

Seminar on Health Economics and Health Policy

1. General information

Responsible unit: Chair for Health Economics and Health Policy

Lecturer: Prof. Dr. Ansgar Wübker

Contact: (ansgar.wuebker@rwi-essen.de)

Class times: 16th – 17th of January 2025, 9am–5pm

Class size: Maximum 20 students

Kick-off meeting: October 24th, 11:00 a.m., 2024

Credit points: 5 ECTS (master)

Language: English

2. Course Description:

The German population is projected to contract substantially by 2050. This makes Germany relatively unique among larger EU countries, which are forecast to face less dramatic decline (Italy) or even grow slightly (France, Spain, UK) over the same period (UN, 2012). While the German population will decline overall, the number of elderly people will continue to grow as the population ages. An increasing old-age dependency ratio creates enormous challenges for health insurance, health care and long-term care (LTC) in Germany. Moreover, the changing size and composition of the population is not affecting all parts of Germany in a uniform way: this process is known as geo-demographic change. Some regions are thus facing particular challenges due to a rapidly ageing population and dwindling human resources in the care sector.

In this seminar students will prepare a term paper based on selected challenges imposed by population aging and the geo-demographic change. The topics will cover both empirical and theoretical contributions. Students will thus 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. 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”, “Management and Economics” or “Economic Policy Consulting”. Sufficient 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 and Pischke, 2009, *Mostly Harmless Econometrics*, Princeton University Press, Princeton; Oxford (2009)

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

 Cunningham 2021. *Causal inference: The mixtape*. Yale university press.

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 presentations of the 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.

Good hints on how to write a good term paper you can find here

http://www.pitzer.edu/academics/field_groups/economics/papers.asp.

Some criteria for grading papers are (adopted from

http://www.pitzer.edu/academics/field_groups/economics/papers.asp):

- **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 has to 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 via Dropbox) 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 has to 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 20 minutes. Additionally each student has to discuss a term paper of another student. The aim is to give advice 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. In particular, active involvement in class discussions is expected.

5. Course materials

All course material will be provided in Dropbox (you get an invitation via email after you write me an email after the Kickoff-Meeting)

Course ID: **Seminar on Health Economics and Health Policy** – Winter Term 24.

6. Course schedule

The seminar is scheduled as a block seminar. At the beginning of the semester, there is a kick-off meeting via Zoom.

Timeframe

24.10.2024, 11:00 a.m.	Kick-off meeting: Overview of topics, general information
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Until 31.10.2024	Registration with Three preferred topics (please provide preference order 1, 2 and 3 for the selected topics) Email: Ansgar.wuebker@rwi-essen.de Subject line: "HEHP topic choice"
Until 14.11.2024	Contact 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)
30.11.2024	Registration Opening FlexNow
Until 07.01.2025	Writing period, handing in of the term papers no later than 5 th of January via Email (PDF and Word) and 2 hardcopies on the day of the seminar
10.01.2025	Time plan of seminar
10.01.2025	Registration Deadline FlexNow
15.01.2025	Handing in of the presentations (own paper and discussion) via Email
16.01.2025	Seminar
27.01.2025	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)

!! Please name the files you hand in as follows: !!

Outline: HEHPWS2425_FirstnameLastname_outline
 Paper: HEHPWS2425_FirstnameLastname_paper
 HEHPWS2425_FirstnameLastname_revised
 Presentations: HEHPWS2425_FirstnameLastname_presentation
 HEHPWS2425_FirstnameLastname_discussion

!! Note: The suggested background literature should be viewed as a first starting point for your analysis. Further research is necessary !!

Topics

Topic Block I: Why are healthcare costs increasing?

- **Baumol's cost disease: Why computers get cheaper and health care doesn't?**

Background literature:

Baumol, W.J., (1967). Macroeconomics of unbalanced growth: the anatomy of urban crisis. *American Economic Review* 57 (3), 415–426.

Colombier, C. (2017). Drivers of Health-Care Expenditure: What Role Does Baumol's Cost Disease Play?. *Social Science Quarterly*, 98(5), 1603-1621.

Föllmi, R., M. Morger and K. Künzi (2018). Wie produktiv ist das Gesundheitswesen?. *Die Volkswirtschaft. Plattform für Wirtschaftspolitik*, 6

Hartwig, J., (2008). What drives health care expenditure? Baumol's model of unbalanced growth revisited. *Journal of Health Economics* 27, 603–623.

Bates, L. J., and Santerre, R. E. (2013). Does the US health care sector suffer from Baumol's cost disease? Evidence from the 50 states. *Journal of Health Economics*, 32(2), 386-391.

- **Demographic ageing and healthcare costs – Medicalization vs. compression of morbidity**

Background literature:

Breyer, F. (2015). Demographischer Wandel und Gesundheitsausgaben: Theorie, Empirie und Politikimplikationen. *Perspektiven der Wirtschaftspolitik*, 16(3), 215-230.

Cutler, D. M., K. Ghosh and M. B. Landrum (2013). Evidence for significant compression of morbidity in the elderly U.S. population. NBER Working Paper Series, No. 19268.

Chernew, M. E. and J.P. Newhouse (2012). Health care spending growth. In: Pauly, M. V., McGuire, T. G., Barros, P. P. (eds.), *Handbook of Health Economics*, 2, 1-43.

Felder, S. (2012), Gesundheitsausgaben und demografischer Wandel. *Bundesgesundheitsblatt - Gesundheitsforschung – Gesundheitsschutz*, 55, 614–623.

Fries, J. F. (2002). Aging, natural death, and the compression of morbidity. *Bulletin of the World Health Organization*, 80(3), 245-250.

Howdon, D., and Rice, N. (2018). Health care expenditures, age, proximity to death and morbidity: implications for an ageing population. *Journal of Health Economics*, 57, 60-74.

Background literature:

Topic Block II: Tackling regional variation in health care markets – A way to avoid inefficiencies in healthcare?

- **What are the causes of regional variation in health-care use?**

Background literature:

Finkelstein, A., M. Gentzkow, and H. Williams (2014), Sources of geographic variation in health care: evidence from patient migration. *The Quarterly Journal of Economics*, 131(4), 1681–1726.

Kopetsch, T. and H. Schmitz (2014), Regional variation in the utilisation of ambulatory services in Germany. *Health Economics*, 23(12), 1481-1492.

Salm, M. and A. Wübker (2020). Sources of regional variation in healthcare utilization in Germany. *Journal of Health Economics*, 69, 102271.

Moura, A., Salm, M., Douven, R., and M. Remmerswaal (2019). Causes of regional variation in Dutch healthcare expenditures: Evidence from movers. *Health economics*, 28 (9), 1088{1098.

Skinner, J. (2012). Causes and consequences of regional variations in health care. In: Pauly, M. V., McGuire, T. G., Barros, P. P. (eds.), *Handbook of Health Economics*, (2), 45-93.

- **What are the consequences of regional variation in health-care use?**

Finkelstein, A., Gentzkow, M., and H. Williams (2019). Place-based drivers of mortality: Evidence from migration (tech. rep.). National Bureau of Economic Research.

Godoy, A., and I. Huitfeldt (2020). Regional variation in health care utilization and mortality. *Journal of health economics*, 71, 102254.

Kulshreshtha, S., Salm, M., and A. Wübker (2022). Does Population Sorting through Internal Migration Increase Healthcare Costs and Needs in Peripheral Regions?. IZA DP No. 15559.

Skinner, J. (2012). Causes and consequences of regional variations in health care. In: Pauly, M. V., McGuire, T. G., Barros, P. P. (eds.), *Handbook of Health Economics*, (2), 45-93.

- **What can health policy learn from regional variation in health care and health care costs?**

Background literature:

Finkelstein, A., M. Gentzkow, and H. Williams (2014), Sources of geographic variation in health care: evidence from patient migration. *The Quarterly Journal of Economics*, 131(4), 1681–1726.

Fisher, E. S., J.P. Bynum, and J.S. Skinner (2009), Slowing the growth of health care costs – lessons from regional variation. *New England Journal of Medicine*, 360(9), 849-852.

Skinner, J. (2012), Causes and consequences of regional variations in health care. In: Pauly, M. V., McGuire, T. G., Barros, P. P. (eds.), *Handbook of Health Economics*, vol. 2, pp. 45-93, Amsterdam: Elsevier.

Topic Block III: Better understanding health and health behaviour – the role of job loss, education, retirement and prevention

General background literature: Grossman, M. (1972). On the concept of health capital and the demand for health. *Journal of Political Economy*, 80(2), 223-255.

- **What causes risky health behaviour and what are the implications for health policy? Insight from economics**

Background literature:

Cawley, J., and Ruhm, C. J. (2011). The economics of risky health behaviors. In *Handbook of Health Economics* (Vol. 2, pp. 95-199). Elsevier.

Cawley, J. (2015). An economy of scales: A selective review of obesity's economic causes, consequences, and solutions. *Journal of Health Economics*, 43, 244-268.

The causal effect of education on health – what is the role of health behaviours?

Background literature:

Davies, N. M., Dickson, M., Davey Smith, G., Van Den Berg, G. J., and F. Windmeijer (2018). The causal effects of education on health outcomes in the UK Biobank. *Nature human behaviour*, 2(2), 117-125.

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

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

Silles, M. A. (2009). The causal effect of education on health: Evidence from the United Kingdom. *Economics of Education review*, 28(1), 122-128.

Albouy, V., and L. Lequien (2009). Does compulsory education lower mortality?. *Journal of Health Economics*, 28(1), 155-168

Brunello, G., M. Fort, N. Schneeweis and R. Winter-Ebmer (2016). The causal effect of education on health: What is the role of health behaviors?. *Health Economics*, 25(3), 314-336.

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

- **You are fired – the causal effect of unemployment on health and health behaviour**

Background literature:

Schmitz, H. (2011). Why are the unemployed in worse health? The causal effect of unemployment on health. *Labour Economics*, 18(1), 71-78.

Marcus, J. (2014). Does job loss make you smoke and gain weight?. *Economica*, 81(324), 626-648.

Salm, M., (2009). Does job loss cause ill health? *Health Economics* 18 (9), 1075–1089

Caroli, E., and Godard, M. (2016). Does job insecurity deteriorate health?. *Health economics*, 25(2), 131-147.

- **The impact of family income on child health – empirical evidence**

Kuehnle, D. (2014). The causal effect of family income on child health in the UK. *Journal of health economics*, 36, 137-150.

Lenhart, O. (2019).. The effects of income on health: new evidence from the Earned Income Tax Credit. *Review of Economics of the Household*, 17(2), 377-410.

Cooper, K., and K. Stewart (2021). Does household income affect children's outcomes? A systematic review of the evidence. *Child Indicators Research*, 14(3), 981-1005.

- **Is it good for your health to get retired? Causal evidence and mechanism**

Background literature:

Mazzonna, F., and Peracchi, F. (2017). Unhealthy retirement?. *Journal of Human Resources*, 52(1), 128-151.

Eibich, P. (2015). Understanding the effect of retirement on health: Mechanisms and heterogeneity. *Journal of Health Economics*, 43, 1-12.

Johnston, D. W., and Lee, W. S. (2009). Retiring to the good life? The short-term effects of retirement on health. *Economics Letters*, 103(1), 8-11.

Bertoni, M., Brunello, G., and Mazzarella, G. (2018). Does postponing minimum retirement age improve healthy behaviors before retirement? Evidence from middle-aged Italian workers. *Journal of Health Economics*, 58, 215-227.

- **The potential of prevention in health care - Insights from economic**

Background literature:

Newhouse, J. P. (2021). An ounce of prevention. *Journal of Economic Perspectives*, 35(2), 101-18.

Cohen, J.T., P.J. Neumann and M.C. Weinstein (2008), Does Preventive Care Save Money? Health Economics and the Presidential Candidates. *New England Journal of Medicine*, 358:661-663.

Kenkel, D.S., 2000. Chapter 31 prevention. In: Culyer, A. J., Newhouse, J. P. (Eds.), *Handbook of Health Economics*. Vol. Volume 1, Part 2. Elsevier, 1675-1720.

Russell, L.B. (2007). Prevention's Potential for Slowing the Growth of Medical Spending, National Coalition on Health Care.

Obesity: causes and consequences of obesity and strategies to address it - an economic perspective

Background literature:

Cawley, J. (2015). An Economy of Scales: A Selective Review of Obesity's Economic Causes, Consequences, and Solutions. *Journal of Health Economics*, 43, 244-268.

Cawley, J. (2010). The economics of childhood obesity. *Health Affairs*, 29(3), 364-371.

Cawley, J. and C. Meyerhoefer (2012). The medical care costs of obesity: an instrumental variables approach. *Journal of Health Economics*, 31, 219-30.

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

Jacobson, M. F., and K.D. Brownell (2000). Small Taxes on Soft Drinks and Snack Foods to Promote Health. *American Journal of Public Health*, 90(6), 854-857.

Mello, M., D. Studdert and T. Brennan (2006). Obesity - The New Frontier of Public Health Law. *New England Journal of Medicine*, 354(24), 2601-2610.

How are health Behaviours shaped through family spillovers?

Background literature:

Fadlon, I., and T.H. Nielsen (2019). Family health behaviors. *American Economic Review*, 109(9), 3162-3191.

Chen, Y., Persson, P., and M. Polyakova (2022). The roots of health inequality and the value of intrafamily expertise. *American Economic Journal: Applied Economics*, 14(3), 185-223.

Topic Block IV: Demographic ageing and informal caregiving

- **The costs of informal caregiving – economic approaches and challenges**

Background literature:

Ettner, S. L. (1996). The opportunity costs of elder care. *Journal of Human Resources*, 189-205.

Van den Berg, B., Brouwer, W. B., and Koopmanschap, M. A. (2004). Economic valuation of informal care. *The European Journal of Health Economics, formerly: HEPAC*, 5(1), 36-45.

Van den Berg, B., Brouwer, W., van Exel, J., Koopmanschap, M., van den Bos, G. A., and Rutten, F. (2006). Economic valuation of informal care: lessons from the application of the opportunity costs and proxy good methods. *Social science & medicine*, 62(4), 835-845.

Urwin, S., Lau, Y. S., Grande, G., & Sutton, M. (2021). The Challenges of Measuring Informal Care Time: A Review of the Literature. *PharmacoEconomics*, 1-15.

- **Can informal caregiving of parents substitute formal care? Empirical evidence**

Background literature:

Liu, H. (2021). Formal and Informal Care: Complementary or Substitutes in Care for Elderly People? Empirical Evidence From China. *SAGE Open*, 11(2), 21582440211016413.

Bonsang, E. (2009). Does informal care from children to their elderly parents substitute for formal care in Europe?. *Journal of Health Economics*, 28(1), 143-154.

Bolin, K., Lindgren, B., and Lundborg, P. (2008). Informal and formal care among single-living elderly in Europe. *Health Economics*, 17(3), 393-409.

Van Houtven, C. H., and Norton, E. C. (2004). Informal care and health care use of older adults. *Journal of Health Economics*, 23(6), 1159-1180.

Norton, E. C. (2000). Long-term care. *Handbook of Health Economics*, 1, 955-994.

- **Consequences of informal caregiving for caregiver health**

Background literature:

Bauer, J. M. and A. Sousa-Poza (2015). Impacts of informal caregiving on caregiver employment, health, and family. *Journal of Population Ageing*, 8(3), 113-145.

Lindenbaum, K., M. Stroka and R. Linder (2014). Informal caregiving for elderly people with mental illnesses and the mental health of the informal caregivers. *Journal of Mental Health Policy and Economics*, 17(3), 99-105.

Schmitz H. and M. Westphal (2015). Short- and medium-term effects of informal care provision on female caregivers' health. *Journal of Health Economics*, 42(0), 174-185.

Schulz, R and S.R. Beach (1999). Caregiving as a risk factor for mortality: The caregiver health effects study. *Journal of the American Medical Association*, 282(23), 2215-2219

- **What are the labour market effects of informal caregiving?**

Background literature:

Carmichael, F., Charles, S., and Hulme, C. (2010). Who will care? Employment participation and willingness to supply informal care. *Journal of Health Economics*, 29(1), 182-190.

Heitmueller, A. (2007). The chicken or the egg?: Endogeneity in labour market participation of informal carers in England. *Journal of Health Economics*, 26(3), 536-559.

Van Houtven, C. H., Coe, N. B. and Skira, M. M. (2013). The Effect of Informal Care on Work and Wages. *Journal of Health Economics* 32 (1): 240–52.

Skira, M. (2015). Dynamic Wage and Employment Effects of Elder Parent Care. *International Economic Review* 56 (1): 63–93.

- **Does Retirement improve the supply of informal care?**

Fischer, B., and K.U. Müller (2020). Time to care? The effects of retirement on informal care provision. *Journal of Health Economics*, 73, 102350.

Zhu, R. (2021). Retirement and voluntary work provision: Evidence from the Australian Age Pension reform. *Journal of Economic Behavior & Organization*, 190, 674-690.