



ACERH

AUSTRALIAN CENTRE FOR ECONOMIC RESEARCH ON HEALTH

SEMINAR/OCCASIONAL SERIES

Friday, 13th March 2009, 1:15pm

E S Meyers Lecture Theatre

2nd floor, Mayne Medical School Building

The University of Queensland

Herston Road, Herston

The Impact of National Health Insurance on Birth Outcomes: A Natural Experiment in Taiwan

Professor Michael Grossman

National Bureau of Economic Research, New York

ABSTRACT

The objective of this project is to estimate the impacts of the introduction of National Health Insurance (NHI) in Taiwan in March 1995 on the health of infants. There is enormous interest in the impacts of NHI on health outcomes, but the very nature of this intervention, whereby entire nations are covered universally, makes it difficult to estimate the health impacts of the change. The experience of Taiwan, however, provides a potential laboratory for overcoming these limitations. Prior to NHI, government workers possessed health insurance policies that covered prenatal medical care, newborn deliveries, neonatal care, and medical care services received by their children beyond the first month of life. Private sector industrial workers and farmers lacked this coverage. All households received coverage for the services just mentioned as of March 1995. Therefore, the introduction of NHI constitutes a natural experiment with treatment and control groups that form the basis of our empirical design. The former group consists of non-government employed households, while the latter group consists of government-employed households. We expect that increases in infant health after the introduction of NHI in the treatment group will exceed corresponding increases in the control group.

To sort out the effects of NHI from unobserved trends, we employ a difference-in-differences estimation methodology. This compares the experiences of the treatment and control groups before and after implementation of NHI under the assumption that other temporally coincident changes are the same for the two groups. We also will employ a regression framework. This nets out the effects of observed factors that may change at different rates for the two groups. More importantly, it allows for interactions between health input availability and NHI.

THE SPEAKER

I am a "child" of the National Bureau of Economic Research. I have been affiliated with the Bureau since 1966 when Victor Fuchs hired me as a research assistant. Currently, I direct the NBER's Health Economics Program and am Distinguished Professor of Economics at the City University of New York Graduate Center, where I have taught since 1972. I also am a co-editor of the *Review of Economics of the Household*, a series co-editor of *Advances in Health*

Economics and Health Services Research, published by JAI Press, an imprint of Emerald Group Publishing Limited, an associate editor of the Journal of Health Economics, an associate editor of the Journal of Human Capital, a member of the Institute of Medicine of the National Academy of Sciences, a past president of the Eastern Economic Association, and the current president of the American Society of Health Economists.

I received my Ph.D. in economics from Columbia University in 1970. My research has focused on economic models of the determinants of health, the economics of substance use and abuse, and the determinants of interest rates on tax-exempt hospital bonds. My recently completed studies deal with the effects of excise taxes on cigarette smoking by pregnant women, the relationship between substance use and risky sexual behavior by teenagers, the economics of obesity, and the effects of managed care on hospital prices for bypass surgery and for angioplasty. My current research deals with the effects of the introduction of national health insurance and compulsory school reform in Taiwan on child health outcomes in that country. My new projects address the effects of food prices and food advertising on body composition of children, moral hazard in less invasive surgical technology for coronary artery disease, and the impacts of insurance, outcomes, and severity on pricing of major cancer surgery.

I have published a monograph, over sixty journal articles, over thirty book chapters, and have co-edited three books. Almost all of this research is in the areas of health economics mentioned above. I am the inaugural recipient of the Victor R. Fuchs Award for lifetime contributions to the field of health economics, presented by the American Society of Health Economists in 2008.

I live in Manhattan with my wife, Ilene, a consultant in the design and management of computer systems for financial services. We have two grown daughters: Sandy, a free-lance marketing consultant in television and other media, and Barri, a personal trainer. My hobbies include tennis, skiing (despite an infamous wipe-out on a double black diamond), piloting my boat, the "NBER South," docked in Ophelia on the Northern Neck of Virginia, playing with my fraternal twin grandsons, Zack and Ben, and with my granddaughter, Alise, and supervising Ph.D. dissertations (97 and counting).

For enquiries about this seminar contact Ms Robyn Clapshaw (r.clapshaw@uq.edu.au; 3365 5560) or Professor Luke Connelly (l.connelly@uq.edu.au; 3346 4838)
