Lingnan University 嶺南大學 香港 Hong Kong
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The Impact of Public-Private Partnership Health Plans on Private Insurance

Public-private partnership (PPP) health insurance plans have been viewed as a promising tool to expand coverage while maintaining fiscal sustainability. However, little is known about their impact, particularly whether they increase overall coverage or displace existing private insurance. To examine this, we leverage the staggered introduction of China's City-Customized Supplemental Medical Insurance (CCSMI) across cities and a novel transaction-level dataset of private health insurance. Results reveal significant spillover effects on both the extensive and intensive margins: CCSMI substantially crowds out private insurance purchases and reduces average coverage amounts. Average premiums paid also decline, with two-thirds of the reduction driven by consumers opting for narrower coverage and the remainder likely due to insurers' pricing adjustments. A back-of-the-envelope calculation suggests that the decline in private insurance purchases offsets at least 25% of CCSMI enrollment gains. These findings provide important insights for comprehensively evaluating PPP insurance programs.

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