

# Hongming Wang

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## **Current Position**

2019.9 -- Post-doc researcher, Hitotsubashi Institute for Advanced Study

## **Education**

2019.8 Ph.D. in Economics, University of Southern California

2015.12 MA in Economics, University of Southern California

2012.6 BA in Finance (major), Applied Math (minor), Shanghai Jiaotong University

## **Working Paper**

Expanding Health Insurance with Mandate and Subsidy: Theory and Evidence from Massachusetts

**Abstract:** What is the proper scope of social insurance, and what motivates government mandate and subsidization of health insurance? This paper explores two rationales: adverse selection in insurance premium, and the social cost of uncompensated care. I assess both rationales as potential justification of the 2006-2007 insurance expansion in Massachusetts. I derive and calculate the motivating benefits relative to the cost of expanding insurance with policy incentives. I find adverse selection alone can justify the mandate penalty in this context, and the social cost of uncompensated care justifies the subsidy generosity with small-to-zero premium benefit. Incremental expansion is desirable from a pure efficiency standpoint, and becomes more desirable with equity.

Subsidizing Inequality: Performance Pay and Risk Selection in Medicare (with Michele Fioretti)

**Abstract:** Public procurement bodies increasingly resort to pay-for-performance contracts to promote efficient spending. We show that firm responses to pay-for-performance can widen the inequality in accessing social services. Focusing on the U.S. Medicare Advantage market, we find that high-rated insurers responded to quality-linked payments by selecting healthier enrollees with premium differences across counties. Selection is profitable because the quality rating fails to adjust for differences in the health of enrollees. Selection inflated the bonus payments and shifted the supply of high-rated insurance to the healthiest counties. The payment reform particularly hurt sicker patients in the riskiest counties.

## Parental Responses to Social Insurance for Children: Evidence from CHIP

**Abstract:** This paper estimates the responses of in-utero investments to a large expansion of children's insurance following the roll-out of Children's Health Insurance Program (CHIP) in 1997-2000. Pregnant mothers more exposed to CHIP invest more in utero, and their children have better birth and education outcomes. To understand mechanisms, I structurally estimate a dynamic model of in-utero investments. Exploiting effects on the timing of investments, I estimate that a 50% increase in the childhood eligibility for CHIP lowers the present bias of pregnant mothers by 9%. The behavioral response increases investments the most among mothers with strong tastes for smoking, and birth weight increases the most for their children. In-utero exposure alone recoups 8% of the program costs through the long-run effects on earnings. These results suggest that insurance programs can more effectively benefit children by fostering favorable behavioral responses from parents.

The Long-Run Health and Economic Benefits of Universal Health Insurance in Japan (Grants-in-Aid for Scientific Research, #20K13509, Japan Society for the Promotion of Science)

**Summary:** While most policy debates on social insurance programs focus on the fiscal burden of the program, there is much less evidence on the potential long-run benefits of social insurance on individuals. This research seeks to understand how gaining access to universal health insurance early in life affects the labor market outcomes and the health of individuals later in life. I draw evidence from the universal health insurance reform in Japan in 1961, a reform that provided public insurance to nearly one-third of the population uninsured at the time. To examine the long-term impacts of the reform, I exploit the fact that successive cohorts gained access to universal insurance at different ages when the reform took place in 1961. I examine whether additional exposure at younger ages among later cohorts improved adult outcomes such as earnings and health for these cohorts. I further compare across prefectures with different pre-existing insurance rates, and ask whether gains to younger cohorts are larger in prefectures with lower insurance rates and hence greater coverage gains from the reform. I use the evidence to inform the cost-effectiveness of universal health insurance systems from a long-term perspective.

## Conferences

2016: American Society of Health Economists (Philadelphia)

2017: Western Economic Association International (San Diego)

2018: American Economic Association Annual Meetings (Philadelphia), American Society of Health Economists (Atlanta)

2019: American Economic Association Annual Meetings (Atlanta), International Industrial Organization Conference (Boston, co-author), Econometric Society European Winter Meetings (Rotterdam), Asia Pacific Industrial Organization Conference (Tokyo)

2020: Society of Labor Economics (online), Econometric Society World Congress (online)

## Fellowships and Grants

2020 – 2022: Grant-in-Aid for Scientific Research, Japan Society for the Promotion of Science

2012 – 2018: Provost Fellowship, USC

2015 – 2017: Schaeffer Fellowship, Schaeffer Center for Health Policy and Economics

## **Programing**

STATA, PYTHON, R, MATLAB, GAUSS, LATEX