Does the framing of cost sharing incentives matter?
by
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This paper

- The paper examines whether the framing of cost-sharing incentives in health insurance matter.
- Large panel dataset on monthly medical utilization of 90,000 insurance enrollees in the Netherlands from 2006-2015.
- The authors compare two types of cost-sharing schemes:
This paper

- They estimate the effect of spot prices of healthcare (p) on healthcare utilization (Y) with monthly data:

\[ y_{itm} = p_{itm}\beta + p_{itm}I_{ded}\delta + X_{itm}\lambda + \gamma_t + \gamma_m + \varepsilon_{itm} \]

- The spot price of healthcare is 1 if the cost-sharing limit has not been exceeded at the beginning of the month, 0 otherwise.

- The main idea is that
  - the payback policy is framed as a gain
  - the deductible scheme is framed as a loss

- According to prospect theory, individuals should react more strongly to cost-sharing under a deductible policy \( \rightarrow \delta \) should be negative. And it is indeed negative!
Comments

1. Billing times
   - You construct your spot price variable on the basis of the date at which care was provided.
   - However, billing times in the Netherlands are substantial.
   - The costs become clear only when the person receives the bill.

2. Deductible vs. payback
   - Size of the deductible more than doubled over the years, from 150 to 375 euros.
   - Does the size of the deductible play a role?
Comments

3. Heterogeneity of the effect
   › Motivation in the abstract: “Shedding light on the effects of cost-sharing schemes is important, as designing schemes in the wrong way may harm groups in the population that are particularly vulnerable, while having almost no impact of unnecessary care”.
   › Chronically ill? Type of care?

4. Impact on health outcomes.
Things which I would have liked to see

› Sample selection: you exclude individuals with a voluntary deductible, who are probably richer and healthier. What percentage? How selected is your sample?

› No information on the binary “no claim” dependent variable. What is the mean? Tobit for expenditure?

› Not only IV estimates but also OLS results. Usual tests and discussion of the instruments.