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Public spending on health care in Africa: a benefit incidence analysis of Ghana, Tanzania & South Africa

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Objectives: Public subsidization of health care may improve access to health care and the financial well-being of households by reducing out-of-pocket expenditures. However evidence has shown that public health care subsidies are often not well targeted to less wealthy population groups. This paper examines the distribution of public spending on health care across individuals ranked by living standards in three African countries using benefit incidence analysis.

Methods: Benefit incidence analysis combines information on the cost of providing public health services with their utilisation to assess how benefits from public spending are distributed across individuals ranked by some measure of living standards. The public subsidy received by an individual for a specific service is calculated by multiplying the utilisation of the service by its unit cost and subtracting any payment the individual made to receive the service.

Data on public health care utilization, need and out-of-pocket expenditures were derived from household surveys organized in each country. Individuals were ranked in quintiles on the basis of a composite index constructed through the use of principal components analysis. Unit costs across health services and facilities were derived from secondary sources such as national health accounts and supplemented with facility based costing studies when available. Need was based on self-assessed health status.

Findings: The distribution of public health subsidies over quintiles and disaggregated by various types of care (e.g. hospital/non-hospital, inpatient/outpatient care) will be presented for each country. Inequality in the use of (public) health care is measured

with the concentration index and compared with the need for health care to assess the degree of horizontal inequity.

It is expected that in countries with health insurance covering a large proportion of the population such as in Ghana, or in countries with substantial tax funding and limited or no user fees such as in South Africa, public health care subsidies will be more progressively distributed across socio-economic groups.