

How Health Plan Enrollees Value Prices Relative to Supplemental Benefits and Service Quality

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Abstract:

This paper empirically assesses the relative role of health plan prices, service quality and optional benefits in the decision to choose a health plan. We link representative German SOEP panel data from 2007 to 2010 to (i) health plan service quality indicators, (ii) measures of voluntary benefit provision on top of federally mandated benefits, and (iii) health plan prices for almost all German health plans. Mixed logit models incorporate a total of 1,700 health plan choices with more than 50 choice sets for each individual. The findings suggest that, compared to prices, health plan service quality and supplemental benefits play a minor role in making a health plan choice.

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