

The Long-Term Effects of Free Access to Healthcare on Child Health

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Abstract

This study investigates the impact of child medical expense subsidy programs on child's healthcare utilization and health in Japan. Utilizing panel data from the "Longitudinal Survey of Newborns in the 21st Century" (2010–2020) and employing a difference-in-differences approach with fixed-effects models, the analysis sheds light on the effects of these subsidies across socioeconomic strata. We firstly find that while the subsidy program significantly increases outpatient healthcare utilization, it does not directly affect child's physical development, such as height or weight. We also find that outpatient visits for acute and chronic conditions decline immediately when the child loses eligibility for subsidies. We further examine the role of socioeconomic factors, stratifying the analysis by maternal employment status and household income, which has not received much attention. The results show that healthcare utilization in households with unemployed mothers significantly reduces after subsidy loss, but the use of healthcare in households with employed mothers is maintained. These findings suggest that the qualifying age may result in overgenerous benefits, warranting policy recalibration. By integrating long-term data and socioeconomic perspectives, this study contributes to optimizing public investments in child health and offers actionable insights for Japanese and international healthcare policies.