Income and the demand for complementary health insurance in France

Bidénam Kambia-Chopin and Michel Grignon

Discussant: Iris Kesternich

IRDES Workshop on Applied Health Economics
24-25 June 2010

Research Question

How do households at various income levels respond to subsidies to supplementary health insurance?

More specifically:

Why has takup of the *Aide à l'achat d'une complémentaire santé (ACS)* been so low?

$\mapsto$ Very policy relevant question

$\mapsto$ I have learned a lot on the French health insurance system

Data

Enquéte Santé et Protection Sociale (ESPS) 2004

	No CHI	CHI Non-group	CHI employer
ESPS (total)	obs. mean+se(income)	obs. mean+se(income)	obs. mean+se(income)
Sub-sample linked to claims data	obs. mean+se(income) mean+se (healthcare exp.)	obs. mean+se(income) mean+se (healthcare exp.)	obs. mean+se(income) mean+se (healthcare exp.)
Estimation sample	obs. mean+se(income) mean+se (healthcare exp.)	obs. mean+se(income) mean+se (healthcare exp.)	obs. mean+se(income) mean+se (healthcare exp.)

Iris Kesternich   Discussion of Kambia-Chopin and Grignon

Estimation

Plan premium is regressed on functions of

- User charge
- Age
- Number of covered persons
- Income
- Risk premium

Estimation method

- OLS
- Tobit
- Sample selection (Non-response)

Comment: Estimation

1. Provide estimating equation
2. Using premium as the dependent variable in order to capture the coverage
   - Some information on supply side? Discrete number of plans?
   - Measurement error in y
     - Some examples on how premium and coverage are related?
     - Loading fee 20 percent $\mapsto$ Non-competitive market
     - Premium is divided by number of hh members $\mapsto$ Children?
     - What about those on CMU-C (means-tested free coverage?)

Iris Kesternich Discussion of Kambia-Chopin and Grignon

Comment: Estimation

3. Premium
    - Demand factors
    - Supply factors
        - Premium paid depends on age, gender and family size (keep these in regression even if not significant)
        - Number of covered persons

4. Heckman selection model
    - Estimated for non-response
    - Why not also for insurance choice?
    - Show Probit of coverage versus no coverage?

Results

- Strong income effects $\mapsto$ Do consumers with income below 600 Euro get free CHI?
- Subsidy not efficient
  - Low take-up
  - Windfall profit for those who are already insured

Iris Kesternich   Discussion of Kambia-Chopin and Grignon