**DIRECT AND SPILLOVER EFFECTS OF HEALTH INSURANCE**

**ON HOUSEHOLD CONSUMPTION PATTERNS IN EKITI STATE, NIGERIA.**

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**ABSTRACT**

The twin issues of resource and poverty distribution in Nigeria are paradoxical. This is because, though the country is rich in natural, land and human resources, Nigerian people are still being described as poor. This is confirmed by the report of national bureau of statistics that nearly 70 percent of Nigerians as at 2017 were living in poverty using dollar per day adjusted purchasing power parity as the criterion. This implies weak ability to smoothen consumption over time for a large percentage of the population whenever there is ailment. Previous studies had investigated direct effect of health insurance on medical consumption with no attention to the spillover effects on non-medical consumption. This study is therefore, designed to examine the direct and spillover effects of HI on both medical and non-medical consumption in Ekiti State.

The survey research design was employed and purposive sampling technique was used to select hospitals that offer health insurance services across the sixteen local government areas (LGAs) of Ekiti state. A structured questionnaire was randomly administered to 95 patients per LGA.

Diagnostic test was performed to show the quality of match between the insured and uninsured households, and their suitability for the study. The propensity score from logit regression at/≤/0.05 was used to predict the probability of HI participation, while propensity score matching estimator was used to determine the direct and spillover effects of health insurance.

The average age of the respondents was 43 years; about 69% were married; 76% and 50% of the family heads had post-secondary education and were government employees respectively. The reduction in the value of Pseudo-R2 and Mean bias from 0.17 to 0.01 and from 72.4 to 17.9 respectively showed high quality of match between the two groups and this underlined their suitability for the study. The propensity score matching coefficient for medical consumption was 0.07 and positive, showing that medical consumption increased with health insurance status. The

spillover effect of HI was 24,970 and it was positive (+) indicating that health insurance increasednon-medical consumption of the insured by ~~N~~24,970 in the period of illness.

This implies that health insurance increased the overall consumption of the insured households in the State.

**Keywords:** Direct effect, Spillover effect, Propensity Score Matching, Consumption patterns,