

Coursebook

Current Topics in Health Economics

075 275

Faculty of Management and Economics
Adjunct Professorship of Health Economics and Health Policy

Ruhr-University Bochum

Prof. Dr. Ansgar Wübker
Summer Semester 2023
Current Topics in Health Economics 075 275

1. General information

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| Responsible unit: | Adjunct Professorship of Health Economics and Health Policy |
| Lecturer: | Prof. Dr. Ansgar Wübker Dr. Ingo Kolodziej |
| Contact: | ingo.kolodziej@rwi-essen.de |
| Class times: | June 29-30, 2023, 9:00 – 17:30 (s.t.), probably at RWI (if necessary via Zoom video conference) |
| Class size: | Maximum 20 students |
| Kick-off meeting: | April 27, 2023, 10:00 (s.t.), via Zoom video conference |
| Credit points: | 5 ECTS (master) |
| Language: | English |

2. Course Description:

In this seminar, students will explore a variety of current topics in health economics. The topics will cover both empirical and theoretical contributions. Students will have the possibility to acquire the necessary knowledge and methodological skills for the successful completion of a master thesis in health economics and related fields. To this aim students will prepare a term paper based on current themes in the field of health economics. Students will prepare their seminar papers in the first half of the semester and present their papers in the second half of the semester. Further course details will be given at the introductory meeting.

3. Eligibility and prerequisites

The seminar is open to master students enrolled in the M.Sc. in “Economics” or “Management and Economics”. Enough proficiency in **microeconomics** and in particular **microeconometrics and econometrics** in order to be able to read and understand the current international theoretical or empirical literature is strongly recommended. We further recommend the study of the following literature on econometrics:

Angrist, J.D. and Pischke, J.S. (2009): Mostly Harmless Econometrics. Princeton University Press, Princeton; Oxford (2009)

Bauer, T. K., M. Fertig & C. M. Schmidt (2009): Empirische Wirtschaftsforschung - Eine Einführung. Berlin et al.: Springer.

The seminar is restricted to a maximum of **20 students**.

4. Grading

The final grade is calculated as a weighted average of the grades for (i) the term paper, (ii) an oral presentation of the paper and a discussion of another student’s term paper, and (iii) the active participation in the course.

The weights are as follows:

- 65%: Term paper
- 25%: Presentations
- 10%: Active participation in the course

The conditions of these components are briefly described below:

a) Term paper

The term paper should not be longer than **15 pages**, excluding the title page, references, figures, and tables.

Some criteria for grading papers are

- **1. Economic Content.** Does the paper contain some substantive economic content? Although it may seem obvious that one should write an economics paper for an economics course, you would be amazed at the papers we have received which are political science, physics, chemistry, etc. Interdisciplinary papers are fine (even encouraged) but one of the disciplines must be economics and its representation must be more than token.
- **2. Analytical Depth.** Has the author analyzed the important issues in some depth or is the treatment superficial? Has the author sought out and included relevant facts? Does the research reflect a reasonable awareness of the relevant literature? Does the paper make clear how all the facts fit together?
- **3. Organization and Style.** Is the paper organized into coherent subsections which, when integrated, form a logical sequence of arguments leading directly to the conclusions? Is it well written? Does the

introduction provide an overview of the paper and the role of each section? Are the conclusions summarized and clearly specified? Is the paper grammatically correct?

- **4. Originality.** Has the author exhibited some degree of originality or has he/she simply regurgitated readily accessible materials? Has the author clearly identified the nature of the original contribution for the reader?

Also see the **Guidelines for Seminar Papers** (provided on Moodle) and **EconBiz’ “Write your Best Paper in Economics and Business Studies”** (and others, available via <https://www.econbiz.de/eb/en/research-skills/how-to-guides/>)

b) Presentations

Each student must give an oral presentation of his/her term paper. The presentations should be used to present the contents of the paper and provide additional input for discussion. Each presentation is scheduled for 15 minutes. Additionally, each student has to discuss a term paper of another student. The aim is to give advice on how to further improve the paper. This discussion should be 10 minutes. Afterwards there is an overall discussion of the paper of 5 minutes.

c) Active participation

Students are requested to actively participate in the course. Active involvement in class discussions is expected.

5. Course materials

All course material will be provided in the respective Moodle course

Course ID: Current Topics in Health Economics (CTHE-SoSe23)

6. Course schedule

The seminar is scheduled as a block seminar.

Timeframe

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| 27.04. 10:00 a.m. – 12:00 a.m. | Kick-off meeting: Overview of topics, general information (Zoom): https://hs-harz.zoom.us/j/93351405354?pwd=MXIrUGdwL1V0OHk1NIRXTTkVtjFWdz09 Meeting-ID: 933 5140 5354 Kenncode: %R!V7M |
| Until 04.05. | Registration with Three preferred topics (please provide preference order 1, 2 and 3 for the selected topics) Email: ingo.kolodziej@rwi-essen.de |
| Until 10.05. | Confirmation of topics |
| 24./25.05. | See your supervisor (Note: provide a preliminary outline in advance, including a brief description of what you plan to do in each paragraph and a preliminary reference list) |
| 26.05. | Registration Opening FlexNow |
| 22.06. | Registration Deadline FlexNow |
| <i>Please account for deviating times for other study programs from e.g., UA Ruhr study programs and registration processes.</i> | |
| Until 22.06. | Writing period, handing in of the term papers no later than June 22 via Email in PDF and Word , including affirmation and signature |
| 23.06. | Time plan of seminar |
| 28.06. | Handing in of the presentations (own paper and discussion) via Email |
| 29./30.06. 9:00 – 17:30 | Seminar |
| 21.07. | Deadline for handing in a revised version of the paper via Email (PDF and Word); changes in track-modus ; possibility to improve grade of the paper (e.g., max. improvement: 2.7 -> 2.3); only accepted if changes are made visible! |

The files you hand in must be named as follows:

Outline: CTHESS23_FirstnameLastname_Studentnumber_outline

Paper: CTHESS23_FirstnameLastname_Studentnumber_paper
CTHESS23_FirstnameLastname_Studentnumber_revised
Presentations: CTHESS23_FirstnameLastname_Studentnumber_presentation
CTHESS23_FirstnameLastname_Studentnumber_discussion

Topics

IMPORTANT:

*The suggested background literature is a first starting point for your analysis.
Further research is necessary!*

Topic Block I: Fundamentals

- **Market failure in healthcare markets: a critical assessment**

Background literature:

Chandra, A., Handel, B., & Schwartzstein, J. (2019): "Behavioral economics and health-care markets." *Handbook of Behavioral Economics: Applications and Foundations 1 (Vol. 2, pp. 459-502)*. North-Holland.

Breyer, F., Zweifel, P., & Kifmann, M. (2005): *Gesundheitsökonomik*, 5. Auflage, Heidelberg, Kapitel 5.

Arrow, K. J. (1963): "Uncertainty and the Economics of Medical Care." *American Economic Review*, 53, 941 – 973.

Einav, L., & Finkelstein, A. (2018): "Moral hazard in health insurance: What we know and how we know it." *Journal of the European Economic Association*, 16(4), 957-982.

- **Principal agent relationships in health care markets**

Background literature:

Brinkerhoff, D. W., & Bossert, T. J. (2014). Health governance: principal–agent linkages and health system strengthening. *Health policy and planning*, 29(6), 685-693.

Malcomson, J. (2009). Principal and Expert Agent. *The BE Journal of Theoretical Economics*, 9(1).

Trapani, J., Scholes, J., & Cassar, M. (2016). Dual agency in critical care nursing: Balancing responsibilities towards colleagues and patients. *Journal of advanced nursing*, 72(10), 2468-2481.

- **Behavioral Economics and Health-Care Markets – Mistakes in healthcare utilization and treatment choices**

Background literature:

Rice, Thomas. "The behavioral economics of health and health care." *Annual review of public health* 34 (2013): 431-447.

Chandra, A., Handel, B., & Schwartzstein, J. (2019): "Behavioral economics and health-care markets." *Handbook of Behavioral Economics: Applications and Foundations 1 (Vol. 2, pp. 459-502)*. North-Holland.

Topic Block II: The production of health

- **The fetal origin hypothesis – idea, concept and empirical evidence**

Almond, D. & Mazumder, B. (2005): “The 1918 influenza pandemic and subsequent health outcomes: an analysis of SIPP data.” *American Economic Review*, 95(2), 258-262.

Almond, D. (2006): “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(4), 672-712.

Currie, J. & Schmieder, J. F. (2009): “Fetal exposures to toxic releases and infant health.” *American Economic Review*, 99(2), 177-83.

Currie, J. (2011): “Ungleichheiten bei der Geburt: Einige Ursachen und Folgen.” *Perspektiven der Wirtschaftspolitik*, 12, 42-65.

Lee, C. (2014): “In utero exposure to the Korean War and its long-term effects on socioeconomic and health outcomes.” *Journal of Health Economics*, 33, 76-93.

Currie, J. (2009): “Healthy, wealthy, and wise: Is there a causal relationship between child health and human capital development?” *Journal of Economic Literature*, 47(1), 87-122.

- **The effect of education on health – what do we know?**

Meghir, C., Palme, M., & Simeonova, E. (2018): “Education and mortality: Evidence from a social experiment.” *American Economic Journal: Applied Economics*, 10(2), 234-56.

Galama, T. J., Lleras-Muney, A., & van Kippersluis, H. (2018): “The Effect of Education on Health and Mortality: A Review of Experimental and Quasi-Experimental Evidence (No. w24225).” *National Bureau of Economic Research*.

Cutler, D. M. & Lleras-Muney, A. (2010): “Understanding differences in health behaviors by education.” *Journal of Health Economics*, 29(1), 1-28.

Conti, G., Heckman, J., & Urzua, S. (2010): “The education-health gradient.” *American Economic Review*, 100(2), 234-38.

Clark, D., & Royer, H. (2013): “The effect of education on adult mortality and health: Evidence from Britain.” *American Economic Review*, 103(6), 2087-2120.

- **The effect of income and income inequality on health**

Pickett, K. E., & Wilkinson, R. G. (2015): “Income inequality and health: a causal review.” *Social science & medicine*, 128, 316-326.

Carrieri, V., & Jones, A. M. (2017): “The income–health relationship ‘beyond the mean’: New evidence from biomarkers.” *Health economics*, 26(7), 937-956.

Chetty, R., Stepner, M., Abraham, S., Lin, S., Scuderi, B., Turner, N., Bergeron, A., & Cutler, D. (2018): “The Association Between Income and Life Expectancy in the United States, 2001-2014.” *JAMA* 315(16): 1750-1766.

Cutler, D., Deaton, A., & Lleras-Muney, A. (2006): “The determinants of mortality.” *Journal of Economic Perspectives* 20(3): 97–120.

- **The effect of loneliness on health – mechanism and evidence**

Heller-Sahlgren, G. (2017): “Retirement blues.” *Journal of Health Economics*, 54, 66-78.

Courtin, E., & Knapp, M. (2017): “Social isolation, loneliness and health in old age: a scoping review.” *Health & social care in the community*, 25(3), 799-812.

Hawkey, L. C., & Cacioppo, J. T. (2010): “Loneliness matters: A theoretical and empirical review of consequences and mechanisms.” *Annals of behavioral medicine*, 40(2), 218-227.

Fried, L. et al. (2020): “A unified approach to loneliness.” *The Lancet*, 395(10218), 114.

Coyle, C. E., & Dugan, E. (2012): “Social isolation, loneliness and health among older adults.” *Journal of aging and health*, 24(8), 1346-1363.

Gerst-Emerson, K., & Jayawardhana, J. (2015): “Loneliness as a public health issue: the impact of loneliness on health care utilization among older adults.” *American journal of public health*, 105(5), 1013-1019.

Topic Block III: Health Behavior – Smoking, Alcohol, Obesity and Drugs

- **Smoking bans – economic justification, effectiveness and health effects**

Background literature:

Kvasnicka, M., Siedler, T., & Ziebarth, N. R. (2018): “The health effects of smoking bans: Evidence from German hospitalization data.” *Health Economics*, 27(11), 1738-1753.

Kuehnle, D., & Wunder, C. (2017): “The effects of smoking bans on self-assessed health: Evidence from Germany.” *Health Economics*, 26(3), 321-337.

Anger, S., Kvasnicka, M., & Siedler, T. (2011): “One last Puff? Public Smoking Bans and Smoking Behavior.” *Journal of Health Economics*, 30(3), 591-601.

Bharadwaj, P., Johnsen, J. V., & Løken, K. V. (2014): “Smoking bans, maternal smoking and birth outcomes.” *Journal of Public Economics*, 115, 72-93.

Jha, P., & Chaloupka, F. J. (2000): “The economics of global tobacco control.” *British Medical Journal*, 321(7257), 358-361.

- **Alcohol control policies: Do they work?**

Background literature:

Marcus, J. & Siedler, T. (2015): “Reducing Binge Drinking? The Effect of a Ban on Late-Night Off-Premise Alcohol Sales on Alcohol-Related Hospital Stays.” *Journal of Public Economics*, 123, 55-77.

Nakaguma, M. Y., & Restrepo, B. J. (2018): “Restricting access to alcohol and public health: Evidence from electoral dry laws in Brazil.” *Health Economics*, 27(1), 141-156.

Bhattacharya, J., Gathmann, C., & Miller, G. (2012): “The Gorbachev Anti-Alcohol Campaign and Russia's Mortality Crisis.” *National Bureau of Economic Research Working Paper Series*, Working Paper No. 18589.

Cook, P. J. & Moore, M. J. (2002): “The Economics of Alcohol Abuse and Alcohol-Control Policies.” *Health affairs* 21.2: 120-133.

- **The obesity pandemic – which economic incentives work, and should we implement them?**

Background literature:

Powell, L. M., & Chaloupka, F. J. (2009): "Food prices and obesity: evidence and policy implications for taxes and subsidies." *The Milbank Quarterly*, 87(1), 229-257.

Brownell, K. D., Farley, T., Willett, W. C., Popkin, B. M., Chaloupka, F. J., Thompson, J. W., & Ludwig, D. S. (2009): "The public health and economic benefits of taxing sugar-sweetened beverages." *The New England journal of medicine*, 361(16), 1599.

Cawley, J. (2013): "The economics of obesity." *NBER Reporter* (4), 7-10.

Cutler, D., Glaeser, E., & Shapiro, J. (2003): "Why Have Americans Become More Obese?" *Journal of Economic Perspectives*, 17(3), 93-118.

Manning, W. G., Keeler, E. B., Newhouse, J. P., Sloss, E. M., & Wasserman, J. (1989): "The Taxes of Sin. Do Smokers and Drinkers Pay Their Way?" *Journal of the American Medical Association*, 261(11), 1604-1609.

Kalamov, Z. (2020): "A sales tax is better at promoting healthy diets than the fat tax and the thin subsidy." *Health Economics*, 29(3), 353-366.

- **The impact of cannabis access laws on the opioid crisis**

Background literature

McMichael, B. J., Van Horn, R. L., & Viscusi, W. K. (2020): "The impact of cannabis access laws on opioid prescribing." *Journal of Health Economics*, 69, 102273.

Powell, D., Pacula, R. L., & Jacobson, M. (2018): "Do medical marijuana laws reduce addictions and deaths related to pain killers?" *Journal of Health Economics*, 58, 29-42.

Ruhm, C. J. (2019): "Drivers of the fatal drug epidemic." *Journal of Health Economics*, 64, 25-42.

Currie, J., Jin, J. Y., & Schnell, M. (2018): "US employment and opioids: Is there a connection?" (No. w24440). *National Bureau of Economic Research*.

Topic Block IV: Improving health care markets and decision making in health – insights from behavioural economics

- **How can we improve the allocation of organs in healthcare markets? – insights from behavioural economics**

Background literature

Thaler, Richard H., and Cass R. Sunstein. 2021. *Nudge – final edition*. New Haven: Yale University Press.

Becker, G. S., & Elias, J. J. (2007). Introducing incentives in the market for live and cadaveric organ donations. *Journal of economic perspectives*, 21(3), 3-24.

Roth, A. E. (2007). Repugnance as a Constraint on Markets. *Journal of Economic perspectives*, 21(3), 37-58.

Rice, Thomas. "The behavioral economics of health and health care." *Annual review of public health* 34 (2013): 431-447.

- **How can we improve enrolment in health insurance? - insights from behavioural economics**

Background literature

Thaler, Richard H., and Cass R. Sunstein. 2021. *Nudge – final edition*. New Haven: Yale University Press.

Rice, Thomas. "The behavioral economics of health and health care." *Annual review of public health* 34 (2013): 431-447.

Chandra, A., Handel, B., & Schwartzstein, J. (2019): "Behavioral economics and health-care markets." *Handbook of Behavioral Economics: Applications and Foundations 1* (Vol. 2, pp. 459-502). North-Holland.

Kenney, G. M., Cook, A., & Dubay, L. (2009). "Progress enrolling children in Medicaid/CHIP: Who is left and what are the prospects for covering more children?." Washington (DC): Urban Institute.

Baicker, K., Congdon, W. J., & Mullainathan, S. (2012). "Health insurance coverage and take-up: Lessons from behavioral economics." *The Milbank Quarterly*, 90(1), 107-134

- **Can insights from behavioural economics help to reduce smoking? – a critical assessment**

Background literature

Volpp, K. G., Asch, D. A., Galvin, R., & Loewenstein, G. (2011). „Redesigning employee health incentives—lessons from behavioral economics.“ *The New England journal of medicine*, 365(5), 388.

Marti, J., & Sindelar, J. (2015). "Smaller cigarette pack as a commitment to smoke less? Insights from behavioral economics." *PLoS One*, 10(9), e0137520.

Sunstein, C., (2013), "Nudges.gov: Behavioral Economics and Regulation" (February 16, 2013). *Oxford Handbook of Behavioral Economics and the Law* (Eyal Zamir and Doron Teichman eds.), Available at SSRN: <https://ssrn.com/abstract=2220022> or <http://dx.doi.org/10.2139/ssrn.2220022>

Sloan, F. A., & Wang, Y. (2008). "Economic theory and evidence on smoking behavior of adults." *Addiction*, 103(11), 1777-1785.

Vlaev, I., King, D., Dolan, P., & Darzi, A. (2016). "The theory and practice of "nudging": changing health behaviors." *Public Administration Review*, 76(4), 550-561.

Thaler, Richard H., and Cass R. Sunstein. 2021. *Nudge – final edition*. New Haven: Yale University Press.

Huf, S. W., Volpp, K. G., Asch, D. A., Bair, E., & Venkataramani, A. (2018). Association of Medicaid healthy behavior incentive programs with smoking cessation, weight loss, and annual preventive health visits. *JAMA network open*, 1(8), e186185-e186185.

- **Fighting obesity – what can we learn from behavioural economics?**

Background literature

Marteau, T. M., Ogilvie, D., Roland, M., Suhrcke, M., & Kelly, M. P. (2011). "Judging nudging: can nudging improve population health?." *Bmj*, 342.

Rice, Thomas. "The behavioral economics of health and health care." *Annual review of public health* 34 (2013): 431-447.

Liu, P. J., Wisdom, J., Roberto, C. A., Liu, L. J., & Ubel, P. A. (2014). "Using behavioral economics to design more effective food policies to address obesity." *Applied Economic Perspectives and Policy*, 36(1), 6-24.

Zimmerman, F. J., & Shimoga, S. V. (2014). "The effects of food advertising and cognitive load on food choices." *BMC Public Health*, 14(1), 1-10.

Zimmerman, F. J. (2011). Using marketing muscle to sell fat: the rise of obesity in the modern economy. *Annual review of public health*, 32, 285-306.

Thaler, Richard H., and Cass R. Sunstein. 2021. *Nudge – final edition*. New Haven: Yale University Press.

- **Improving exercise / gym attention – Insights from behavioural economics**

Background literature

DellaVigna, S., & Malmendier, U. (2006). "Paying not to go to the gym." *American Economic Review*, 96(3), 694-719.

Carrera, M., Royer, H., Stehr, M., & Sydnor, J. (2018). "Can financial incentives help people trying to establish new habits? Experimental evidence with new gym members." *Journal of health economics*, 58, 202-214.

Friedman, W., & Wilson, N. (2022). "Can nudging overcome procrastinating on preventive health investments?." *Economics & Human Biology*, 45, 101040.

- **Healthier food choices – evidence from behavioural economics**

Background literature

Downs, J. S., Loewenstein, G., & Wisdom, J. (2009). "Strategies for promoting healthier food choices." *American Economic Review*, 99(2), 159-64.

Oster, E. (2018). "Diabetes and diet: Purchasing behavior change in response to health information." *American Economic Journal: Applied Economics*, 10(4), 308-48.

Loewenstein, G., Price, J., & Volpp, K. (2016). "Habit formation in children: Evidence from incentives for healthy eating." *Journal of health economics*, 45, 47-54.

- **End of life care – the impact of defaults**

Background literature

Halpern, S. D., Loewenstein, G., Volpp, K. G., Cooney, E., Vranas, K., Quill, C. M., ... & Bryce, C. (2013). "Default options in advance directives influence how patients set goals for end-of-life care." *Health Affairs*, 32(2), 408-417.

Topic Block V: Informal care and the labor market

- **Are there wage penalties due to caregiving?**

Background literature

Carmichael, F., & Charles, S. (2003): "The opportunity costs of informal care: does gender matter?" *Journal of Health Economics*, 22: 781-803.

Schmitz, H., & Westphal, M. (2017): "Informal care and long-term labor market outcomes" *Journal of Health Economics*, 56: 1-18.

Skira, M. M. (2015): "Dynamic wage and employment effects of elder parent care" *International Economic Review*, 56: 63-93.

Van Houtven, C. H., Coe, N. B., & Skira, M. M. (2013): "The effect of informal care on work and wages" *Journal of Health Economics*, 32: 240-52.

- **The impact of informal caregiving on labor productivity**

Background literature

Ganapathy, V., Graham, G. D., DiBonaventura, M. D., Gillard, P. J., Goren, A., & Zorowitz, R. D. (2015): "Caregiver burden, productivity loss, and indirect costs associated with caring for patients with poststroke spasticity" *Clinical interventions in aging*, 10: 1793-802.

Giovannetti, E. R., Wolff, J. L., Frick, J. D., & Boult, C. (2009): "Construct validity of the Work Productivity and Activity Impairment questionnaire across informal caregivers of chronically ill older patients" *Value in Health*, 12: 1011-17.

Hopps, M., Iadeluca, L., McDonald, M., & Makinson, G. T. (2017): "The burden of family caregiving in the United States: work productivity, health care resource utilization, and mental health among employed adults" *Journal of multidisciplinary healthcare*, 10: 437.

Riffin, C., Van Ness, P. H., Wolff, J. L., & Fried, T. (2019): "Multifactorial examination of caregiver burden in a national sample of family and unpaid caregivers" *Journal of the American Geriatrics Society*, 67: 277-83.

Wolff, J. (2016): "Calculating work productivity loss in the national study of caregiving" *NHATS Technical Paper #13*.

- **What are the labor market effects of informal caregiving? Looking at the extensive and intensive margin of work**

Background literature

Crespo, L., & Mira, P. (2014): "Caregiving to Elderly Parents and Employment Status of European Mature Women." *Review of Economics and Statistics* 96 (4): 693-709.

Skira, M. M. (2015) "Dynamic wage and employment effects of elder parent care" *International Economic Review*, 56: 63-93.

Van Houtven, C. H., Coe, N. B., & Skira, M. M. (2013): "The effect of informal care on work and wages" *Journal of Health Economics*, 32: 240-52.

Lilly, M. B., Laporte, A., & Coyte, P. C. (2010): "Do They Care Too Much to Work? The Influence of Caregiving Intensity on the Labour Force Participation of Unpaid Caregivers in Canada." *Journal of health economics* 29 (6): 895-903