
Household catastrophic health care expenditure: Evidence on the effects of out-of-pocket health care payments in the East African Region

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Abstract

Health care funding and the quality of healthcare outcomes in development are inseparable. The World Health Organization Assembly resolution of 2005 on universal coverage and sustainable health financing and the Paris Declaration of 2001 on greater Investments in the Health Sector are the basis of this study. Health Insurance and Financing forms the basis of this study. African Governments committed through the Abuja Declaration, to allocate and spend at least 15 per cent of government expenditure on their National GDP on health. In June 2015, Countries in the East African Community concluded and released their National budgets for the Financial Years 2015/2016. None of the countries fulfilled the Abuja declaration promise on healthcare investment in East African Community. Households pay for healthcare through subscriptions to health insurance schemes and direct out-of-pocket payments as they utilize services. Out-of-pocket payment is generally considered the least preferred mode of paying for healthcare. This is due to the fact that there is no pooling of risk and cross subsidization between individuals with varying health care needs. Individuals with greater health care needs bear the heaviest financial burden, irrespective of their ability to pay. If such, there is no equity in paying for health care. Out-of-pocket payments also expose households to the risk of catastrophic expenditures. This is a situation where a household spends a large proportion of income on healthcare, at the expense of other needs such as clothing and education for children. A related literature review will be analyzed, and conclusions and the way forward concerning household healthcare spending in East African Countries discussed.

Key terms: Households; catastrophic health care spending/expenditure; Out-of pocket payments; Universal health care

