



Departamento de  
Teoría e Historia  
Económica

## Seminario: Debora Di Gioacchino (Sapienza University of Rome)

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**Título:** Private Health Insurance and Unmet Medical Needs: A Political Economy Analysis

**Sala:** E22

**Hora:** 12:30

### Resumen:

The expansion of private health insurance is often justified by a “decongestion effect,”

whereby private provision is expected to relieve pressure on public healthcare systems. This

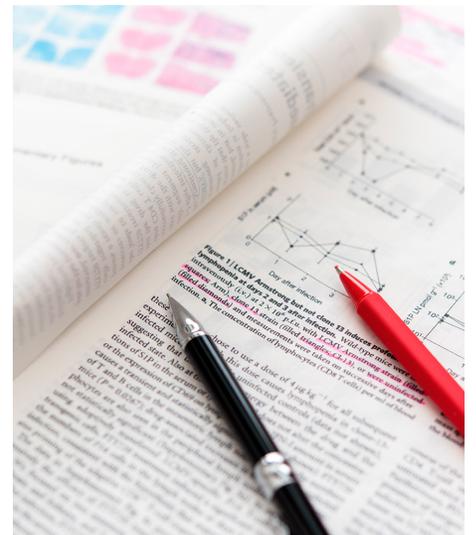
paper challenges that view by highlighting the political economy feedback effects generated by

private opt-out. We develop a probabilistic voting model in which income-heterogeneous

individuals can purchase tax-deductible private insurance and exit the publicly financed system.

While private uptake may mechanically reduce congestion, it simultaneously alters political

support for public provision. As higher-income individuals opt out, equilibrium public spending



weakens, potentially offsetting congestion gains and increasing inequality in access. We then examine whether cross-country evidence is consistent with these equilibrium predictions. Using data from 26 European countries, we analyze the relationship between private insurance coverage and income-related disparities in unmet medical needs, a proxy for effective access to public care. We document that higher private coverage is associated with a steeper income gradient in unmet needs, with no evidence of improved access for lower-income groups. These patterns are consistent with the model's political feedback mechanism and highlight the importance of accounting for political equilibrium effects when evaluating mixed healthcare systems.