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# Market forces in healthcare insurance: the impact of healthcare reform on regulated competition revisited

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## Abstract

This paper investigates the impact of market forces on competitive behaviour and efficiency in healthcare by investigating the Dutch healthcare insurance reform in 2006. This reform replaced the dual system of public and private insurance with a single compulsory health insurance scheme, in which insurance providers compete for customers in a free market. We measure competition directly from either shifts in market shares, or developments in profits. Using formal tests we find that in each approach a structural break occurs after the reform: competition is significantly higher after 2006 than before. Several robustness tests confirm this outcome. Nevertheless, we find that the health insurance sector is still less competitive than the banking, manufacturing and service industries, and even less competitive than life insurance.