

Topics in Health Economics

Course Website: [Health Economics](#)

Start Date: August 25, 2014

End Date: August 28, 2014

Registration Starts: April 14, 2014

Registration Deadline: May 31, 2014

Fee: Free of charge for students from Nordic countries, 250€ otherwise

Location: University of Southern Denmark, Odense Campus, Room (TBA)

Teaching Language: English

Credits: 5 ECTS

Prerequisites: Microeconometrics

Course Coordinator

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Course Description

In most developed countries, health care spending constitutes a substantial portion of the gross domestic product (GDP). For example, according to the Organization for Economic Co-operation and Development, Denmark spent 11.1 percent of its GDP in 2010 on health care. Thus, it is imperative to understand the structure, conduct and performance among actors in this industry.

This PhD course focuses on four basic themes. The first part, *Hospitals*, covers issues pertaining to ownership and performance, competition, and returns to expenditures. The second part, *Physicians*, introduces the literature on physician agency and payment, as well as pay for performance. The third section focuses on *Information and Quality*, covering topics such as quality of care, role of information provision, and medical malpractice. The final part, *Pharmaceuticals and Medical Devices*, discusses innovation and market size, patents and competition, and medical devices.

Learning Objectives

At the end of the course, the student will be able to:

1. Demonstrate awareness of key concepts and theories of health economics, models of organization of health care systems, and their financing and regulation
2. Relate these concepts and theories to current complex issues in health care
3. Develop an understanding of a range of (econometric) techniques used in the evaluation of public health and health care programs
4. Identify key theoretical assumptions and critically assess research hypotheses, methods and interpretation of results in research articles
5. Suggest potential extensions of existing research papers

Course Evaluation

Lectures will be combined with in-class student presentations. Students are expected to come to class having read the required readings and to participate actively in discussions. During each lecture, a group of 2-4 students will present selected sections of the required readings (20% of overall grade). The presentations should contain an overview of core issues the assigned sections as well as a critical assessment of important assumptions, hypotheses, choice of methods and interpretation of results. At the end of the course there will be a referee report assignment (80% of overall grade).

Tentative Program

August 25, 2014 10:00-11:00 Hospitals overview 11:00-12:00 Ownership and Performance 12:00-13:00 Lunch break 13:00-14:00 Competition 14:00-15:00 Technology Adoption and Returns to Expenditures	August 27, 2014 10:00-11:00 Information and quality overview 11:00-12:00 Gauging Quality of Care 12:00-13:00 Lunch Break 13:00-14:00 Role of Information Provision 14:00-15:00 Medical Malpractice
August 26, 2014 9:00-10:00 Physicians overview 10:00-11:00 Physician Agency and Payment 11:00-12:00 Pay for Performance 12:00-13:00 Lunch Break	August 28, 2014 10:00-11:00 Pharmaceuticals and medical devices overview 11:00-12:00 Innovation and market size 12:00-13:00 Lunch Break 13:00-14:00 Patents and competition 14:00-15:00 Medical devices

Textbook and Readings

A. Textbooks

Frank A. Sloan and Chee-Ruey Hsieh. 2012. *Health Economics*. MIT Press. ISBN: 9780262016766

Frank A. Sloan and Hirschel Kasper. 2008. *Incentives and Choice in Health Care*. MIT Press. ISBN: 9780262693653

B. Articles

Please see the reading list below. Required readings are denoted with a star.

Reading List

I. Hospitals

A. Overview

* Sloan, Frank A. and Chee-Ruey Hsieh. 2012. "Hospitals" in Sloan, Frank A. and Chee-Ruey Hsieh [eds], *Health Economics* pp. 219-273.

* Gowrisankaran, G. 2008. "Competition, Information Provision, and Hospital Quality" in Frank A. Sloan and Hirschel Kasper [eds], *Incentives and Choice in Health Care* pp. 319-353.

B. Ownership and Performance

* Picone, Gabriel, Shin-Yi Chou, and Frank Sloan. "Are for-profit hospital conversions harmful to patients and to Medicare?" *RAND Journal of Economics* (2002): 507-23.

C. Competition

* Chandra, Amitabh, and Douglas O Staiger. "Productivity spillovers in healthcare: Evidence from the treatment of heart attacks." *Journal of Political Economy* 115, (2007): 103-40.

Cooper, Zack, Stephen Gibbons, Simon Jones, and Alistair McGuire. "Does hospital competition save lives? evidence from the English NHS patient choice reforms." *Economic Journal* 121, no. 554 (2011): F228-F260.

D. Returns to Expenditures

Acemoglu, Daron, and Amy Finkelstein. "Input and technology choices in regulated industries: Evidence from the health care sector." *Journal of Political Economy* 116, no. 5 (2008): 837-80.

* Evans, William N, and Craig Garthwaite. "Estimating heterogeneity in the benefits of medical treatment intensity." *Rev. of Economics & Statistics* 94, no. 3 (2012): 635-49.

Trogon, Justin G. "Demand for and regulation of cardiac services." *International Economic Review* 50, no. 4 (2009): 1183-204.

II. Physicians

A. Overview

* Sloan, Frank A. and Chee-Ruey Hsieh. 2012. "The market for physicians' services" in Sloan, Frank A. and Chee-Ruey Hsieh [eds], *Health Economics* pp. 171-218.

* McGuire, TG. 2008. "Physician Fees and Behavior: Implications for Structuring a Fee Schedule" in Frank A. Sloan and Hirschel Kasper [eds], *Incentives and Choice in Health Care* pp. 263-288.

* Golden, BR and FA Sloan. 2008. "Physician Pay for Performance: Alternative Perspectives" in Frank A. Sloan and Hirschel Kasper [eds], *Incentives and Choice in Health Care* pp. 289-318.

B. Physician Agency and Payment

Garthwaite, Craig L. "The doctor might see you now: the supply side effects of public health insurance expansions." *American Economic Journal* 4, no. 3 (2012): 190-215.

* Gaynor, Martin, and Paul Gertler. "Moral hazard and risk spreading in partnerships." *RAND Journal of Economics* 26, no. 4 (1995): 591-613.

Ma, Ching-To Albert, and Thomas G. McGuire. "Optimal health insurance and provider payment." *American Economic Review* 87, no. 4 (1997): 685-704.

* McGuire, Thomas G., and Mark V. Pauly. "Physician response to fee changes with multiple payers." *Journal of Health Economics* 10, no. 4 (1991): 385-410.

C. Pay for Performance

* Mullen, Kathleen J., Richard G. Frank, and Meredith B. Rosenthal. "Can you get what you pay for? Pay-for-performance and the quality of healthcare providers." *RAND Journal of Economics* 41, no. 1 (2010): 64-91.

III. Information and Quality

A. Overview

* Sloan, Frank A. and Chee-Ruey Hsieh. 2012. "Quality of care and medical malpractice" in Sloan, Frank A. and Chee-Ruey Hsieh [eds], *Health Economics* pp. 277-317.

B. Gauging Quality of Care

* Kessler, Daniel P, and Mark B McClellan. "Is hospital competition socially wasteful?" *Quarterly Journal of Economics* 115, no. 2 (2000): 577-615.

Geweke, John, Gautam Gowrisankaran, and Robert J Town. "Bayesian inference for hospital quality in a selection model." *Econometrica* 71, no. 4 (2003): 1215-38.

C. Role of Information Provision

* Dranove, David, Daniel Kessler, Mark McClellan, and Mark Satterthwaite. "Is more informatio better? The effects of report cards on health care providers." *Journal of Political Economy* 111, no. 3 (2002): 555-88.

Miller, Amalia R, and Catherine E Tucker. "Can health care information technology save babies?" *Journal of Political Economy* 119, no. 2 (2011): 289-324.

D. Medical Malpractice

* Currie, Janet, and W Bentley MacLeod. "First do no harm? Tort reform and birth outcomes." *Quarterly Journal of Economics* 123, no. 2 (2008): 795-830.

Kessler, Daniel, and Mark McClellan. "Do doctors practice defensive medicine?" *Quarterly Journal of Economics* 111, no. 2 (1996): 353-90.

* Sloan, Frank A, and John H Shadle. "Is there empirical evidence for "defensive medicine"? A reassessment." *Journal of Health Economics* 28, no. 2 (2009): 481-91.

IV. Pharmaceuticals and Medical Devices

A. Overview

* Sloan, Frank A. and Chee-Ruey Hsieh. 2012. "Pharmaceutical manufacturers" in Sloan, Frank A. and Chee-Ruey Hsieh [eds], *Health Economics* pp. 368-415.

B. Innovation and Market Size

* Finkelstein, Amy. "Static and dynamic effects of health policy: Evidence from the vaccine industry." *Quarterly Journal of Economics* 119, no. 2 (2004): 527-64.

C. Patents and Competition

* David, Guy, Sara Markowitz, and Seth Richards-Shubik. "The effects of pharmaceutical marketing and promotion on adverse drug events and regulation." *American Economic Journal: Economic Policy* 2, no. 4 (2010): 1-25.

Dutta, Antara. "From free entry to patent protection: Welfare implications for the Indian pharmaceutical industry." *Review of Economics & Statistics* 93, no. 1 (2011): 160-78.

Kyle, Margaret K., and Anita M. McGahan. "Investments in pharmaceuticals before and after TRIPS." *Review of Economics and Statistics* 94, no. 4 (2011): 1157-72.

Chaudhuri, Shubham, Pinelopi K. Goldberg, and Panle Jia. "Estimating the effects of global patent protection in pharmaceuticals: A case study of quinolones in India." *American Economic Review* 96, no. 5 (2006): 1477-1514.

D. Medical Devices

* Grennan, Matthew. "Price discrimination and bargaining: Empirical evidence from medical devices." *American Economic Review* 103, no. 1 (2013): 145-77.