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9 Patient Mobility and Health Care Quality when Regions and  
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11 Patients Differ in Income\*  
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23 **Abstract**  
24

25 We study the effects of cross-border patient mobility on health care quality and welfare when  
26 income varies across and within regions. We use a Salop model with a high-, middle-, and low-  
27 income region. In each region, a policy maker chooses health care quality to maximise the utility  
28 of its residents when health care costs are financed by general income taxation. In equilibrium,  
29 regions with higher income offer better quality, which creates an incentive for patient mobility  
30 from lower- to higher-income regions. Assuming a prospective payment scheme based on DRG-  
31 pricing, we find that lower non-monetary (administrative) mobility costs have (i) no effect on  
32 quality or welfare in the high-income region; (ii) a negative effect on quality but a positive effect  
33 on welfare for the middle-income region; and (iii) ambiguous effects on quality and welfare  
34 for the low-income region. Lower monetary mobility costs (copayments) might reduce welfare  
35 in both the middle- and low-income region. Thus, health policies that stimulate cross-border  
36 patient mobility can be counterproductive when regions differ in income.  
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47 *Keywords:* Patient mobility; Health care quality; Income inequalities; Regional welfare.  
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49 *JEL Classification:* H51; H73; I11; I18  
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