

The catastrophic effects of out-of-pocket payment for health care across three African countries - Ghana, South Africa and Tanzania

John E. Ataguba, James Akazili,
Gemini Mtei, Jane Goudge, Filip
Meheus



Health Economics Unit

UNIVERSITY OF CAPE TOWN



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Introduction [1]

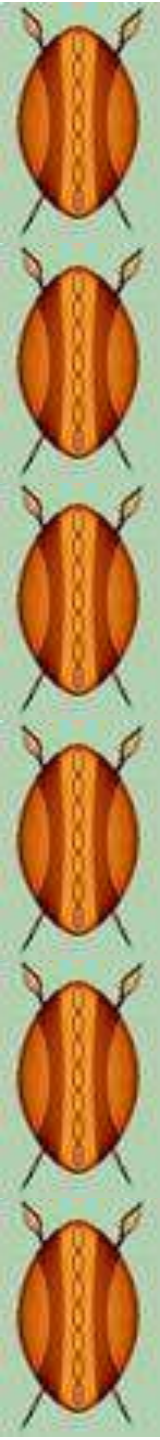
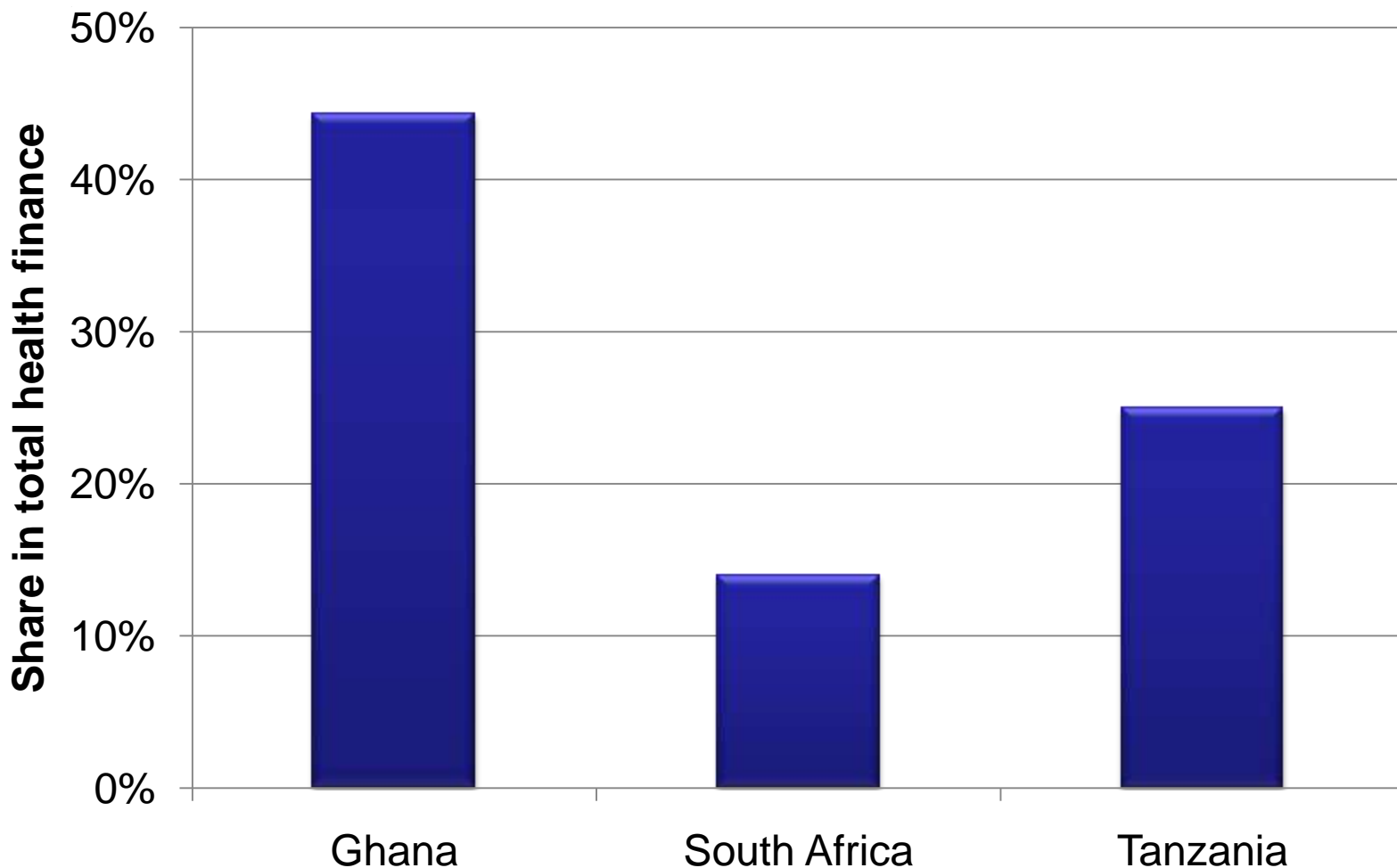
- Out-of-pocket (OOP) payment – a major health financing mechanisms in developing countries
- OOP payments as a proportion of total health care financing are generally higher for poorer countries
- Prepayment schemes have become important in increasing access to affordable care
 - Coverage rate is still low in most African countries
 - Households still pay OOP to utilize health services



Introduction [2]

- Link between health and poverty is mutually reinforcing
- Traditional poverty (absolute) measurements do not reflect the impact of out-of-pocket payments on households
- Non-poor households could become poor or poor households become poorer due to OOP payments
- Such payments could also be ‘catastrophic’
 - Health spending by households are considered catastrophic when the level of OOP expenditure is high enough to significantly lower a family’s living standard over a certain period of time
 - HH may reduce basic expenses over a certain period of time to cope with the medical bills

Out-of-pocket payment in total health finance





Objectives

- Examine household health expenditure in three African countries (Ghana, South Africa, & Tanzania)
- Measuring the extent and distribution of:
 - impoverishing effects and
 - catastrophic spending

Methods

	Ghana	South Africa	Tanzania
Year of survey	2005/06	2005/06	2000/01*
Survey	Living Standard Survey (LSS)	Income and Expenditure Survey (IES)	Household Budget Survey (HBS)
Households	8,687	21,144	22,178
Measure of living standard	Consumption expenditure	Consumption expenditure	Consumption expenditure
components of OOP payments	Drugs, Medical, dental and pharmaceutical services, medical equipment and appliances including corrective lenses, hospital services, preventive care, traditional healers, and laboratory and x-ray fees.	Medicines, medical equipment and appliances including corrective lenses, medical and dental services, dispensing fees, consultation, traditional healers, laboratory and x-ray fees, other medical products and service fees	Medical Expenditure

* Inflated to 2005 prices

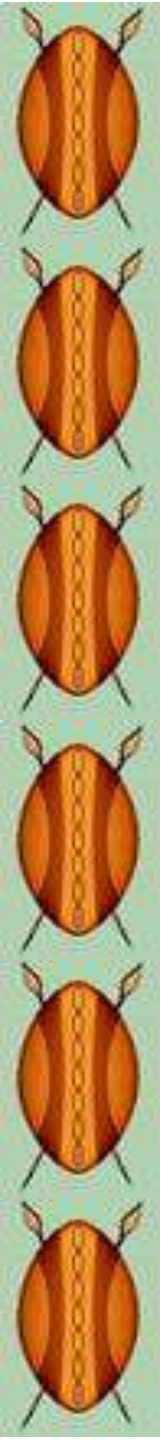


Methods

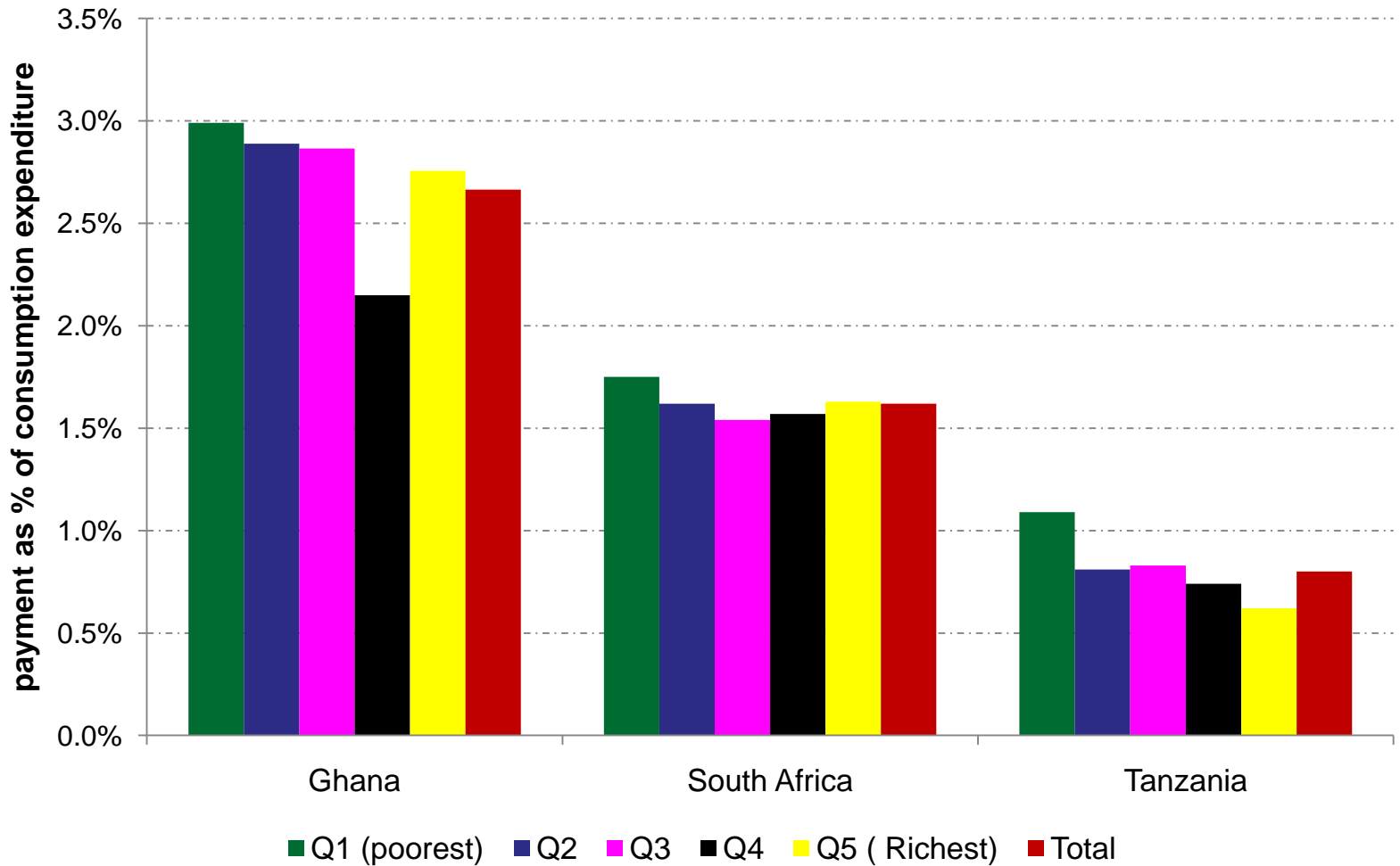
- [1] Assess extent of catastrophic payment using different thresholds
 - Total household expenditure (5% - 20%)
 - Total household non-food expenditure (10% - 40%)
- [2] Assess impoverishing effect of out-of-pocket payments
 - Difference between post OOP health care payment expenditure (net) and gross expenditure
 - Foster, Greer and Thorbecke (FGT) indices
 - Sen, Shorrocks and Thon (SST) Index

Methods

- Poverty line 1 (\$1.25/day) – 2005 PPP
- Poverty line 2 (\$2.50/day) – 2005 PPP
- Pen's parade of dwarfs and a few giants



Distribution of out-of-pocket payments



Catastrophic Headcount [1]

		Thresholds	10%	20%
Catastrophic headcount	Ghana		5.16%	2.56%
	South Africa		1.78%	0.32%
	Tanzania		1.53%	0.43%
Weighted Catastrophic Headcount	Ghana		5.24%	2.72%
	South Africa		1.88%	0.24%
	Tanzania		2.20%	1.03%

Based on total household expenditure

Catastrophic Gap [1]

	Thresholds	10%	20%
Catastrophic gap	Ghana	1.47%	1.11%
	South Africa	0.12%	0.03%
	Tanzania	0.15%	0.05%
Mean positive catastrophic gap	Ghana	28.47%	43.66%
	South Africa	6.50%	10.88%
	Tanzania	9.50%	15.30%
Weighted catastrophic gap	Ghana	1.56%	1.19%
	South Africa	0.09%	0.01%
	Tanzania	0.18%	0.09%

Based on total household expenditure

Catastrophic Headcount [2]

		Thresholds	20%	40%
Catastrophic headcount	Ghana		4.91%	2.43%
	South Africa		0.70%	0.09%
	Tanzania		3.52%	1.52%
Weighted Catastrophic Headcount	Ghana		5.13%	2.64%
	South Africa		0.72%	0.06%
	Tanzania		3.93%	1.83%

Based on total household non-food expenditure

Catastrophic Gap [2]

	Thresholds	20%	40%
Catastrophic gap	Ghana	2.68%	2.01%
	South Africa	0.07%	0.01%
	Tanzania	1.35%	0.90%
Mean positive catastrophic gap	Ghana	54.57%	82.6%
	South Africa	10.32%	14.39%
	Tanzania	38.41	58.94%
Weighted catastrophic gap	Ghana	3.01%	2.29%
	South Africa	0.06%	0.004%
	Tanzania	1.67%	1.14%

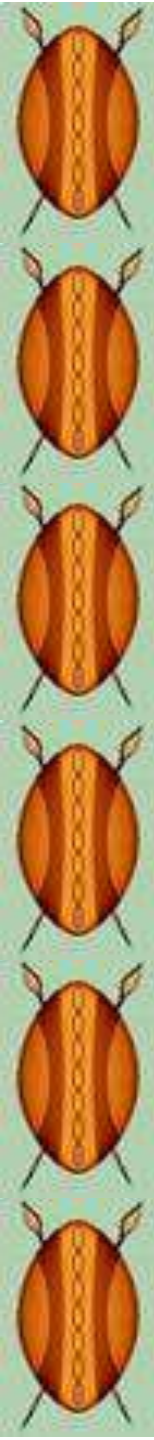
Based on total household non-food expenditure

Poverty Headcount

	Gross of health payment	Net of health payment	Absolute	Relative
Ghana	17.04%	18.64%	1.59%	9.35%
	48.02%	49.85%	1.83%	3.82%
South Africa	10.12%	10.57%	0.45%	4.42%
	34.66%	35.43%	0.77%	2.23%
Tanzania	44.65%	45.20%	0.55%	1.23%
	76.45%	76.80%	0.34%	0.45%

Black: poverty line = \$1.25/day; Red: poverty line = \$2.50/day

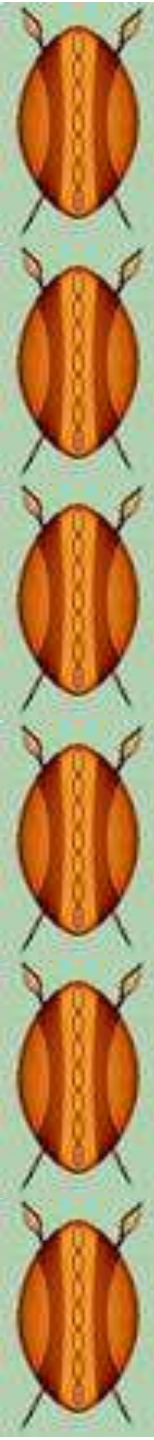
Normalized poverty gap



	Gross of health payment	Net of health payment	Absolute	Relative
Ghana	5.36%	7.65%	2.29%	42.73%
	19.20%	21.21%	2.01%	10.47%
South Africa	2.64%	2.79%	0.15%	5.78%
	12.72%	13.11%	0.39%	3.10%
Tanzania	16.83%	17.18%	0.34%	2.04%
	40.00%	40.40%	0.39%	0.98%

Black: poverty line = \$1.25/day; Red: poverty line = \$2.50/day

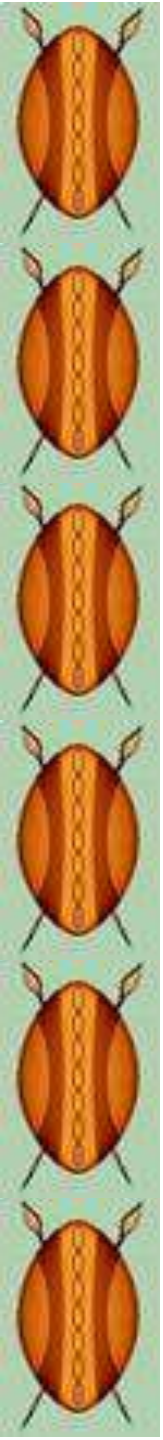
Normalized mean positive gap



	Gross of health payment	Net of health payment	Absolute	Relative
Ghana	31.43%	41.02%	9.59%	30.52%
	39.99%	42.55%	2.56%	6.41%
South Africa	26.06%	26.40%	0.34%	1.30%
	36.69%	37.00%	0.31%	0.85%
Tanzania	37.70%	38.00	0.30%	0.80%
	52.32%	52.60%	0.28%	0.53%

Black: poverty line = \$1.25/day; Red: poverty line = \$2.50/day

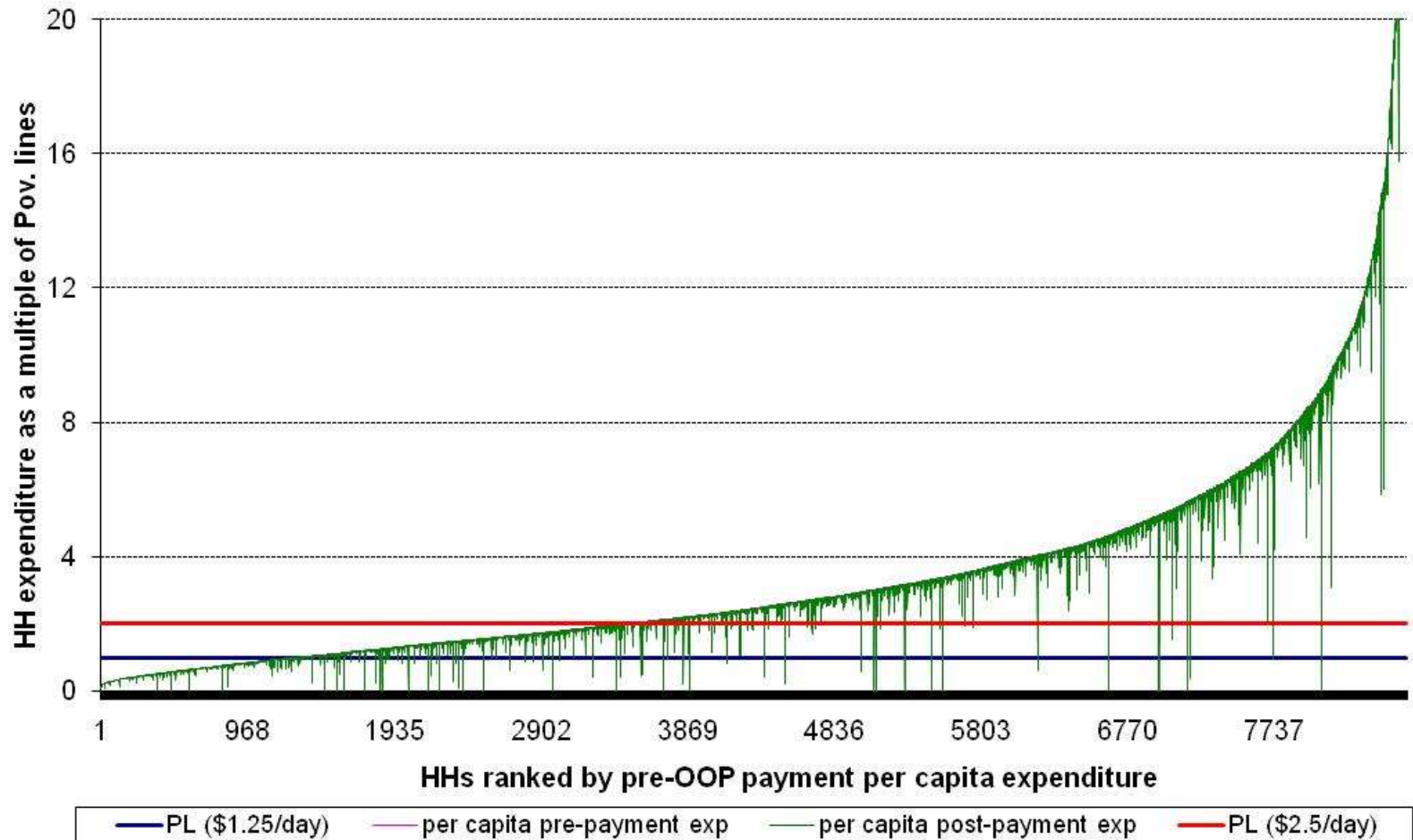
SST poverty intensity



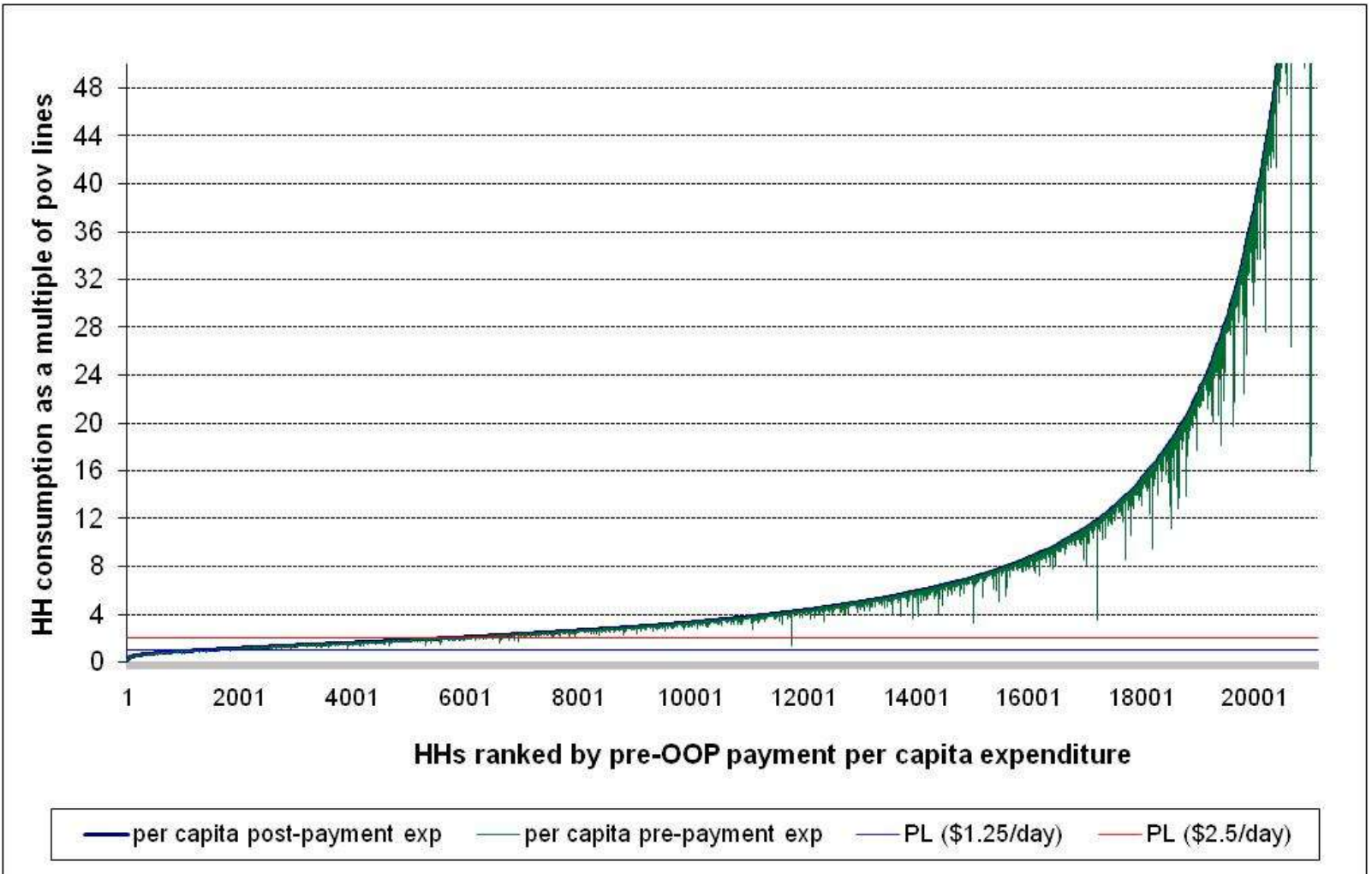
	Gross of health payment	Net of health payment	Absolute	Relative
Ghana	10.71%	15.29%	4.58%	29.95%
	38.39%	42.41%	4.02%	9.48%
South Africa	5.27%	5.58%	0.30%	5.38%
	25.42%	26.21%	0.79%	3.01%
Tanzania	33.66%	34.35%	0.69%	2.01%
	80.00%	80.79%	0.79%	0.98%

Black: poverty line = \$1.25/day; Red: poverty line = \$2.50/day

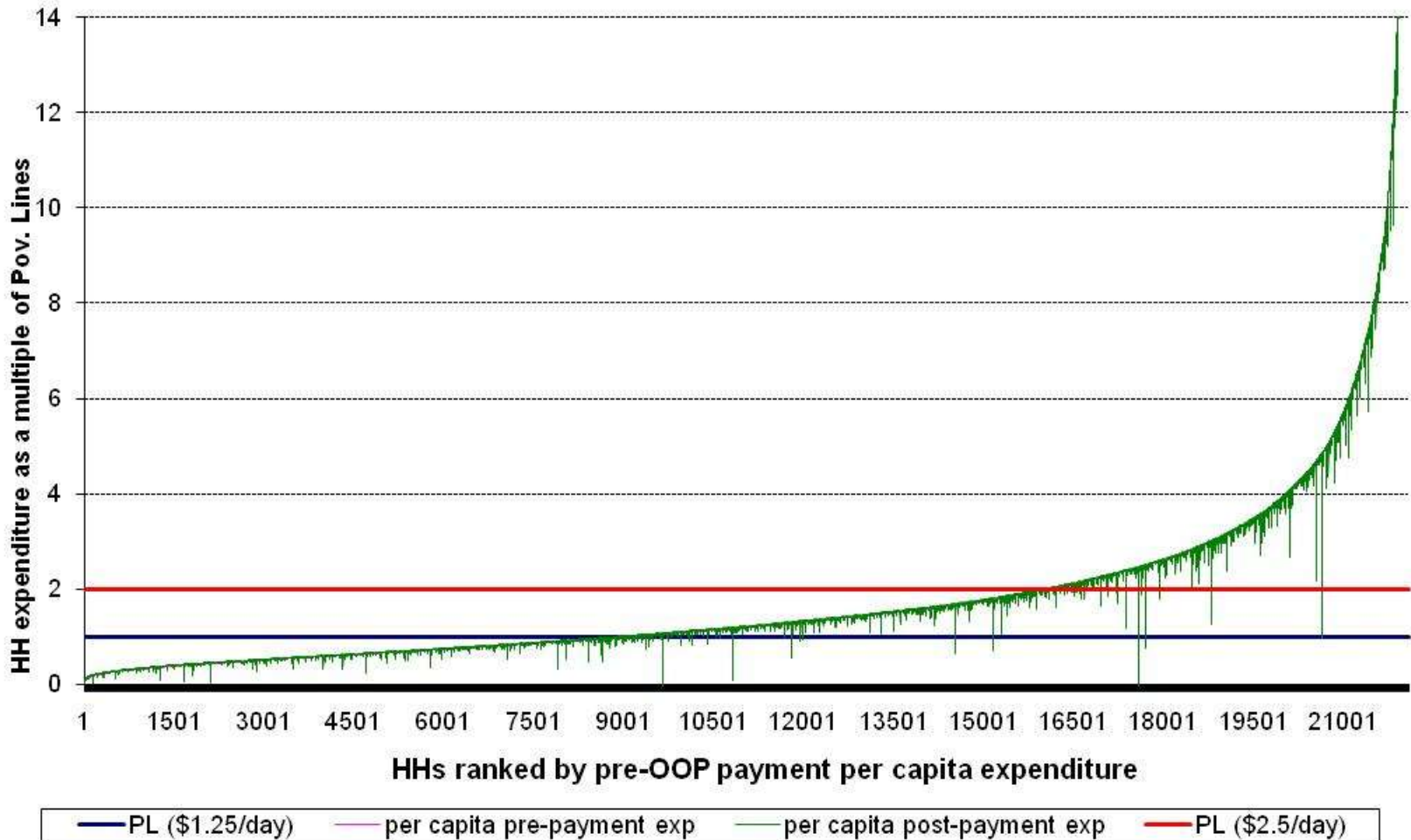
Impact of OOP health care payment [Ghana]



Impact of OOP health care payment [South Africa]



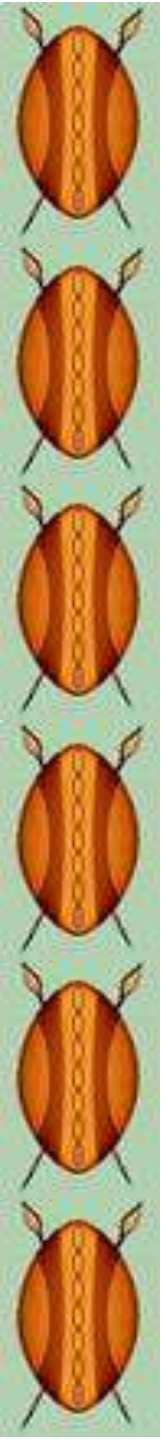
Impact of OOP health care payment [Tanzania]





Conclusion

- Catastrophic payments lowest in South Africa. Highest in Ghana
 - Follows the pattern of shares in total health finance
- Impoverishment due to OOP health care payment highest in Ghana, lowest in South Africa
 - Follows the pattern of shares in total health finance
- Higher burden of catastrophic payment – Rural and uninsured
- Non-poor are pushed into poverty through health care payments. More in Ghana and Tanzania.
- OOP payment presents a big burden on access to care in Africa
 - Heightened by absence of adequate financial protection



Thank you all for your attention