Fall 2009  
DUKE UNIVERSITY 
Department of Economics  

Economics 357: Economics of Health  
Monday 6:00 – 9:00 p.m. Social Sciences 113  

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Office Hours: Tuesday and Thursday 2:00 – 3:00

1. **Course description.** This is a graduate level course in the Economics of Health. The emphasis will be on acquiring a set of tools and a framework within which to organize empirical analysis. In this course, we will focus on decisions made by household members and the market for health insurance. The course will also have relevance for students interested in broader empirical microeconomic research.

2. **Prerequisites:** A semester of graduate level microeconomics. Graduate econometrics, both theoretical and applied, will be highly useful.

3. **Required readings.** There is not a standard textbook, though we do include a non-technical volume that provides contextual background of the issues and literature, and North Holland Handbooks and JEL surveys will be useful. Rather, the course consists of 30 required readings, which each student is expected to cover thoroughly, with an eye to content, theory, model, and econometric technique. There are many papers by Nobel Laureates on the reading list.

4. **Honor code and course policies.** Failure to acknowledge assistance on an assignment, or to cite a source of information used in an assignment, or to represent the work of others as your own, constitutes a violation of the University’s honor code. Any violations may result in failure of the assignment or the course, or expulsion from the University. Any exam missed for a non-legitimate reason will be accorded the grade of 0. Any exam missed for a legitimate reason will be made up with an oral exam as soon as it can be scheduled by EcoTeach. Late work will be penalized by 1/3 grade point per day late (excluding Sundays). Presentation notes must be posted on Blackboard at least 24 hours prior to the class at which the presentation will take place.

5. **Grading and assignments.** The grades will be determined as weighted averages of exams, presentations, and a 7-page research proposal:

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<tr>
<th>Component</th>
<th>Weight</th>
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<tr>
<td>Class participation</td>
<td>10%</td>
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<tr>
<td>In-class presentations and supporting notes (two per student)</td>
<td>20%</td>
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<td>Research proposal</td>
<td>20%</td>
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<tr>
<td>Midterm examination</td>
<td>25%</td>
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<td>Final examination</td>
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To enhance the efficiency of class presentations, each presenter is expected to prepare a handout for
distribution to the entire class. The handout should contain pertinent aspects of the formal presentation
to avoid having to write out lots of equations in class. Even if you are not a presenter, you are expected
to have read the article in detail before class. We will provide a list of questions on each article prior to
class. These questions are designed to provide some guidance for your reading and will be discussed in
class by all participants. Our hope is that the presenter will make critical analytical comments as well as
simply presenting the paper, and that other students will be prepared to discuss the article. At times, we
will provide brief background lectures on related literature.

Our intention is to provoke discussion, and for the presenter to discuss new techniques, modeling
approaches, data sets, and findings, as well as to discuss shortcomings. At times, we will help by
providing general background notes from earlier readings that can be incorporated, so that the presenters
can emphasize critical points rather than slowly going through the model (and spending lots of time
writing it up).

6. **Course readings**
   **Text:** Frank Sloan and Hirschel Kasper, Eds., 2008, *Incentives & Choices in Health Care*. Cambridge,
   MA: MIT Press.

I. **INTRODUCTION**


II. **DEMAND FOR MEDICAL CARE**
Text: Gilleskie, Donna, “Health capital: theory and empirical evidence” in Sloan & Kasper, Ch. 3. **August 24 (Sloan)**
Text: Newhouse, Joseph and Anna Sinaiko, “What we know and don’t know about the effects of cost-
sharing on the demand for medical care – and so what?” in Sloan & Kasper, Ch. 4. **August 24 (Sloan)**

Political Economy* 82: 233-255. **August 31**

insurance and the demand for medical care: Evidence from a randomized experiment,” *American
Economic Review* 77: 251-277. **August 31**


66: 1, 1-45. **Sept 7**
III. **Health Production**


IV. **Health Insurance**

Text: Pauly, Mark, “Adverse selection and moral hazard: implications for health insurance markets” in Sloan & Kasper, Ch. 5. **Sept 21**


October 5 Fall Break


**Midterm Examination (take-home) Oct 13-19**


V. **Addiction**

Text: Cawley, John, “Reefer Madness, Frank the Tank, or Pretty Woman: to what extent do addictive behaviors respond to incentives?” in Sloan & Kasper, Ch. 7.  **Oct 26**


VI. **The Great Transitions, Patterns of Health, and the Impact of Nutrition**


**VII. HEALTH & ECONOMIC DEVELOPMENT**


REFERENCE/BACKGROUND (not covered in class)


Glewwe, Paul and Hanan Jacoby, 1995, “An economic analysis of delayed primary school enrollment in a low...


Li, Hongbin, Mark Rosenzweig, and Junsen Zhang, 2008, "Altruism, favoritism, and guilt in the allocation of family resources: Sophie's Choice in Mao's mass send down movement,” New Haven: Yale University Department of Economics, working paper no. 54.


**THE LAST CUTS ON THE FINAL LIST....THAT IS, PAPERS VERY MUCH WORTH READING:**


