

DOES BETTER HEALTH INSURANCE COVERAGE IMPACT THE DEMAND FOR HEALTH CARE? A FRENCH QUASI-NATURAL EXPERIMENT

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ABSTRACT

In Europe, there are few studies on the link between health insurance and health care consumption, the reason of it might be the obligation to take out health insurance, which can be provided either by a statutory national health insurance or NHI (United Kingdom, France, Germany, etc.) or by choosing among private companies (Netherlands, Switzerland, etc.). However, a voluntary health insurance market may exist for complementary coverage to compulsory health insurance, which limits patients' out-of-pocket payments. Interestingly, in France, a major private insurer, offering voluntary complementary coverage to NHI, decided to replace its unique offer by a range of offers, thus providing a quasi-natural experiment for testing some theoretical assumptions about consumption patterns such as moral hazard and pent-up demand.

Reimbursement claim data from 35,377 insurees was analysed over the period 2009-2015. Insurees having opted for an extended coverage (EC) were first matched to those with similar characteristics but still covered by the basic one (BC). Difference-in-differences (DiD) models

were then used to compare both the monetary value and physical quantities of health care consumption before and after change in coverage.

As expected, DiD models show a strong significant, though transitory (during the first year only), rise after change for EC insurees, but surprisingly enough, the consumption seems to show signs of increase before change, although DiD estimators for the pre-treatment period are not statistically significant, which is in accordance with the parallel trends assumption. When considering categories of health care, there are statistically significant positive effects for dental prostheses and vision, and to a lesser extent, for biological analyses and medical acts.

In conclusion, health care consumption seems to start growing before change and continues to rise after change, particularly for costly care. Moreover, the rise in consumption before change seems to contradict the pent-up demand assumption and to point out possible determinants of extension, which are unplanned expenses, as suggested by the rise in hospital care just before change.