

AHEW 2009



1st Annual Health Econometrics Workshop

October 2–3, 2009

UNIVERSITY CLUB OF CHICAGO

Chicago IL

USA



www.healtheconometrics.org

The Annual Health Econometrics Workshop

The annual health econometrics workshop (AHEW) provides a forum to discuss the use of econometric and other quantitative methods to address issues in health economics and policy, health services research, and outcomes research. It is the first meeting of its kind in North America and will facilitate the exchange of ideas among the growing health econometrics community.

The format of the workshop will follow the traditional structure of the American Health Economics Conference (AHEC), National Bureau of Economic Research (NBER) Conferences, and the European Workshops on Econometrics and Health Economics (i) a nominated discussant presents and appraises the paper, (ii) the author(s) responds, and (iii) open discussion follows. Each paper will be allotted one hour.

Participation in the workshop is by invitation only.

Welcome to the first Annual Health Econometrics Workshop. This inaugural workshop will be held at the beautiful University Club of Chicago in downtown Chicago from October 2-3, 2009. Response to this conference was overwhelming: we received nearly forty highly qualified papers. Due to time constraints, we were able to include only 9 papers in the program. We would like to thank our discussants for taking the time to present these papers at the workshop. Their insights into the econometric issues are the highlight of the program. We also thank Professor Charles F. Manski of the Northwestern University for agreeing to deliver the key-note speech of the conference.

We gratefully acknowledge the support of our sponsors, I3 Innovus, Pfizer Inc, StataCorp, Veterans Affairs Health Services Research and Development and the Center for Health and Social Sciences at the University of Chicago, without whom this conference would not be possible. We thank Benjamin Craig for lending us the www.healtheconometrics.org domain for hosting the workshop website.

We hope you will find the workshop stimulating. We also hope you will be able to soak in all the excitement that Chicago has to offer.

See you all in October!

Inaugural Organizing Committee

Anirban Basu, University of Chicago

Paul Grootendorst, University of Toronto

Willard Manning, University of Chicago

John Mullahy, University of Wisconsin-Madison

Edward Norton, University of Michigan

Todd Wagner, VA Palo Alto Health Care System & Stanford University



Friday, October 2, 2009

- 9:20 – 9:30 AM : Welcome
- 9:30 – 10:30 AM : Paper # 1, *John Mullahy* discusses *Deb et al.*
- 10:30 – 11:30 AM : Paper # 2, *William Greene* discusses *Ng et al.*
- 11:30 – 1:00 PM : LUNCH
- 1:00 – 2:00 PM : Keynote Speech by *Prof. Charles F. Manski*
- 2:00 – 3:00 PM : Paper # 3, *Andrew Jones* discusses *Kohn & Averett*
- 3:00 – 3:30 PM : Coffee Break
- 3:30 – 4:30 PM : Paper # 4 *Edward Norton* discusses *Li & Trivedi*
- 4:30 – 5:30 PM : Paper # 5 A. *Colin Cameron* discusses *Blume-Kohout*
- 7:00 – 11:00 PM : Social Event, Smith & Wollensky steakhouse

Saturday, October 3, 2009

- 9:00 - 9:30 AM : Continental Breakfast
- 9:30 – 10:30 AM : Paper # 6, *Christopher Auld* discusses *Balia & Jones*
- 10:30 – 11:30 AM : Paper # 7, *Robert Gibbons* discusses *Liu et al.*
- 11:30 – 1:00 PM : LUNCH
- 1:00 – 2:00 PM : Paper # 8, *Donna Gilleskie* discusses *Fletcher et al.*
- 2:00 – 3:00 PM : Paper # 9, *WITHDRAWN*
- 2:15 PM : Adjourn

(All papers will be available for download at the conference website:
www.healtheconometrics.org)

Friday, October 2, 2009

1:00 – 2:00 PM



Keynote Speaker

Charles F. Manski, PhD
*Northwestern University,
Chicago IL, USA*

**Diversified Treatment
under Ambiguity**

This paper develops a broad theme about treatment under ambiguity through study of a particular decision criterion. The broad theme is that a planner may often want to cope with ambiguity by diversification, assigning observationally identical persons to different treatments. Study of the minimax-regret (MR) criterion substantiates the theme. The paper significantly extends my earlier analysis of one-period planning with individualistic treatment and a linear welfare function. I show that MR treatment allocations are fractional in a large class of planning problems with nonlinear welfare functions, interacting treatments, learning, and non-cooperative aspects. The paper discusses several applications to medical treatment and health planning. I study choice of a population rate of vaccination against infectious disease, when the external effect of vaccination on the health of the unvaccinated is not known. I compare learning using an adaptive minimax-regret criterion with learning from traditional randomized clinical trials. And I suggest institution of an adaptive drug approval process to replace the current FDA binary decision practice.

Biography:

CHARLES F. MANSKI has been Board of Trustees Professor in Economics at Northwestern University since 1997. He previously was a faculty member at the University of Wisconsin-Madison (1983-98), the Hebrew University of Jerusalem (1979-83), and Carnegie Mellon University (1973-80). He received his B.S. and Ph.D. in economics from M.I.T. in 1970 and 1973. Manski's research spans econometrics, judgment and decision, and the analysis of social policy. He is author of *Identification for Prediction and Decision* (Harvard 2007), *Social Choice with Partial Knowledge of Treatment Response* (Princeton 2005), *Partial Identification of Probability Distributions* (Springer, 2003), *Identification Problems in the Social Sciences* (Harvard 1995), and *Analog Estimation Methods in Econometrics* (Chapman & Hall, 1988), co-author of *College Choice in America* (Harvard 1983), and co-editor of *Evaluating Welfare and Training Programs* (Harvard 1992) and *Structural Analysis of Discrete Data with Econometric Applications* (MIT 1981). He has been editor of the *Journal of Human Resources* (1991-94), co-editor of the Econometric Society Monograph Series (1983-88), member of the Editorial Board of the *Annual Review of Economics* (from 2007), and associate editor of the *Annals of Applied Statistics* (from 2006), *Journal of Economic Perspectives* (1986-89), *Econometrica*, (1980-88), the *Journal of the American Statistical Association* (1983-85, 2002-04), and *Transportation Science* (1978-84). He has served as Director of the Institute for Research on Poverty (1988-91) and as Chair of the Board of Overseers of the Panel Study of Income Dynamics (1994-98). At the National Research Council, he has been Chair of the Committee on Data and Research for Policy on Illegal Drugs (1998-2001) and a member of the Board on Mathematical Sciences and their Applications (2004-2007), the Committee on National Statistics (1996-2000), and the Commission on Behavioral and Social Sciences and Education (1992-98). Manski is an elected member of the National Academy of Sciences, and an elected fellow of the Econometric Society, The American Academy of Arts and Sciences, and the American Association for the Advancement of Science.

Friday October 2, 2009

7-11 PM

Smith & Wollensky

*318 North State Street
Chicago, IL 60610*

(312) 670-9900

7-8 PM Cocktail Reception

8-11 PM Dinner

Please come and join us for an evening out in the heart of Chicago. Smith & Wollensky is located on the scenic Chicago river, where you can unwind and mingle with fellow AHEW members in a social and relaxed environment.

*A bus will be provided to and from the social event. The bus will pick up at the University Club of Chicago (76 E. Monroe St) at 6:45 PM, and there will be two return trips to the University Club, beginning at 10:00 PM, and again at 10:30 PM.



Smith & Wollensky is America's premier traditional steakhouse. We are committed to providing you with outstanding hospitality and serving you the best steaks. Our U.S.D.A. Prime steaks are dry-aged for tenderness and flavor and are hand cut on premises daily. Our acclaimed wine list, rich ambiance and personal waiter service are designed to provide you with a truly memorable steakhouse experience.

Friday, October 2, 2009

9:20 – 9:30 AM : Welcome

SESSION # 1 Chair—Anirban Basu , University of Chicago

9:30 – 10:30 AM : **Dynamic Cost-offsets of Prescription Drug Expenditures: Panel Data Analysis Using a Copula-based Hurdle Model**

Discussant: John Mullahy, *University of Wisconsin-Madison*

Authors: Partha Deb (*Hunter College and the Graduate Center, CUNY, and NBER*), Pravin K. Trivedi (*Indiana University*) and David M. Zimmer (*Western Kentucky University*)

10:30 – 11:30 AM : **A Dynamic Economic Model of Weight Change**

Discussant: William Greene, *New York University*

Authors: Shu Wen Ng (*UNC-Chapel Hill*), David K. Guilkey (*UNC-Chapel Hill*), Edward C. Norton (*University of Michigan*) and Barry M. Popkin (*UNC-Chapel Hill*)

11:30 – 1:00 PM : LUNCH

SESSION # 2 Chair—Edward Norton, University of Michigan

1:00 – 2:00 PM : Keynote Speech, Prof. Charles F. Manski, *Northwestern University* speaks on “**Diversified Treatment under Ambiguity**”

2:00 – 3:00 PM : **Sample Selection for Endogenous Dummy Variables in a Dynamic Panel Data Model: An Application to Marriage and Health**

Discussant: Andrew Jones, *University of York, UK*

Authors: Jennifer L. Kohn (*Drew University*) and Susan L. Averett (*Lafayette College*)

3:00 – 3:30 PM : Coffee Break

SESSION # 3 Chair—Paul Grootendorst, University of Toronto

3:30 – 4:30 PM : **Impact of Prescription Drug Coverage on Drug Expenditure of the Elderly – Evidence from a Two-part Model with Endogeneity**

Discussant: Edward C. Norton, *University of Michigan*

Authors: Qian Li (*Indiana University*) and Pravin K. Trivedi (*Indiana University*)

Friday, October 2, 2009 (Contd.)

4:30 – 5:30 PM : **Federally-Funded Biomedical Research and Pharmaceutical Research and Development**

Discussant: A. Colin Cameron, *University of California—Davis*

Author: Margaret Blume-Kohout (RAND Corporation and University of Waterloo)

7:00 – 11:00 PM : Social Event, *Smith & Wollensky steakhouse*

Saturday, October 3, 2009

9:00 – 9:30 AM : Continental Breakfast

SESSION # 4 Chair—Todd Wagner, Stanford University & VA Palo Alto

9:30 – 10:30 AM : **Catching the Habit: A Study of Inequality of Opportunity in Smoking-related Mortality**

Discussant: M. Christopher Auld, *University of Calgary*

Authors: Silvia Balia (*Università di Cagliari*) and Andrew Jones (*University of York*)

10:30 – 11:30 PM : **A Flexible Two-Part Random Effects Model for Correlated Medical Costs**

Discussant: Robert Gibbons, *University of Illinois at Chicago*

Authors: Lei Liu (*University of Virginia*), Mark E. Cowen (*Quality Institute*), Robert L. Strawderman (*Cornell University*) and Ya-Chen T. Shih (*M. D. Anderson Cancer Center, University of Texas*)

11:30 – 1:00 PM : LUNCH

SESSION # 4 Chair—Pravin Trivedi, Indiana University

1:00 – 2:00 PM : **Tobacco Use, Taxation and Self Control in Adolescence**

Discussant: Donna B. Gilleskie, *UNC Chapel Hill*

Authors: Jason M. Fletcher (*Yale University*), Partha Deb (*Hunter College and the Graduate Center, CUNY, and NBER*) and Jody Sindelar (*Yale University*)

2:15 PM : Adjourn

(These are the recommended hotels. Participants was expected to make their own reservations)

THE SILVERSMITH HOTEL AND SUITES

10 South Wabash Ave
Chicago, IL 60603
1-800-979-0084

<http://www.silversmithchicagohotel.com/>

Standard King Room: \$219

THE PALMER HOUSE HILTON

17 East Monroe
Chicago, IL 60603
1-312-726-7500

http://www1.hilton.com/en_US/hi/hotel/CHIPHHH-The-Palmer-House-Hilton-Illinois/index.do

Standard King Room: \$259

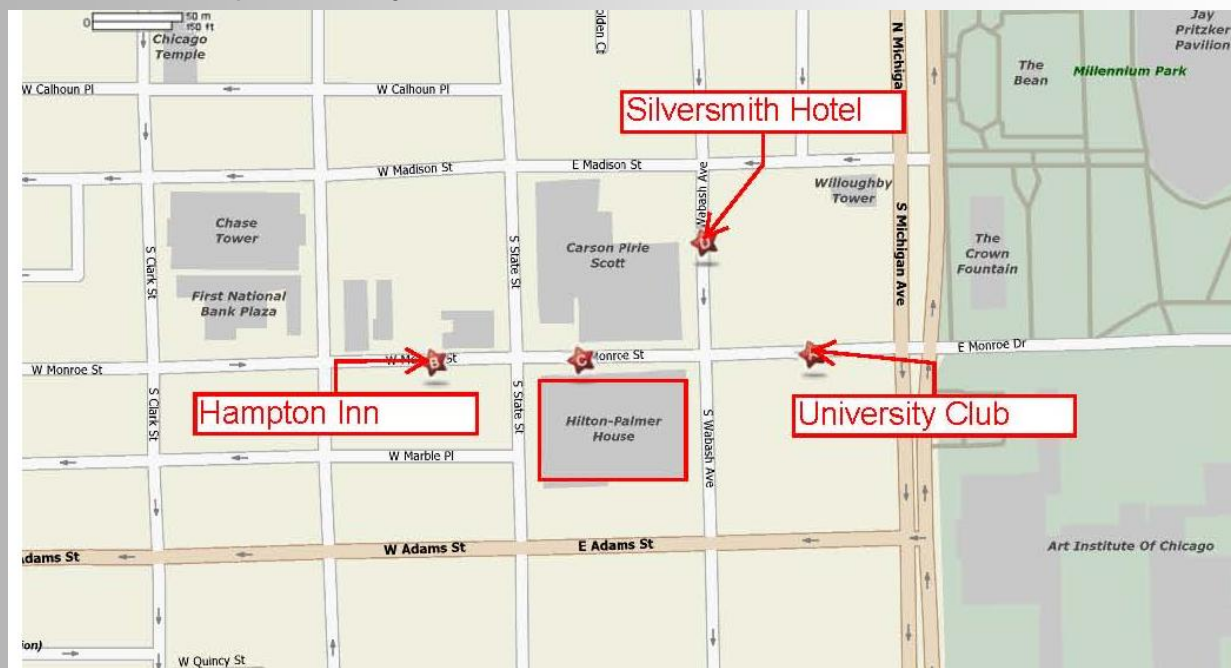
HAMPTON INN MAJESTIC CHICAGO THEATER DISTRICT

22 West Monroe
Chicago, IL 60603
1-312-332-5052

<http://www.hamptoninn.com/en/hp/hotels/index.jhtml?tyhocn=CHITDHX>

Standard King Room: \$209

Includes complimentary breakfast and room internet



Workshop Venue: **University Club of Chicago Rooms A & B, 8th Floor**

76 E. Monroe St. Chicago, IL 60603

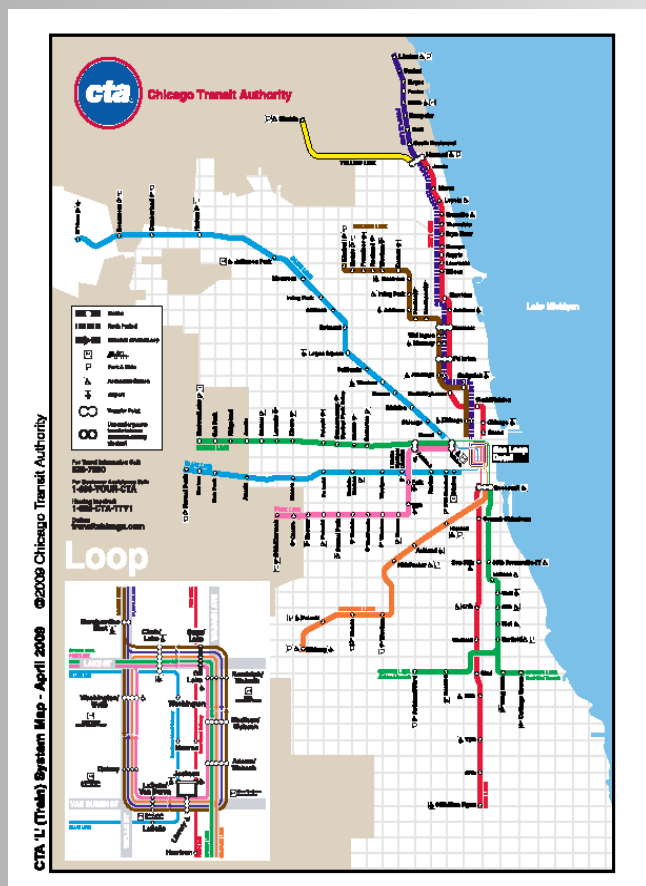
312.726.2840

<http://www.ucco.com/>

From O'Hare International Airport

CTA El—Blue line, get off at the Monroe exit

Driving: Take I-90 E, take exit 51I toward Chicago Loop/Congress Pkwy. Merge onto I-290 E, continue W Congress Pkwy, turn left at state street, turn right at E. Monroe St.



From Midway International Airport

CTA El—Orange Line, get off at Library-State/Van Buren and walk to Monroe (about 7 min)

Driving: Take I-55 N to exit 292A and merge onto the I-90/94 W expy, take exit 51H to merge onto I-290 E, continue on W Congress Pkwy, turn left at State, turn right at E Monroe St.

Taxi's are readily available from both airports and throughout the city.

EXPLORE CHICAGO!

<http://www.explorechicago.org/city/en.html>