Does Public Health Spending Matter? Evidence From China Panel Data

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Abstract

The prevailing view in the literature is that additional government health input has little effect on mortality and/or morbidity. However, in China, this is not an accepted consensus. So many researchers and policy makers are still debating whether market or government should take more responsibilities in the health care area.

In this paper, I investigate the efficiency of China public health spending, using unique China provincial level panel data. I use fixed effect model to test the relationship between public health spending and morbidity rate of some infectious diseases. I find budgetary allocation to epidemic prevention and control expenses has little impact on reducing the morbidity rate of the sample infectious diseases in China. The result is that public health spending has little effect on people's health status. This result is also proved by the inefficiency of budgetary allocation to maternal and child health care.

Keywords: public health spending, morbidity rate, fixed effect model