

## **The Effect of Premium Subsidies on Health Plan Choice and Health Care Demand**

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### **Abstract:**

We aim to examine how premium subsidies impact health plan choice and health care demand of low-income individuals. With growing concerns about limited public resources and increasing health insurance premiums, it is essential to examine the effects of subsidies on health plan choices and health care demand in more detail. We tackle the challenge related to data availability by developing a model based on calculations of premium subsidies and canton-specific regulations on payment modalities and combine the model with annual administrative data on population and household statistics, individual earning accounts, and health insurance data. Using two-way fixed effects regressions and a difference-in-differences approach with staggered treatment timing, we find that health insurance premium subsidies increase (decrease) the probability of choosing the lowest (highest) deductible for mandatory health insurance. Regarding health care consumption, the effects are less clear, yet we find some evidence that gaining eligibility increases gross health care costs on average.