

# When Care Meets Cure: The Effect of Integrated Medical and Elderly Care Policy on Health Stock

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## Abstract

This paper examines whether integrating healthcare and long-term care improves health outcomes in ageing societies. We exploit the staggered rollout of China's Integrated Medical and Elderly Care Policy (IMECP) as a quasi-natural experiment and estimate its effects using nationally representative panel data from the China Health and Retirement Longitudinal Study (CHARLS), 2011–2020. We construct a multidimensional health stock index capturing physical, mental, and social dimensions. Difference-in-differences estimates show that the policy increases health capital by about 3.6% relative to the mean. Event-study results support the identification strategy and reveal a gradual adjustment pattern, consistent with the stock nature of health. Effects are stronger for mental health than for physical functioning or social participation. Mechanism analysis indicates that the policy operates through improved healthcare accessibility, expanded home-based services, and reduced medical expenditure, pointing to efficiency gains rather than increased utilization. We further find that policy effectiveness is amplified in cities with stronger infrastructure and digital capacity but weakened in areas with higher ageing pressure or poorer environmental quality. Overall, the results highlight the role of institutional integration in enhancing health and the importance of complementary capacity in shaping policy impact.

**Keywords:** Integrated Medical and Elderly Care Policy (IMECP), health stock, population ageing.

**JEL Codes:** I10, I12, I18, H51, O18.

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