

Winter 2014
TuTh 1:15 to 3:05 pm

Michael Dickstein
Liran Einav

Econ 249: Topics in Health Economics

The course will cover key topics in health economics, with a focus on the healthcare industry in the United States. The topics will be primarily empirical. In addition to covering existing work, a big part of the course will emphasize areas of research where additional research is feasible and warranted. Emphasis will also be given to the overlap between health economics and other applied micro fields, such as industrial organization, public economics, and labor economics.

The focus of the course will be on topics, not method, and will therefore cater to a broad set of students, especially those with interest in applied microeconomics, broadly defined. The overlap with other applied micro sequences, including with Econ 258 (which is co-taught by one of us) should be minimal, so interested students can (and are encouraged) to take both classes. We note that, at least this academic year, the course does not satisfy any of the second-year field requirements in the department of economics.

Our goals in the course are to take students closer to the research frontier in several areas related to health economics, educate students about the specific aspects and institutions of the (highly complex) US healthcare system, and hopefully generate possible research topics and ideas that could lead to second-year papers and subsequent dissertations. We hope to balance two objectives: learning how to identify and pose interesting questions, and learning how to formulate and execute empirical analysis that sheds light on these questions. We also plan to highlight the use of theory to guide hypothesis testing and the specification of empirical models.

Below we list the tentative schedule of classes and topics, which will also include four guest lectures. Because this is the first time in many years that the class is offered at Stanford, we will fine-tune the topics and reading as we go, so we do not provide a complete reading list; reading assignments will be assigned before each class.

For a general background, students are encouraged to consult the two following textbooks:

- *Health Economics*, by Bhattacharya, Hyde, and Tu, Palgrave Macmillan, 2013.
- *Your Money or Your Life*, by David Cutler, Oxford University Press, 2005.

For broad coverage of topics in the health economics literature, students may also consult the following handbooks:

- Culyer, Anthony J., and Joseph P. Newhouse, ed. *Handbook of Health Economics*, Volumes 1(A) and 1(B). New York: Elsevier, 2000.
- Pauly, Mark V., Thomas G. McGuire, and Pedro P. Barros, ed. *Handbook of Health Economics*, Volume 2. New York: Elsevier, 2011.

Course logistics and requirements

The class meets on Tuesdays and Thursdays, 1:15-3:05pm in Room 206, and will include four guest lectures. We will be using Coursework to post material and send announcements. Student requirements will include three components (weight in the final grade in parentheses):

1. Problem sets that will mostly include reviews of papers, concepts, and research ideas (30%).
2. Class attendance, preparation, participation, and occasional short class presentations (35%).
3. Take-home final exam (35%).

Tentative class topics and schedule (MD=Michael Dickstein; LE=Liran Einav)

1. Jan. 7 (LE) Introduction, Health capital
2. Jan. 9 (MD) Demand for healthcare
3. Jan. 14 (Jay Bhattacharya) Health behaviors and obesity
4. Jan. 16 (LE) Health insurance
5. Jan. 21 (LE) Health insurance
6. Jan. 23 (LE) Health insurance
7. Jan. 28 (LE) Health insurance
8. Jan. 30 (MD) Employer-sponsored health insurance
9. Feb. 4 (LE) Medicare and Medicaid
10. Feb. 6 (MD) The individual market and the uninsured
11. Feb. 11 (Loren Baker) Managed care
12. Feb. 13 (MD) Physicians
13. Feb. 18 (MD) Physicians
14. Feb. 20 (MD) Hospitals
15. Feb. 25 (MD) Hospitals
16. Feb. 27 (LE) Information disclosure
17. Mar. 4 (Heidi Williams) Health-related technology
18. Mar. 6 (MD) Pharmaceuticals
19. Mar. 11 (Pascaline Dupas) Health in developing countries
20. Mar. 13 (LE) Affordable Care Act (ACA)