

REPORT NO. 1

CATASTROPHIC HEALTH EXPENDITURE

IN VIETNAM 2002

A study conducted within the context of the project
Development of Health Sector in Vietnam,
CCSE-WHO, 2006-2008

by the research team

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Summary

This study is the first part of a two-year research project on health system development developed and implemented by the Central Commission for Science and Education (CCSE) and the Research and Training Center for Community Development (RTCCD) with support from the World Health Organization (WHO). It aims to provide evidence to improve health financing policy in Vietnam by identifying the share of households that suffered from catastrophic health expenditure in 2002. According to the definition by WHO, “catastrophic health expenditure occurs when a household’s total out-of-pocket health payments equal or exceed 40% of the household’s capacity to pay or non-subsistence spending” (Xu, 2005). Catastrophic health expenditure pushes many households below the poverty line and forces many households to reduce other expenditures or sell productive assets.

The Vietnam National Health Survey 2002 (VNHS 2002) was used as the source of information for analyzing household catastrophic health expenditure. Due to a lack of information related to total household consumption expenditure (EXP) and total household food expenditure (FOOD) in the VNHS 2002 dataset, a multiple linear regression model was fitted to estimate EXP and FOOD, based on the Vietnam Household Living Standard Survey 2002 (VHLSS 2002). Subsequently, the WHO guidelines on calculating catastrophic health expenditure were strictly followed.

The study found that the catastrophic health expenditure in Vietnam in 2002 was approximately 13%, with a 95% confidence interval of 12.5% to 13.2%, an increase of 23% for the duration of five years when compared to Vietnam in 1997 (10.45%). This means that on average, out of 100 households in Vietnam, approximately 13 households spent more than 40% of their income, net of subsistence spending, on out-of-pocket health care payments. The research also found that about 7% of the non-poor became poor after paying for health services (i.e., being impoverished by health payments) in

2002. If the threshold was increased by 100,000 VND, the risk of incurring catastrophic health expenditure increased by 41%.

The evidence in the multivariate analysis shows there are statistical associations between household catastrophic health care expenditure and eight predictors including: total amount of out-of-pocket payment for health care, household living standard status, education level, ethnic status, number of inpatient visits, number of outpatient visits, number of over-counter visits for self-treatment, and number of elderly persons in household. The evidence suggest that prepayment plans through social insurance and target subsidies to the poor and other vulnerable groups need to be strengthened and expanded to reduce the rate of household catastrophic health expenditure in Vietnam. In addition, for the long term, investment in education and preventive health programs should be seen as the priority to reduce household catastrophic health payments, and therefore, to reduce poverty and sustain these poverty reductions.

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