keep in mind that the entire piece of work will be re-marked, therefore it is possible that the resulting overall grade may decrease relative to the original grade.

**Wednesday class**

Wednesday time slot may not be used every week. It is primarily reserved for covering relevant concepts in econometrics, review of test material and practice questions, and discussion of the term project, although it may also be used to cover course material in addition to the Monday and Tuesday lectures.

**Missed test**

Students who miss a term test should inform me via email, with the subject line “ECO402 - missed test“, prior to the test. The email should contain the student’s name, student number, and the reason for missing the test. Medical notes, if applicable, must be submitted no later than one week after the missed test.

If a student misses a term test, a cumulative make-up test will be given no later than two weeks after the term test. No accommodation will be provided for missing the make-up test, and a grade of 0 will be assigned.

I will accept a medical note only if it satisfies the criteria below:

- the note is a fully completed University of Toronto Medical Certificate
- the note is from the day of the test
- the note is original (not a photocopy and not scanned)
- the note is completed by a qualified medical doctor (e.g., not an acupuncturist, chiropractor, or other health care professional)
- the note contains doctor’s OHIP registration number