ECON 436: Public Policy in Health Economics
Winter 2022

Molly Schnell, schnell@northwestern.edu
Monday/ Wednesday, 9:00-10:50am
Weeks 1-2: https://northwestern.zoom.us/j/99796647586
Weeks 3-10: KGH 3301
Office hours: by appointment

Course description: This course provides an introduction to theoretical models and empirical applications in health economics. Topics include the production and measurement of health, the provision and design of health insurance, causes and consequences of provider behavior, and competition in health care markets. The course is designed to be a complement to MECS 551 and will largely avoid duplicating material covered in the fall. However, students who did not take MECS 551 are welcome to take the course.

Course requirements:

- Class attendance and participation (30%): Students should read papers denoted with an asterisk in advance of each lecture; papers without an asterisk are recommended but not required. Each student is further asked to give a 30-minute presentation on one paper denoted with a double asterisk on the syllabus (papers and presentation dates to be assigned the first week of class).

- Research paper or proposal (40%): Students who took MECS 551 should continue to develop the research proposal they prepared in the fall. A 10-15 page paper outlining the research question, related literature, model (if appropriate), data, preliminary empirical work, and discussion of next steps is due by 5pm on Friday, March 4. Students who did not take MECS 551 should instead prepare a 5-10 page research proposal (also due on March 4). Research proposals should follow the same outline as research papers, but preliminary results are not required. Students will be asked to present their research paper or proposal the final week of class.

- Final exam (30%): There will be a closed-book exam from 9-11am on Friday, March 18. The exam will cover material from the mandatory readings, lecture slides, guest lectures, and student presentations.

Other notes:

- For general background, students are encouraged to consult the following textbook:

- For broad coverage of topics in health economics, students can consult the following handbooks:

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Section I: Health Capital

I.A. The production of health

*Health as human capital*


*Fetal origins*


I.B. Growth and productivity of health care spending


Covered in the fall:


I.C Health gradients


Education


Income


I.D Health behaviors (2 lectures)

Risky behavior


Nutrition


Opioids


I.E Health effects of non-medical programs


I.F Guest lecture with Hannes Schwandt (January 26): Air pollution and health


Section II: Health Insurance

II.A Optimal health insurance


II.B Health effects of health insurance


II.C Frictions in insurance demand


II.D Guest lecture with Matt Notowidigdo (February 9): The value of insurance

Section III: Provider Behavior

III.A Physician behavior (2 lectures)


Supplier induced demand and financial incentives


Defensive medicine


Diagnostic skill


III. B Scope of practice legislation and non-physician providers


III. C Guest lecture with Diane Alexander (February 23): Payment reforms


Section IV: Competition in Health Care Markets


IV.A Insurers and providers: Competition and antitrust

Health insurers


Hospitals


Covered in the fall:

IV.B Insurer-provider negotiations


Covered in the fall: