You are cordially invited to the 231st meeting as scheduled below.

Date: November 10, 2006 (Fri) 15:00-

Place: RERF Auditorium

Speaker: Mariko Yamamura, Post-doctoral student, Department of Social Systems & Management, Graduate School of Systems & Information Engineering, University of Tsukuba

Title: “Measuring the efficiency of the municipality-based public health insurance system in Japan”

Summary:
This paper applies the stochastic cost frontier model (SCFM) introduced by Battese and Coelli (1995) to examine if the municipality-based public health insurance system of Japan is efficiently managed by municipalities. The system is likely to incur moral hazard of the municipalities since financial deficits are covered ex post by the central government. This has been studied as soft budget problem in supporting public agencies but not in this health insurance system. The estimation results show firstly that the larger the financial support from the central government is, more inefficient the management of the insurance and secondly that the scale economy exists in the running cost of the insurance system.