Impact of Health Insurance Integration on Health Care in Rural China

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24 College Avenue, New Brunswick NJ 08901

This talk is based on an article co-authored by Xian Huang and Bingxiao Wu. Between 2004 and 2016, Chinese local governments experimented with integrating social health insurance to unify the administration, policy, and funds of various health insurance programs. This paper provides the first micro-level evidence on the impact of health insurance integration in China. Exploiting the China Health and Retirement Longitudinal Study (CHARLS) dataset and combining it with original city level data on social health insurance policy, we employ difference-indifferences models with matching to estimate the effects of integrating the Urban Resident Basic Medical Insurance (URBMI) and the New Rural Cooperative Medical Scheme (NCMS) on individuals’ healthcare utilization, hospital choices, and health outcomes. We find that urban-rural health insurance integration significantly increased rural residents' inpatient care utilization and choice of general and township hospitals for inpatient care; their self-reported health status also improved. Moreover, we provide evidence for the possible mechanism driving the positive relationship between urban-rural health insurance integration and rural residents' inpatient care utilization: the rural inpatient reimbursement rate significantly increased after integration. We further find that this positive policy effect is particularly salient in poor or remote areas.

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