"PRIORITIES OF HEALTH ECONOMICS IN AFRICA"
Inaugural Conference of the African Health Economics and Policy Association (AfHEA)
10th – 12th March 2009 - Accra. Ghana

Parallel session 2: Preferences and willingness to pay

PS 02/8
Willingness to Pay for Health Care and Antiretroviral Drugs: Evidence from Rural Southern Region of Malawi

Tchaka Ndhlovu, Research for Equity and Community Health Trust

The decade-long and emotional debate about unavailability of life-saving antiretroviral (ARV) treatment in resource-poor countries is no longer fashionable. It is no longer fashionable because, in recent years, donor resources mainly from the Global Fund have enabled poor countries to scale up treatment. A critical issue however remains the long term sustainability of ARV treatment. The concern is that ARV treatment is for an individual's lifetime while there are no guarantees for continuous funding from donor. For example, the Global Fund is transitory project with a lifespan of five years. In light of this, poor countries need to explore new financing mechanisms for treatment. This study investigates the feasibility of using traditional risk pooling mechanisms that are widely available in traditional societies to finance treatment. We employ contingent valuation method (CVM) to generate total societal value of ARV treatment. CVM generates use and nonuse values of a good or service. It has widely been used in environmental economics. Its use in health economics is more recent even though it is growing.

The results indicate that ARV treatment has high societal value. In particular, both patients and nonpatients are willing to contribute to a community-based drug revolving fund. Users of ARV have a higher WTP than nonusers; income has a positive effect on WTP; price of ARV has negative influence on WTP; male- headed households have a higher WTP than female-headed households and young men have a higher WTP than old men.

The main implication of our study findings is that it is possible for the government to implement a reasonable cost-sharing scheme in form of informal health insurance. An uphill task for the government however is how to target subsidies to people who cannot afford to pay and how much it should pay in the form of subsidies given our WTP estimates. In particular, an effective cost-sharing scheme should balance the desire for an ARV programme which is both equitable and sustainable. The problem is that general subsidies to health care, such as free or low priced services intended for the poor, but extended to all, can and usually, result in leakages to affluent beneficiaries. This therefore calls for an effective waiver system that has the ability to discriminate between affluent and non-affluent members of the society, disseminate information to potential beneficiaries about the available waiver system and procedures; and provide clear criteria for the granting of waivers.