Parallel session 4: Economics and Policy Research to Improve Malaria Control

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Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment

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It is often argued that cost-sharing—charging a subsidized, positive price—for a health product is necessary to avoid wasting resources on those who will not use or do not need the product. We explore this argument in the context of a field experiment in Kenya, in which we randomized the price at which prenatal clinics could sell long lasting anti-malarial insecticide-treated nets (ITNs) to pregnant women. We find no evidence that cost-sharing reduces wastage on those that will not use the product: women who received free ITNs are not less likely to use them than those who paid subsidized positive prices. We also find no evidence that cost-sharing induces selection of women who need the net more: those who pay higher prices appear no sicker than the prenatal clients in the control group in terms of measured anemia (an important indicator of malaria). Cost-sharing does, however, considerably dampen demand. We find that uptake drops by 75 percent when the price of ITNs increases from zero to $0.75 (i.e. from 100 to 87.5 percent subsidy), the price at which ITNs are currently sold to pregnant women in Kenya. We combine our estimates in a cost-effectiveness analysis of ITN prices on child mortality that incorporates both private and social returns to ITN usage. Overall, given the large positive externality associated with widespread usage of insecticide-treated nets, our results suggest that in some settings free distribution might be as cost-effective as cost-sharing, if not more.