

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

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Michael Grossman
Director, Health Economics

February 5, 2009

Dr. Sherry Queener
Director of the Graduate Office, IUPUI
Associate Dean, Indiana University Graduate School
620 Union Drive, UN 207
Indianapolis, IN 46202
Via e-mail ejmoddy@iupui.edu

Dear Dean Queener:

I am writing to give my unqualified endorsement for the proposed Ph.D. in Economics at IUPUI with primary fields in Health Economics and Nonprofit/Philanthropic Economics. I feel that I am very well qualified to do so because I have conducted research, taught Ph.D. courses, and supervised Ph.D. dissertations in Health Economics for almost four decades. Moreover, I recently gave a seminar in the IUPUI Department of Economics and met most of the faculty during my visit.

The proposal developed by the IUPUI Department of Economics is absolutely correct when it states that it would be the first department of economics in the United States to focus primarily on the training of health economics Ph.D.'s. Unlike the Ph.D. Programs in Health Economics offered by Schools of Public Health and Public Policy, the IUPUI program would offer students more advanced training in economic theory and econometric methods. Moreover, unlike traditional Ph.D. Programs in Economics that give students the option to take perhaps one course in Health Economics and write a dissertation in the field, the IUPUI program would focus on that field, offer a number of courses in it, and offer the related courses that are required to achieve the highest level of success in the field. The structured minor in another life science field such as Biostatistics or Epidemiology provides an attractive complement to the major field in Health Economics and will give students a more thorough analysis of the economic aspects of health issues than afforded by other Ph.D. programs. The tract in Nonprofit/Philanthropic Economics has the same distinguishing characteristics as the tract in Health Economics.

I want to highlight the extremely unique nature of the proposed IUPUI Ph.D. in Health Economics by comparing it to what is available in the City University of New York Graduate Center Ph.D. Program in Economics, where I have taught for the past 36 years. Ph.D. candidates in economics at the Graduate Center can select the Economics of Human Resources as one of their two fields of specialization after successfully completing core courses and examinations in Microeconomics, Macroeconomics, and Econometrics. The field just mentioned consists of a course in Health Economics and a course in Labor Economics. Students in my program do not have the option to take a second course in Health Economics or to take related courses in a life science field. I have always felt that these additional courses are required to get a comprehensive understanding of the key issues in the field. Unfortunately, lack of resources and other requirements that students must fulfill have not made this possible. Moreover, while students at the Graduate Center can offer Applied Econometrics as a second field of specialization, the

courses in that field are not targeted to the issues that a successful health economics researcher must confront. The design and content of the Applied Microeconomics courses to be offered by the IUPUI Program adds to its attractiveness and appeal in a manner that is extremely important to emphasize.

I do not want to give the impression that I am criticizing a program in which I have taught for so long. Indeed, I have supervised 97 completed Ph.D. dissertations, most of which have been in Health Economics. My former students have achieved success in academic, government, research, and industry positions. But the opportunities available to them in the health field, especially, especially to recent graduates, would expand considerably if they had been exposed to the proposed IUPUI curriculum.

Consider one very significant trend in the health field: the increasing demand by pharmaceutical companies and consulting companies for economists trained in Pharmacoeconomics. That sub-specialty of Health Economics requires comprehensive knowledge of Microeconomics, Applied Microeconometrics, Health Economics, industrial organization of the drug industry, the economics of research and development as it applies to drugs, and detailed information on alternative reimbursement systems for pharmaceuticals. Ph.D. candidates in Economics at the Graduate Center or in other Ph.D. Programs in Economics for that matter cannot take the courses required to obtain all this training. But IUPUI Ph.D. candidates will be able to obtain the relevant background and training required to make them extremely attractive candidates for positions in perhaps the most rapidly expanding field for Health Economists.

In summary, the proposed IUPUI Ph.D. Program in Economics with primary fields in Health Economics and Nonprofit/Philanthropic Economics has my unqualified support. It has been extremely well designed and will be staffed by a first-rate faculty. I have no suggestions for improving the proposal. I recommend that it be adopted with the highest level of enthusiasm.

Sincerely yours,

A handwritten signature in black ink that reads "Michael Grossman". The signature is written in a cursive, slightly slanted style.

Michael Grossman
Distinguished Professor of Economics
City University of New York Graduate Center