Evaluating health policy interventions using bounds with an application to Italian bail-out program

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Abstract

This paper exploits bounds to evaluate health policy interventions. Standard approaches impose untestable hypotheses, namely that the outcome between untreated and treated units would have been equal in the absence of treatment (invariance assumptions) and point identify the effect of policies. I gain credibility over this practice, by allowing the outcome to differ between the two groups in any arbitrary way even in absence of the treatment (bounded variation) and estimate bounds. The technique is applied to estimate the effect on health outcomes after a bail-out program from health deficit in Italy. For all treated units, I estimate detrimental consequences on hospitalization and mortality rates, without gains in terms of efficiency.

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