Effect Of Public Health Expenditure On Catastrophic Health Expenditure In Sub-Saharan Africa

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**Abstract:** The basic function of health systems towards achieving universal health coverage is to improve health outcome and prevent financial catastrophe due to payment for health services. The available evidence indicates that larger proportion of households in sub-Saharan Africa incur catastrophic health expenditures. Therefore, how public policy influences the risk of and exit from catastrophic health spending is a moot point to consider. There is extensive literature on the relationship between public health expenditure and health outcome. However, how public health expenditure influences the risk of and exit time from catastrophic health expenditure is relatively scarce, especially on sub-Saharan Africa, and this study took this up by exploring data on 45 sub-Saharan countries for the 1995-2014 period, sourced from the World Bank’s World Development Indicators. The analyses employed the 5 percent catastrophe threshold of households total expenditure, 1.27 percent growth rate of out-of-pocket health expenditure, and the population average generalised estimating equation regression model. The study found the average exit time from catastrophe to be 2.58 years. Also, the results showed that out-of-pocket health spending has positive, immediate, and larger effects whereas public health spending has negative, delayed, and smaller effects on risk of and exit time from catastrophic health expenditures. The results again revealed that when a household is faced with catastrophic health expenditure, a unit increase (decrease) in out-of-pocket health expenditure as percentage of household’s income increases (decreases) the exit time by 3.41 years whiles a unit increase (decrease) in public health expenditure reduces (increases) the current exit time by 1.12 years. This study, therefore, concludes that exit time from catastrophe is less responsive to public health spending than to out-of-pocket health spending. As regards, a more proactive public policy option is, perhaps, to influence the growth rate of out-of-pocket health expenditure via provision of primary health services to prevent entry into catastrophic health expenditure among households.

***Key words:*** *Catastrophic health expenditure, public health expenditure, exit time*