URBANIZATION AND HEALTH CARE IN RURAL CHINA

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ABSTRACT

Since the early 1980s, strong economic growth has led to remarkable urbanization across many urban and rural areas in China. Using longitudinal data from the China Health and Nutrition Survey (CHNS), this study obtained the first empirical estimates of how health insurance and access to care among the rural population were changed in response to the process of urbanization and other factors. The study results revealed strong evidence indicating that urbanization led to a significant and equitable increase in health insurance coverage for the rural population. Individual income also served as a critical determinant of insurance status. Moreover, adverse selection seemed to play an important role in deriving the individual demand for insurance. In analyzing the probability of seeking care when ill, the study found both the severity of illness (the need) and insurance coverage (enabling) to be crucial determinants. However, after controlling for insurance coverage, little variation in seeking care remained attributable to urbanization. Based on the findings, it can be concluded that financial barriers remain a major threat to seeking medical care in rural population. Urbanization may well help develop the local community-based insurance market in rural areas, thereby improving people’s insurance status and access to care.

JEL Classification: I12

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