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Titel

The Effect of Premium Subsidies on Health Insurance Choices and Healthcare Utilization

Abstract

We examine how the design of health insurance subsidies, specifically in-kind versus cash transfers, affects insurance choices and healthcare utilization. We exploit

a 2014 Swiss policy reform that mandated a shift from cash to in-kind premium subsidies in several cantons, creating a natural experiment. Using a difference-in-differences

framework and individual-level panel data from Switzerland's largest health insurer (2011–2019), we estimate the causal impact of in-kind subsidies on deductible choices

and subsequent healthcare use. To overcome data limitations on subsidy status, we apply a machine learning approach to predict subsidy receipt across cantons and years.

Our results show that switching from cash to in-kind subsidies increases the probability of selecting the lowest deductible plan by 1.2 percentage points. This modest but

statistically significant shift is concentrated among young individuals who are not in paid employment. We do not observe a concomitant change in health care utilization. These

findings imply that subsidy design can influence insurance coverage decisions. Whether healthcare consumption is affected depends on the population that is induced to change

insurance coverage.

The results contribute to ongoing policy debates about the effectiveness of in-kind transfers and the optimal structure of health insurance subsidies, particularly in regulated

insurance markets with universal coverage and limited outside options.