Reviewer’s report

Title: Willingness to pay for social health insurance among informal sector workers in a major Chinese city: a contingent valuation study

Version: Date: 26 February 2007

Reviewer: Owen O'Donnell

Reviewer’s report:

General
This is an interesting and useful paper. It addresses an important issue—the potential demand for health insurance among informal sector workers in urban China—that increasingly appears on the policy agenda in developing and emerging economies. The methods are entirely appropriate and are applied with utmost competence. The exposition is extremely clear. The interpretation is careful, sensible and interesting.

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Major Compulsory Revisions (that the author must respond to before a decision on publication can be reached)

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Minor Essential Revisions (such as missing labels on figures, or the wrong use of a term, which the author can be trusted to correct)

1. Align numbering of equation 4.

2. Table 2 – rather than using headings WTP1-WTP4, it would be easier for the reader to use headings such as baseline BHI, BHI without ceiling, etc. Similarly for tables 3 and 4, figure 3 and in the text.

3. In discussion of the equity weighted WTP, it is claimed that the ranking of WTP across the difference insurance packages is consistent whatever the inequality aversion parameter. This is true of the point estimates. But it should be acknowledged that there are no significant differences for an inequality aversion parameter of 1.5 or higher.

4. Comparison of WTP to the estimated costs of BHI:
   a. One method of estimating the costs of providing BHI to informal sector workers is to use the employer and employee contributions of formal sector workers. The justification is that the law decrees that these contributions must pay for the costs of the care covered by BHI. The authors should note whether it is the case that BHI revenue does indeed cover costs. If not, the justification is weakened. A further potential problem with this method is that the costs for formal sector workers need not be representative of those for informal sector workers. The incomes and, one imagines, the health risks of the two groups will differ and this would be expected to lead to differential demand for health care. This should be acknowledged.

   b. A second method of estimating the cost of providing BHI to informal sector workers is to use their past expenditure on health care. But this will be accurate only in the unlikely case that there are no income or price effects on the demand for health care from the provision of health insurance. The estimate obtained is therefore likely to be an underestimate and there can be less certainty that the stated WTP for BHI would cover its costs. This should be acknowledged.

5. page 22 – When referring to numbered models 2.1, 3.1, 3.2 etc point out that they are labeled that way in Table 4. Otherwise, the reader is not sure what is being referred to.

6. page 25 – It is claimed that since BHI contributions are proportional to incomes, BHI effects redistribution from rich to poor. Do the authors mean that there is redistribution because the rich contribute absolutely more than the poor? If so, it would be better to re-phrase since redistribution of income is usually understood as a change in income shares, which is not the achieved with proportional contributions. Or perhaps they have an indirect mechanism in mind by which the poor, being less healthy, get a larger share of the benefits. But this need not necessarily be the case.

Discretionary Revisions (which the author can choose to ignore)
What next?: Accept after minor essential revisions

Level of interest: An article whose findings are important to those with closely related research interests

Quality of written English: Acceptable

Statistical review: No, the manuscript does not need to be seen by a statistician.

Declaration of competing interests:
I declare that I have no competing interests