

Impacts of Public Insurance on Health Access and Outcomes: Evidence from India

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Abstract : Maternal and child health continue to be a significant policy focus in developing countries, including India. An emerging model in health care is the creation of public and private partnerships. Since the construction of physical infrastructure is costly, governments at various levels have tried to implement social health insurance schemes where a trust calculates insurance premiums and medical payments. Typically, qualifying families get full subsidization of the premium and get access to private hospitals, in addition to low cost public hospitals, for their tertiary care needs. We analyze one such pioneering social insurance scheme in the Indian state of Andhra Pradesh (AP). The Rajiv Aarogyasri program (RA) was introduced by the Government of AP on a pilot basis in 2007 and implemented in 2008. In this paper, we first examine the extent to which access to reproductive health care changed. For example, the RA scheme reimburses hospital deliveries leading us to expect an increase in institutional deliveries, particularly in private hospitals. Second, we expect an increase in institutional deliveries to also improve child health outcomes. Hence, we estimate if the program improved infant and child mortality. We use District Level Health Survey data to create annual birth cohorts from 2000-2015. Since AP was the only state in which such a state insurance program was implemented, the neighboring states constituted a plausible control group. Combined with the policy timing, and the year of birth, we employ a difference-in-difference strategy to identify the effects of RA on the residents of AP. We perform several checks against threats to identification, including testing for pre-treatment trends between the treatment and control states. We find that the policy significantly lowered infant and child mortality in AP. We also find that deliveries in private hospitals increased, and government hospitals decreased, showing a substitution effect of the relative price change. Finally, as expected, out-of-pocket costs declined for the treatment group. However, we do not find any significant effects for usual preventive care such as vaccination, showing that benefits of insurance schemes targeted at the tertiary level may not trickle down to the primary care level.

Keywords : public health insurance, maternal and child health, public-private choice

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