

AHEW 2010

The 2nd Annual Health Econometrics Workshop

October 1–2, 2010

**ROSS SCHOOL OF BUSINESS
UNIVERSITY OF MICHIGAN**

Ann Arbor, MI



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 series of meetings of its kind in North America and facilitates 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 second Annual Health Econometrics Workshop. The workshop will be held at the Ross School of Business, University of Michigan, Ann Arbor, from October 1-2, 2010. After a great response to and success in last year's inaugural workshop, we received nearly thirty highly qualified papers this year. Due to time constraints, we were able to include only 10 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 Jeffrey M. Wooldridge of Michigan State 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, and the Ross School of Business, University of Michigan, without whom this conference would not be possible.

We hope you will find the workshop stimulating. See you all in October!

Organizing Committee

Anirban Basu, University of Chicago

Tom Buchmueller, University of Michigan

Paul Grootendorst, University of Toronto

Willard Manning, University of Chicago

John Mullahy, University of Wisconsin-Madison

Edward Norton, University of Michigan (Local Chair)



Friday, October 1, 2010

- 8:00 AM : Bus leaves Marriott for Ross School
- 8:25 – 8:30 AM : Welcome
- 8:30 – 9:30 AM : Paper # 1, *Partha Deb* discusses *Bhattacharya et al.*
- 9:30 – 10:30 AM : Paper # 2, *Pravin Trivedi* discusses *Rosenman et al.*
- 10:30 – 11:00 AM : Coffee Break
- 11:00 – 12:00 PM : Paper # 3, *Justin Tobias* discusses *Conti et al.*
- 12:00 – 1:00 PM : LUNCH
- 1:00 – 2:00 PM : Keynote Speech by *Prof. Jeffrey M. Wooldridge*
- 2:00 – 3:00 PM : Paper # 4, *Bill Greene* discusses *Atella et al.*
- 3:00 – 3:30 PM : Coffee Break
- 3:30 – 4:30 PM : Paper # 5 *John Mullahy* discusses *Borah et al.*
- 4:30 – 5:30 PM : Paper # 6 *Will Dow* discusses *van Houtven et al.*
- 5:45 PM : Bus leaves Ross School for Marriott;
- 6:45 PM : Bus leaves Marriott for Vinology
- 7:00 – 10:00 PM : Social Event, *VINOLOGY*
- 10:00 PM : Bus leaves Vinology for Marriott

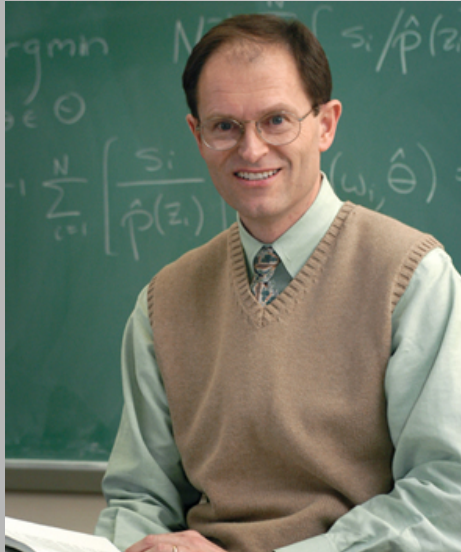
Saturday, October 2, 2010

- 8:00 AM : Bus leaves Marriott for Ross School
- 8:30 - 9:30 AM : Paper # 7 *Donna Gilleskie* discusses *DiNardo et al.*
- 9:30 – 10:30 AM : Paper # 8, *Martin Lindeboom* discusses *Darden*
- 10:30 – 11:00 AM : Coffee Break
- 11:00 – 12:00 PM : Paper # 9, *Joseph Gardiner* discusses *Craig*
- 12:00 – 1:00 PM : LUNCH
- 1:30 PM : Adjourn

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

Friday, October 1, 2010

1:00 – 2:00 PM

Keynote Speaker**Jeffrey M. Wooldridge, PhD***Michigan State University,**East Lansing MI, USA***CORRELATED RANDOM EFFECTS MODELS WITH UNBALANCED PANELS**

I propose some strategies for allowing unobserved heterogeneity to be correlated with observed covariates and sample selection for unbalanced panels. The methods are extensions of the Chamberlain-Mundlak approach for balanced panels. Even for nonlinear models, in many cases the estimators can be implemented using standard software. The framework suggests straightforward tests of correlation between heterogeneity and the covariates, as well as sample selection that is correlation with unobserved shocks while allowing selection to be correlated with the observed covariates and unobserved heterogeneity.

Biographical Sketch of Jeffrey M. Wooldridge

Jeffrey M. Wooldridge is University Distinguished Professor of Economics at Michigan State University, where he has taught since 1991. He is co-director of the Economics of Education Specialization at MSU. From 1986 to 1991, Dr. Wooldridge was an Assistant Professor of Economics at the Massachusetts Institute of Technology. He received his bachelor of arts, with majors in computer science and economics, from the University of California, Berkeley, in 1982, with high distinction in general scholarship. He received his doctorate in economics in 1986 from the University of California, San Diego.

Wooldridge has published dozens of articles in internationally recognized journals, as well as several book chapters, including articles in the *Handbook of Econometrics* and the *Handbook of Applied Econometrics*. He is the author of the textbooks *Introductory Econometrics: A Modern Approach* (South-Western, 4e, 2009) and *Econometric Analysis of Cross Section and Panel Data* (MIT Press, 2e, 2010).

Wooldridge is a fellow of the Econometric Society and of the *Journal of Econometrics*. His other awards include the Plura Scripset award from *Econometric Theory*, the Sir Richard Stone prize from the *Journal of Applied Econometrics*, and three teacher-of-the-year awards from the graduate economics association at MIT. He has also been an Alfred P. Sloan Research Fellow.

Wooldridge is one of the inaugural co-editors of the *Journal of Econometric Methods*, is on the *Journal of Economic Literature* editorial board, and is an associate editor of the *Stata Journal*. Previously, he served as co-editor for *Econometric Theory*, editor of the *Journal of Business and Economic Statistics*, econometrics co-editor of *Economics Letters*, and associate editor for the *Journal of Econometrics* and the *Review of Economics and Statistics*.

Friday, October 1, 2010

8:25 – 8:30 AM : Welcome

SESSION # 1 Chair—Edward Norton, University of Michigan

8:30 – 9:30 AM : **Estimating Self-Selection Treatment Effects in a Bivariate Probit Model**

Discussant: Partha Deb, City University of New York

Authors: Jay Bhattachary (Stanford University), Bryan Dowd (University of Minnesota), Pantipa Tachawachira (Stanford University)

9:30 - 10:30 AM : **Estimating Treatment Effectiveness with Sample Selection**

Discussant: Pravin Trivedi, Indiana University

Authors: Robert Rosenman (Washington State University), Bidisha Mandal (Washington State University), Vidhura Tennekoon (Washington State University), Laura G. Hill (Washington State University)

10:30 – 11:00 AM : Coffee Break

SESSION # 2 Chair—Tom Buchmueller, University of Michigan

11:00 - 12:00 PM : **Constructing Economically Justified Aggregates: An Application of the Early Origins of Health**

Discussant: Justin Tobias, Purdue University

Authors: Gabriella Conti (University of Chicago), James J. Heckman (University of Chicago), Hedibert F. Lopes (University of Chicago), Rémi Piatek (University of Konstanz)

12:00 – 1:00 PM : LUNCH

SESSION # 3 Chair—Anirban Basu, University of Chicago

1:00 – 2:00 PM : Keynote Speech “**Correlated Random Effects Models with Unbalanced Panel**” Prof. Jeffrey M. Wooldridge, Michigan State University

2:00 - 3:00 PM : **Disentangling True Determinants of Drug Therapy Effectiveness: A Double Fixed Effects Approach**

Discussant: Bill Greene, New York University

Authors: Vincenzo Atella (University of Rome Tor Vergata), Federico Belotti (University of Rome Tor Vergata), Domenico Depalo (Bank of Italy)

3:00 – 3:30 PM : Coffee Break

Friday, October 1, 2010 (Contd.)

SESSION # 4 Chair—Paul Grootendorst, University of Toronto

3:30 - 4:30 PM : **Assessing the Impact of High Deductible Health Plan on Healthcare Utilization and Cost: A Changes-in-Changes Approach**

Discussant: John Mullahy, University of Wisconsin-Madison

Authors: Bijan J. Borah (Mayo Clinic), Marguerite E. Burns (Harvard University), Nilay D. Shah (Mayo Clinic)

4:30 - 5:30 PM : **Spousal Health Shocks and the Timing of the Retirement Decision in the Face of Forward-Looking Financial Incentives**

Discussant: Will Dow, University of California-Berkeley

Authors: Courtney Harold Van Houtven (Duke University), Norma B. Coe (Boston College)

7:00 – 10:00 PM : Social Event, *Vinology*

Saturday, October 2, 2010

SESSION # 5 Chair—Will Manning, University of Chicago

8:30 - 9:30 AM : **The Elusive Causal Effect of Body Weight on Mortality and Health**

Discussant: Donna Gilleskie, University of North Carolina at Chapel Hill

Authors: John DiNardo (University of Michigan), Robert Garlick (University of Michigan), Kevin Stange (University of Michigan)

9:30 -10:30 AM : **Smoking, Expectations, and Health: A Dynamic Stochastic Model of Smoking Behavior over the Life Course**

Discussant: Maarten Lindeboom, VU University, Amsterdam

Authors: Michael Darden (University of North Carolina at Chapel Hill)

10:30 – 11:00 AM : Coffee Break

SESSION # 6 Chair—John Mullahy, University of Wisconsin-Madison

11:00 - 12:00 AM : **Arctangent Model for Conjoint Analysis**

Discussant: Joseph Gardiner, Michigan State University

Authors: Benjamin M. Craig (University of South Florida)

12:00 – 1:00 PM : LUNCH

1:30 PM : Adjourn

Friday October 1, 2010

7-10 PM

VINOLOGY

110 South Main Street

Ann Arbor MI 48104

(734) 222-9841

<http://www.vinowinebars.net/vinology/index.html>

*A bus service will be provided from Marriott to Vinology at 6:45 pm and from Vinology to Marriott at 10.00 pm.



Recommended hotel. Participants was expected to make their own reservations)

Courtyard by Marriott

We have contracted with the Courtyard by Marriott Ann Arbor, 3205 Boardwalk, Ann Arbor for rooms for the nights of Thursday, September 30 and Friday, October 1. Reservations are to be made by individual attendees directly by using the online reservation link that is listed below or by calling (734) 995-5900 and asking for guest reservations and the AHEW Conference rate. Guests will be expected to leave a valid credit card equivalent to the amount of their stay.

For On-line Reservations: Simply cut and paste the link below. You will be directed to the property's home page with the code already entered in the appropriate field. All you need to do is enter your arrival date to begin the reservation process.



<http://www.marriott.com/hotels/travel/arbch?groupCode=ahwahwc&app=resvlink&fromDate=9/30/10&toDate=10/2/10>

The Reservation cut off date is 08/31/10 at 12:01 am. The group rate per night is \$99.00/plus tax.

Conference Location

The conference will be held at the **Ross School of Business**, University of Michigan.

<http://www.bus.umich.edu/>



Directions to the Marriott from DTW

For maps, directions, and information on how to get to the hotel from the airport, see

<http://www.marriott.com/hotels/maps/travel/arbch-courtyard-ann-arbor/>

The closest major airport is Detroit/Wayne County Airport (DTW). The best way to get to the hotel from the airport is by taxi. The price is roughly \$75 and it takes about 30 minutes. There are multiple taxi, limo and shuttle services to take you to and from the airport.

Ann Arbor Airport Shuttle Express: 734-394-1665

Blue Cab Company: 734-547-2222

Metro Car: 800-456-1701

Royal Limousine, 866-697-6925

Yellow Cab/Select Ride: 734-663-3355

Train

One can also take Amtrak (<http://www.amtrak.com/>) from Chicago's Union Station (CHI) to Ann Arbor (ARB). The train is scheduled to take 4 and a half hours, but the actual duration has a high variance. The daily schedule from Chicago to Ann Arbor is:

Departs: 7:30 AM	Arrives: 1:04 PM
Departs: 12:16 PM	Arrives: 5:45 PM
Departs: 6:00 PM	Arrives: 11:32 PM