



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:
 - 2006-2007: “payback” scheme with a no-claim rebate up to 255 euros.
 - 2008-2015: deductible scheme (150 euros in 2008, 375 euros in 2015).



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.