

# **Private Health Insurance under Universal Coverage: Balancing Efficiency and Equity**

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## *Abstract*

This paper studies the role of private health insurance (PHI) in Sweden's universal healthcare system, focusing on its impact on equity and efficiency. Using comprehensive administrative data, we uncover a pronounced income gradient in PHI uptake, despite higher health risks among lower-income groups. Exploiting variation in firm provision, we show that PHI increases the insurance holders' healthcare utilization, both privately funded and publicly funded, and it reduces their waiting times in public healthcare through quicker referrals. Leveraging cancer registry data, we also link PHI to improved survival rates following cancer diagnoses. We evaluate the distributional implications of the PHI market, accounting for cost externalities and congestion in public healthcare and highlighting the value of targeted policy interventions.