

Subject/Title	A Study for the Cost-sharing in Health Insurance: Discount Directly or Rebate Later
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Abstract	<p>Coinsurance and co-payment are usually adopted as the cost-sharing methods in health insurance. Under these two ways, the insurers immediately share the medical expenditures with the insured. The insured only pays the coinsurance or co-payment as utilizing medical services. This kind of cost-sharing mechanism belongs to "discount directly". "Rebate later", however, is another kind of mechanism, which is usually adopted in supplementary health insurance. The insured has to pay the total expenditures first and then applies for the insurance reimbursement later. This study adopts a two-period model of the representative agent with perfect information to discuss the agent's demand for medical services and pharmaceuticals. Using the theoretical analyses, this study compares the medical utilization and financial burden of the insured and shows the efficiency under these two mechanisms, "discount directly" and "rebate later". Compared with "discount directly", "rebate later" could reduce moral hazard from demand side because of delayed and uncertain reimbursement but the cash flow exposes the insured to higher financial risk and it would become a barrier to medical access. Considering the utilization of medical services and pharmaceuticals in Taiwan, this study proposes a mixed mechanism, which immediately shares the cost of medical services and rebates the pharmaceutical expenses later. This mixed method could induce the insured's cost-saving incentives for pharmaceuticals without increasing the insurance copayment.</p>
Keyword(s)	Medical Demand ; Pharmaceutical Demand ; Co-payment ; Moral Hazard