

Abstract

When estimating the influence income per capita exerts on health care expenditure, the research in the field offers mixed results. Studies employ different data, estimation techniques and models, which brings about the question whether these differences in research design play any part in explaining the heterogeneity of reported outcomes. By employing meta-regression analysis, the present paper analyzes 220 estimates of health spending income elasticity collected from 54 studies and finds that publication bias is of marginal concern for the literature. The model specification choices, more exactly whether a study accounts for institutional factors and advancements in medical technology, have a negative effect on reported outcomes. Moreover, the “economic research cycle hypothesis” finds support in our analysis. Lastly, the research finds that the true income elasticity of health spending is situated around unity level, which makes health care neither a luxury, nor a necessity.

Keywords: meta-regression analysis, aggregate health expenditure, income elasticity