



Health Economics Unit

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The Health Economics Unit (HEU) has prepared these information sheets in an effort to contribute to **public** debate on health care financing in South Africa. They are explicitly written in non-technical language so that they are accessible to a wide range of people. Anyone interested in the detailed methodology used to collate the information presented here may contact the HEU. Please send any comments and requests for further information to: heu-info@uct.ac.za.

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Who benefits from health care in South Africa?

Key Points

- ▶ Within the public sector, the poor benefit relatively more than the rich from *outpatient* services at lower levels of care (i.e., district hospitals, clinics and community health centres).
- ▶ The rich benefit considerably more than the poor from regional and central hospital services (both outpatient and inpatient services) and also benefit more from public sector inpatient services overall.
- ▶ The rich benefit far more from private sector services than the poor; the richest 40% of the population receive about 70% of the benefits of private outpatient services (from general practitioners, specialists, dentists and retail pharmacies) and nearly 80% of the benefits of inpatient care in private hospitals.
- ▶ Overall, health care benefits in South Africa are very 'pro-rich', with the richest 20% of the population receiving more than a third of total benefits while the poorest 20% receive less than 13% of the benefits, despite the poor bearing a much greater share of the burden of ill-health than the rich.

Introduction

This information sheet shows each socio-economic group's share of benefits received from using different types of health services and assesses this relative to which group(s) have the greatest need for care. The information is drawn from a 2008 national survey of 4,800 households (and about 22,000 people in these households) which was specifically designed to collect comprehensive information on what outpatient health services had been used in the previous month and what inpatient health services had been used in the previous year.

Box 1

Types of health services:

The key categories of health services evaluated include:

- ▶ **Public** hospitals (district, regional, provincial or central); public clinics and community health centres (CHCs).
- ▶ **Private** hospitals, general practitioners, specialists, dentists and retail pharmacies.



Who benefits from health care services?

Public sector outpatient services

These benefits are relatively evenly distributed between rich and poor groups overall (see Figure 1). However, the richest groups gain the most benefits from provincial and central hospital outpatient services, and to some extent, from regional hospital outpatient services. The poorest groups gain the most benefits from district hospital visits and public clinics or community health centres.

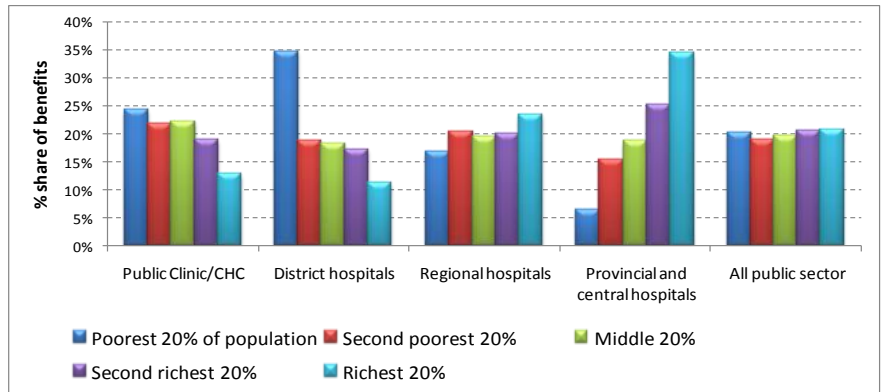


Figure 1: Distribution of the benefits from public sector outpatient services

Public sector inpatient services

Richer groups gain more of these benefits than poor groups, because richer groups have a particularly large share of the benefits from central hospitals and provincial hospitals. The only public sector inpatient service that poorer groups gain the greatest benefit from is the district hospital service (see Figure 2).

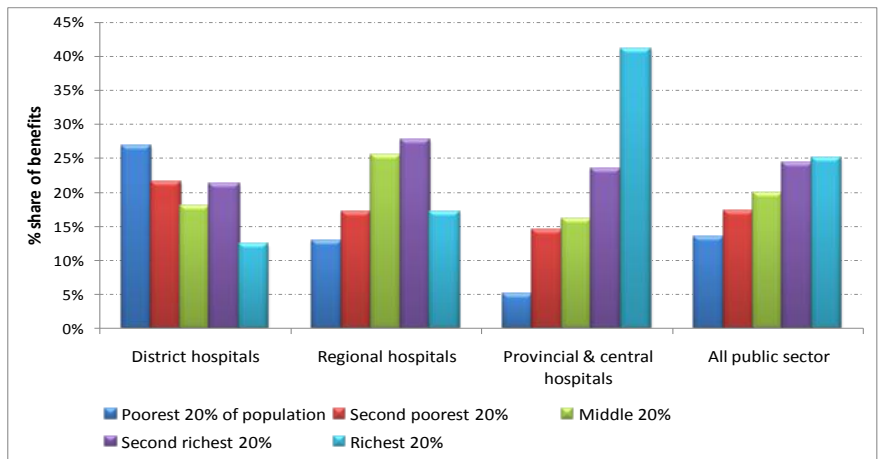


Figure 2: Distribution of the benefits from public sector inpatient services

Private sector services

The two richest groups combined gain about 70% of the benefits of private outpatient services (which includes general practitioners, specialists, dentists and retail pharmacies). Inpatient services in private hospitals benefit almost exclusively the richest groups (see Figure 3).

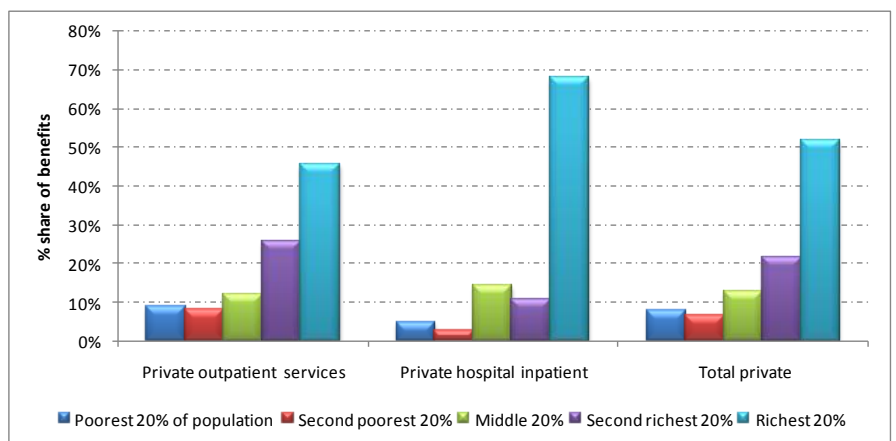


Figure 3: Distribution of the benefits from private sector outpatient and inpatient services

Box 2

Estimating need for care:

Health care need is usually estimated by including questions on health status or illness in household surveys. The survey used for this information sheet collected self-assessed health status data through a simple rating question:

How would you describe your current health status?

Excellent ▶ Good ▶ Fair ▶ Poor ▶ Very poor

Individuals were recoded as having good health if they reported health status above 'fair' and as bad health (or potentially in need of health care) if they reported health status of 'fair' or below.

The distribution of other more objective measures of ill-health, based on diagnosis of illness by health professionals, is also presented in this information sheet.

Who benefits the most from health care?

Looking at which groups benefit from private and public sector services combined, the richest 40% of the population have nearly 60% of the benefits (see

Figure 4), while the poorest 40% of the population have about 1/5 of the benefits.

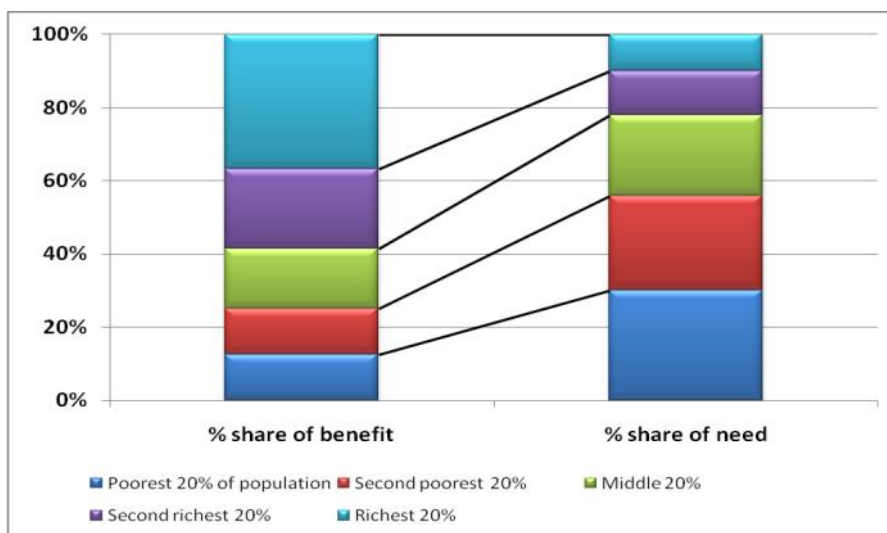


Figure 4: Comparing levels of health care need (based on self-assessed health status) with benefits gained from using health services

Who has the greatest need for care?

Figure 4 illustrates the health care needs (see Box 2 above) of each socio-economic group relative to the share of health care benefits they receive. The poorest 20% of the population have the greatest need for

care, i.e., this group more frequently assessed their health status to be poor than did richer groups in the national household survey.



“...the poorest 40% of the population have about 1/5 of the benefits.”

Who has the greatest need for care? - continued

The heavier burden of ill-health on the poor is confirmed by other South African studies (see references below). For example:

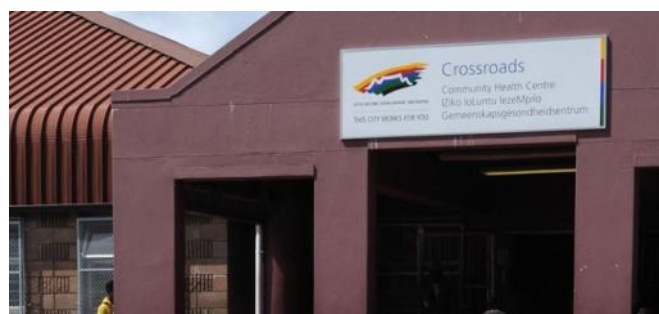
- ▶ **Violence** requiring health care interventions is more than 3 times greater in the poorest than richest 20% of the population.
- ▶ **Tuberculosis** diagnosed in the past year is nearly 13 times greater in the poorest than richest groups.
- ▶ **Chronic bronchitis** is more than 3 times greater for men and 4.3 times greater for women in the poorest compared to the richest 20% of the population.
- ▶ **Psychological distress** is 3 times greater amongst the poorest than richest third of the population.
- ▶ Children from the poorest 10% of households have rates of **underweight** (low weight-for-age) and **stunting** (low height-for-age), which are about 3 and 8 times those of the richest 10% respectively.

Hypertension was the only illness that placed a greater burden on richer groups, compared to poorer

groups. However, this is only the case in relation to men; the richest 20% of men are twice as likely as the poorest 20% to have a diagnosis of hypertension. There is an even distribution of hypertension across socio-economic groups in the case of women.

Despite bearing a greater burden of ill-health, the poorest 20% of the population receive less than 13% of total health service benefits (see Figure 4).

Most of the health service benefits (over a third) go to the richest 20% of the population, who bear the smallest burden of ill-health. The share of benefits is therefore not in line with the share of health need across socio-economic groups. The distribution of health care benefits is not in favour of the poor (i.e. it is pro-rich.)



References

The data presented here are updated from:

Ataguba J, McIntyre D (2009). *Financing and benefit incidence in the South African health system: Preliminary results*. Health Economics Unit Working Paper 09/1. Cape Town: Health Economics Unit, University of Cape Town.

Additional information on the distribution of the burden of ill-health across socio-economic groups is drawn from:

Bradshaw, D., K. Steyn (Eds) (2001). *Poverty and chronic diseases in South Africa*. Cape Town, South African Medical Research Council.

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