**Impact of Out of Pocket Payments on Financial Protection Indicators in a setting with no user fees: The case of Mauritius**

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| **Abstract** **Objectives:** Since 1968 Mauritius provides free health care in all state-owned health facilities. Nevertheless since 2007 Private Health Expenditure (PvtHE) has surpassed General Government Health Expenditure as a share of total health expenditure. PvtHE is predominately composed of Out of Pocket (OOP) with only 3.4% related to premiums for private insurance. OOP is known to be regressive and to impact negatively a household’s living standards. This paper aims to understand trends in OOP and its impact on the population of Mauritius through an analysis of key indicators of financial protection (i.e. Catastrophic Health Expenditure (CHE) and impoverishment due to OOP health expenditure) and to identify the main drivers of CHEs.**Methods:** The Household Budget Surveys (HBS) of 2001/2002, 2006/2007 and 2012 were the primary source data. Stata v11.2 was extensively used for data analysis. CHE and impoverishment were used to assess financial hardships resulting from OOP payments. Incidence of CHE was estimated using two standard approaches namely the capacity to pay and the budget share. Impoverishment due to OOP was measured by changes in the incidence of poverty and severity of poverty using the US$ 3.1 international poverty line. To identify determinants of CHE, we conducted a logistic regression analysis. **Findings:** Household CHE increased across all the three thresholds (10%, 25% and 40%) from 2001 to 2012. Over this period, incidence of CHE was more significant in urban area compared to 0.58 percentage point in rural area. The highest levels of CHEs were experienced by heads of households who are retired (3.9%), widowed (2.8%) and homemakers (2.5%). The share of households pushed below the poverty line due to OOP dropped from 0.0848% in 2001/02 to 0.0445% in 2006/07 before rising to 0.054% in 2012. In 2012, only households classified under Quintile 1 (0.244%) and Quintile 2 (0.025%) were drifted under the poverty line due to OOP on health. **Conclusion:** Despite CHE has been on the rise across most income groups over the three consecutive HBS period the impact on the level of impoverishment and poverty gap has not been significant. **Keywords:** Catastrophic health expenditure, Impoverishment, Out-of-pocket payments |

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