

Out-of-Pocket Health Spending and Financial Protection in ECA

Concepts and Data

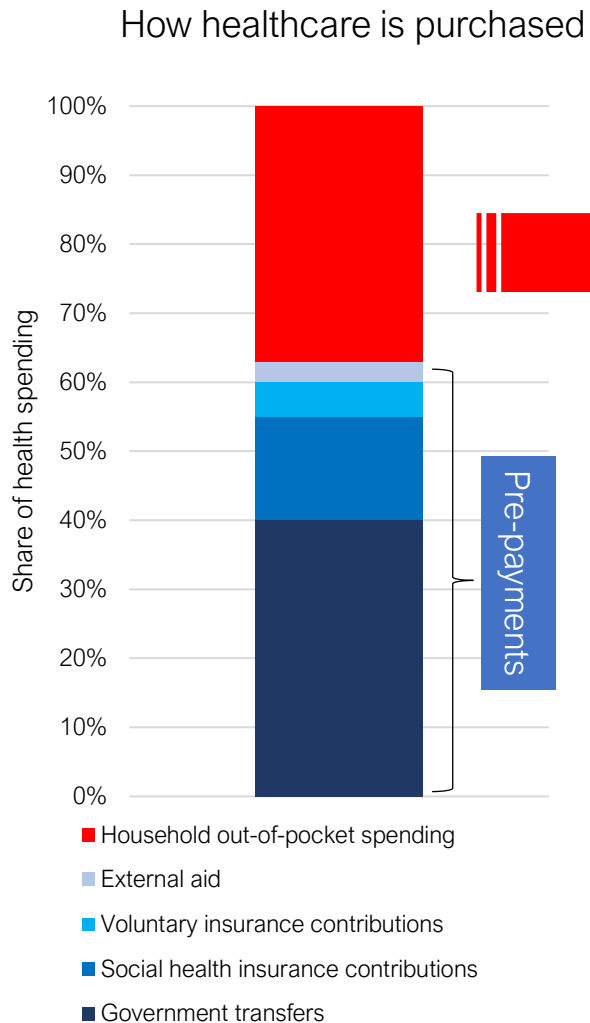


Sven Neelsen, World Bank, HNP, Europe and Central Asia Region

ECA Talk : Out-of-Pocket Health Expenditures - Challenges and Policies in ECA

March 21, 2024

Defining OOP health spending



How OOP health spending is defined

OOP health spending

Non-reimbursable payments for health services and goods by households, i.e., costs not covered by pre-paid health schemes.*

* Doesn't include cost of transport to care, income loss due to illness, cosmetic treatments, health-enhancing services and goods outside medical care like gym membership or healthy foods.

How OOP spending is incurred

- 1**

Populations not covered by pre-payment schemes

 - E.g., informal sector households outside social health insurance schemes
- 2**

Care not covered by pre-payment schemes

 - De jure not covered
 - De facto not covered, e.g., informal payments, using non-covered services because covered services unavailable or of poor quality
- 3**

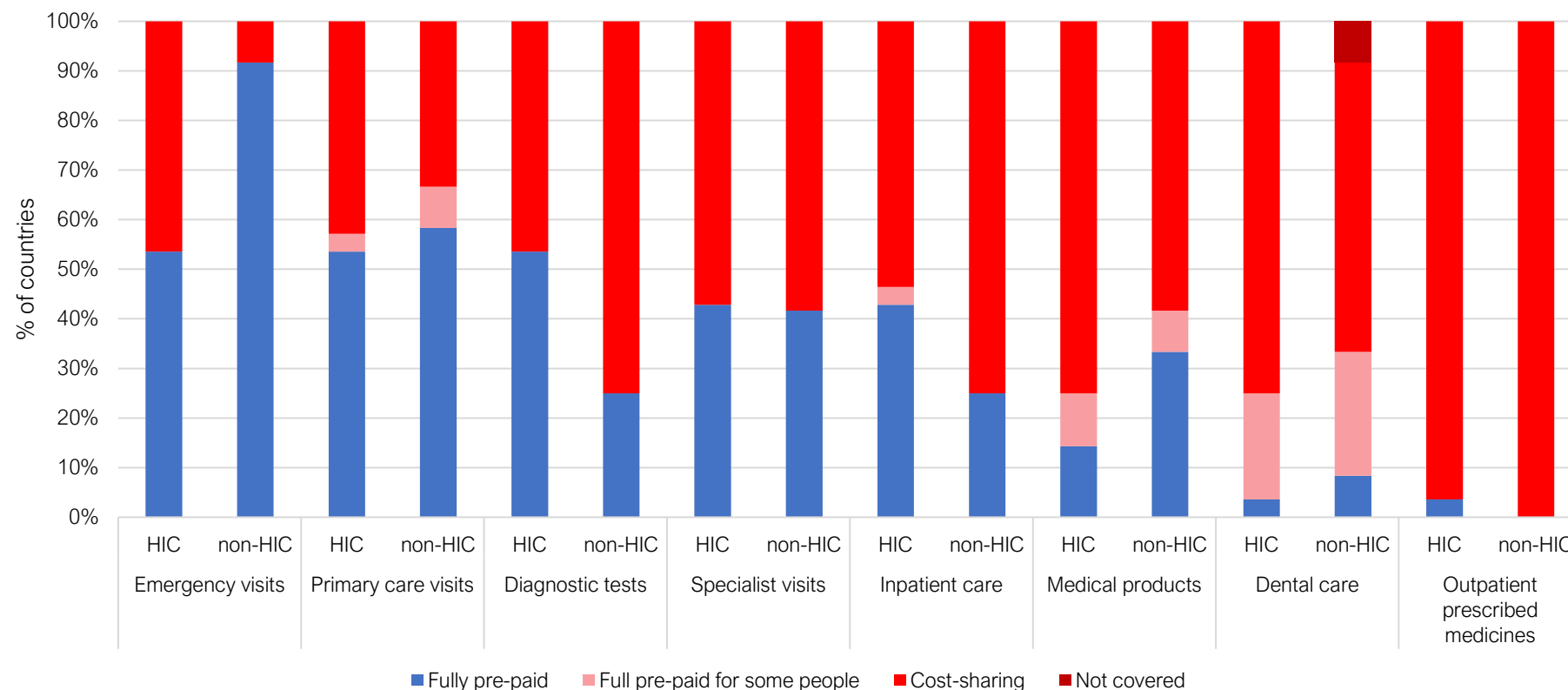
Patient cost-sharing with pre-payment schemes

 - Insurance deductibles
 - Co-payments (fixed amount per service)
 - Co-insurance (% of service cost)
 - Balance billing /reference pricing

Out-of-Pocket (OOP) health payment requirements are omnipresent even in high income (HIC) countries



OOP payment requirements across 40 European countries

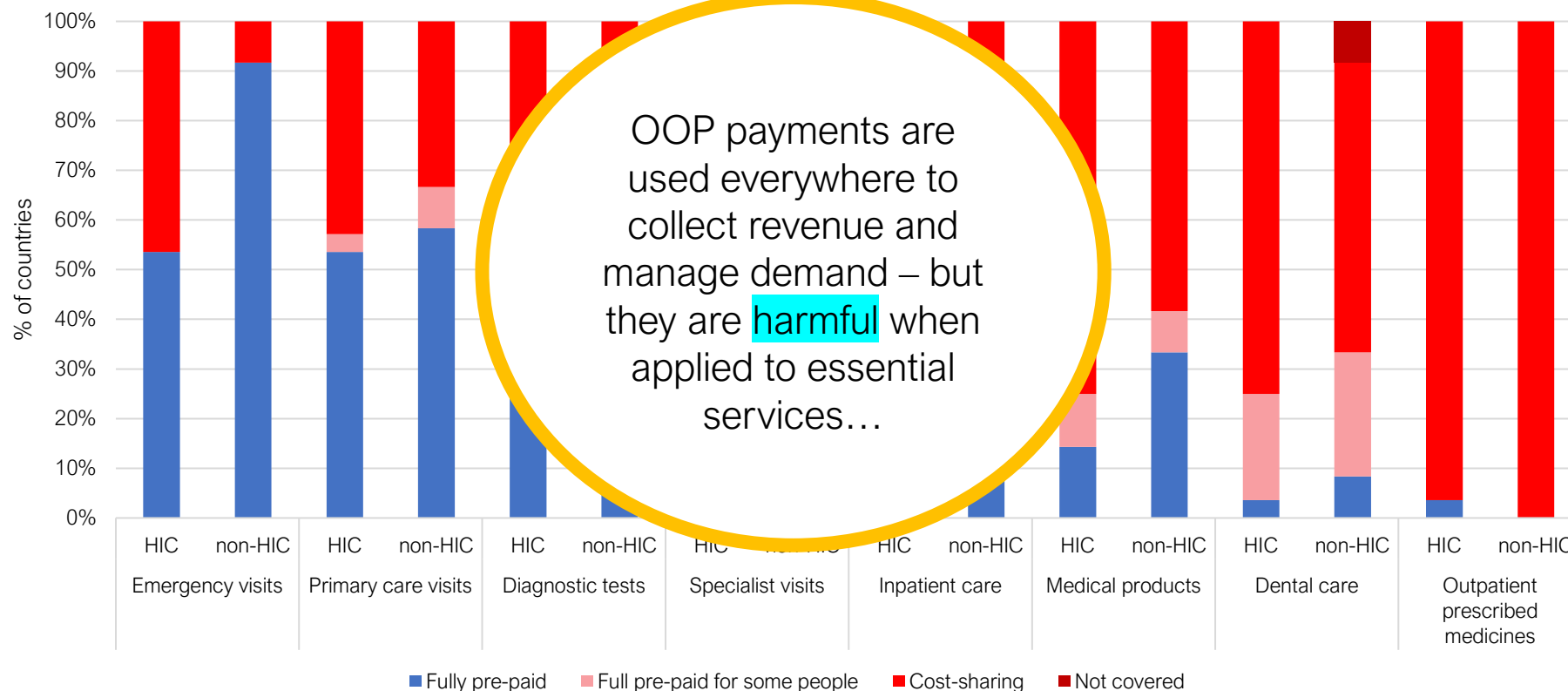


Source: [Can people afford to pay for health care? Evidence on financial protection in 40 countries in Europe. Copenhagen: WHO Regional Office for Europe; 2023.](#)

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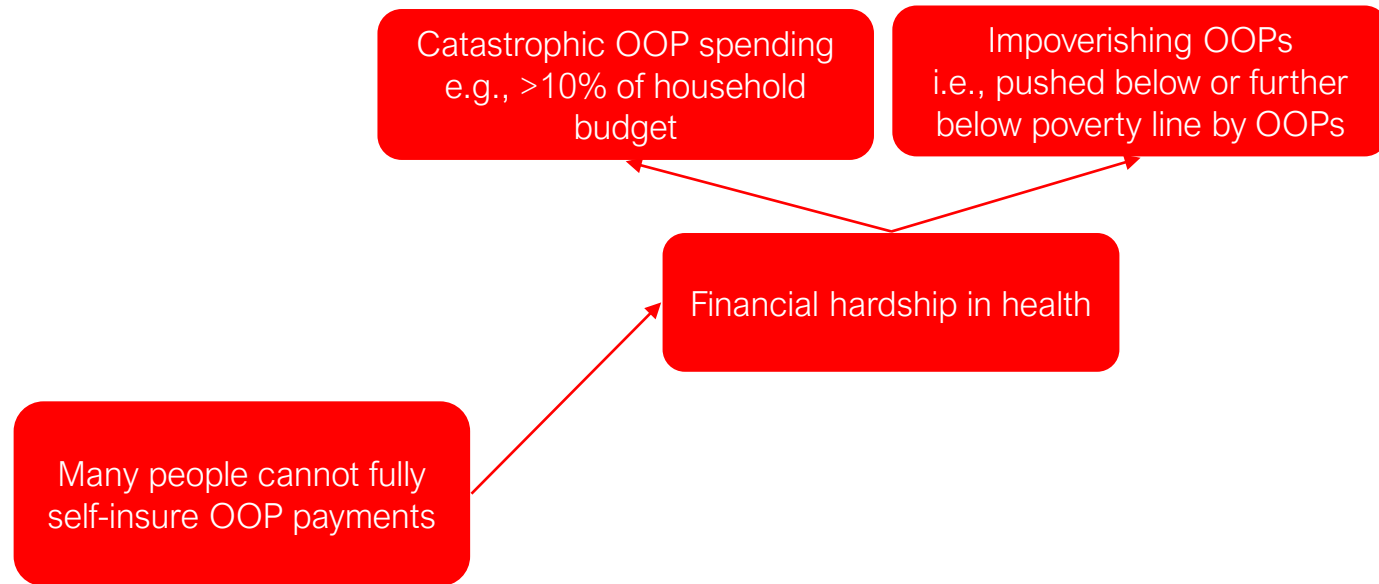


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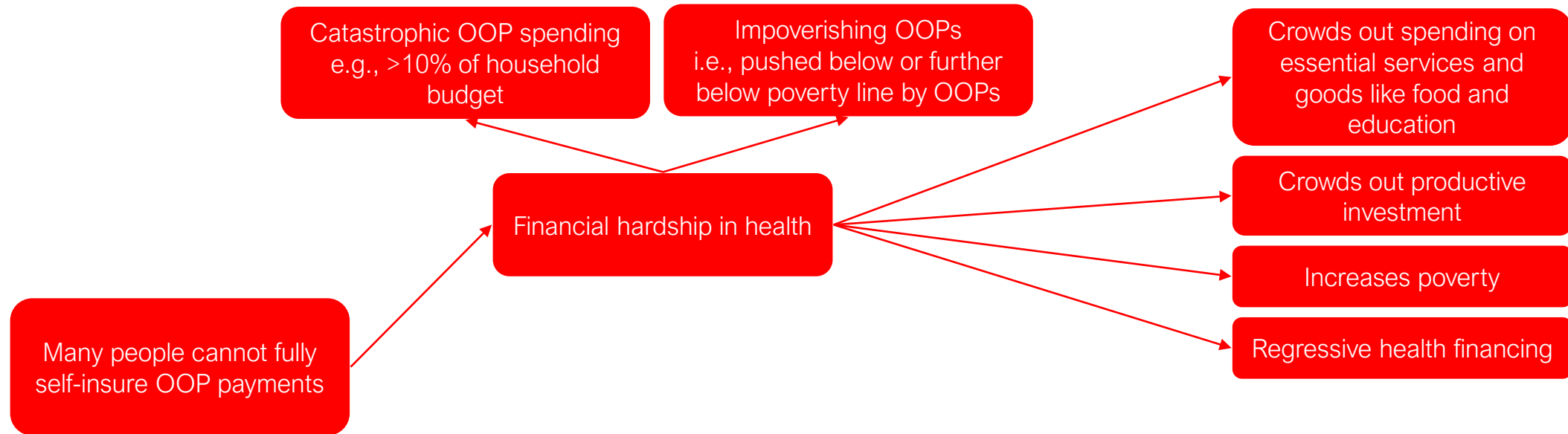


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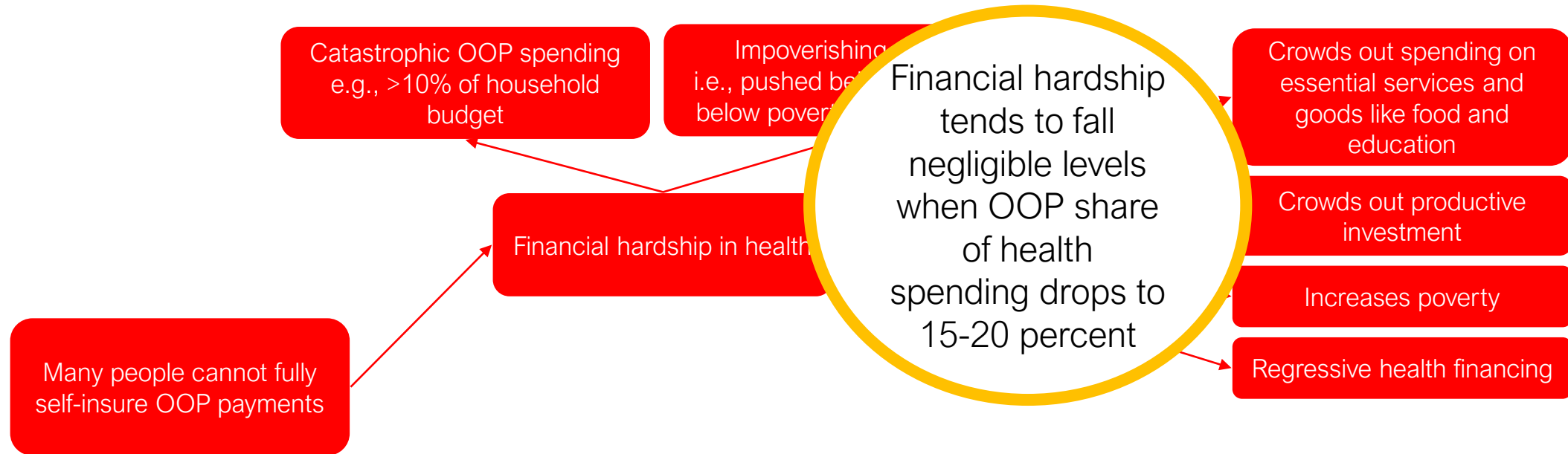
OOP health payments cause **inequities** in access to healthcare and other essential goods as well as in health financing



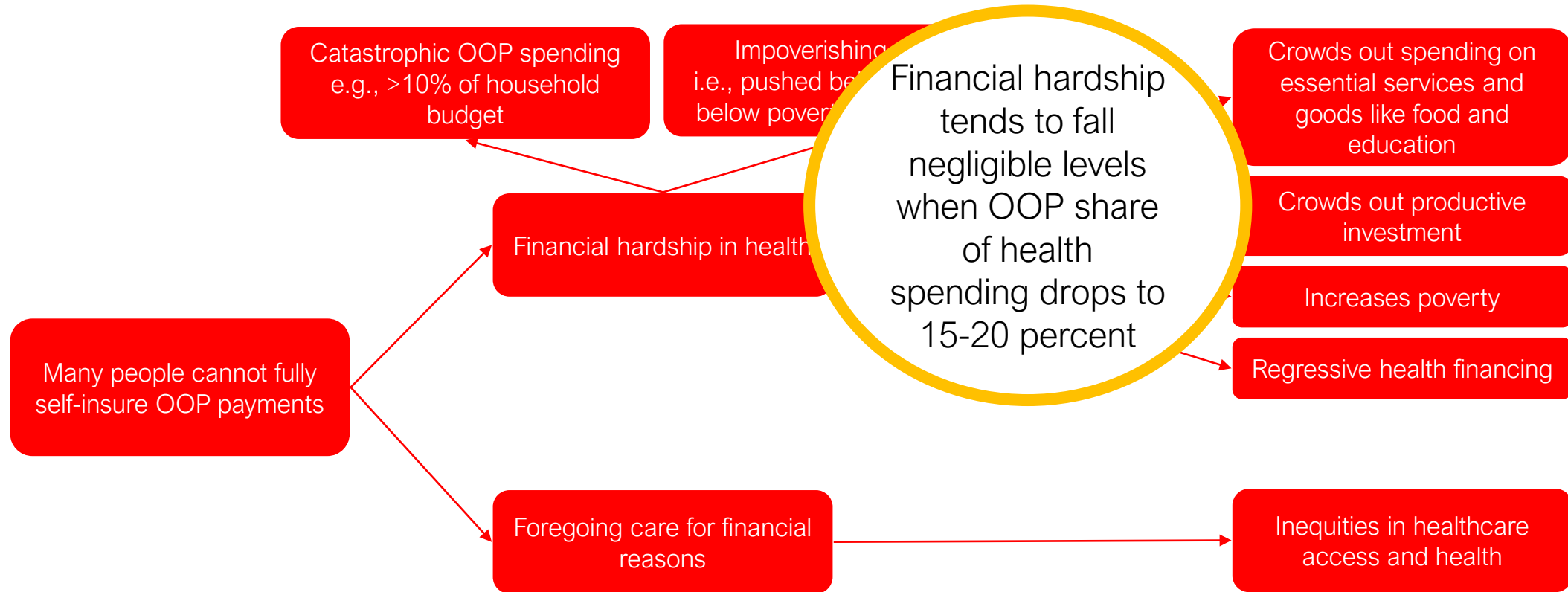
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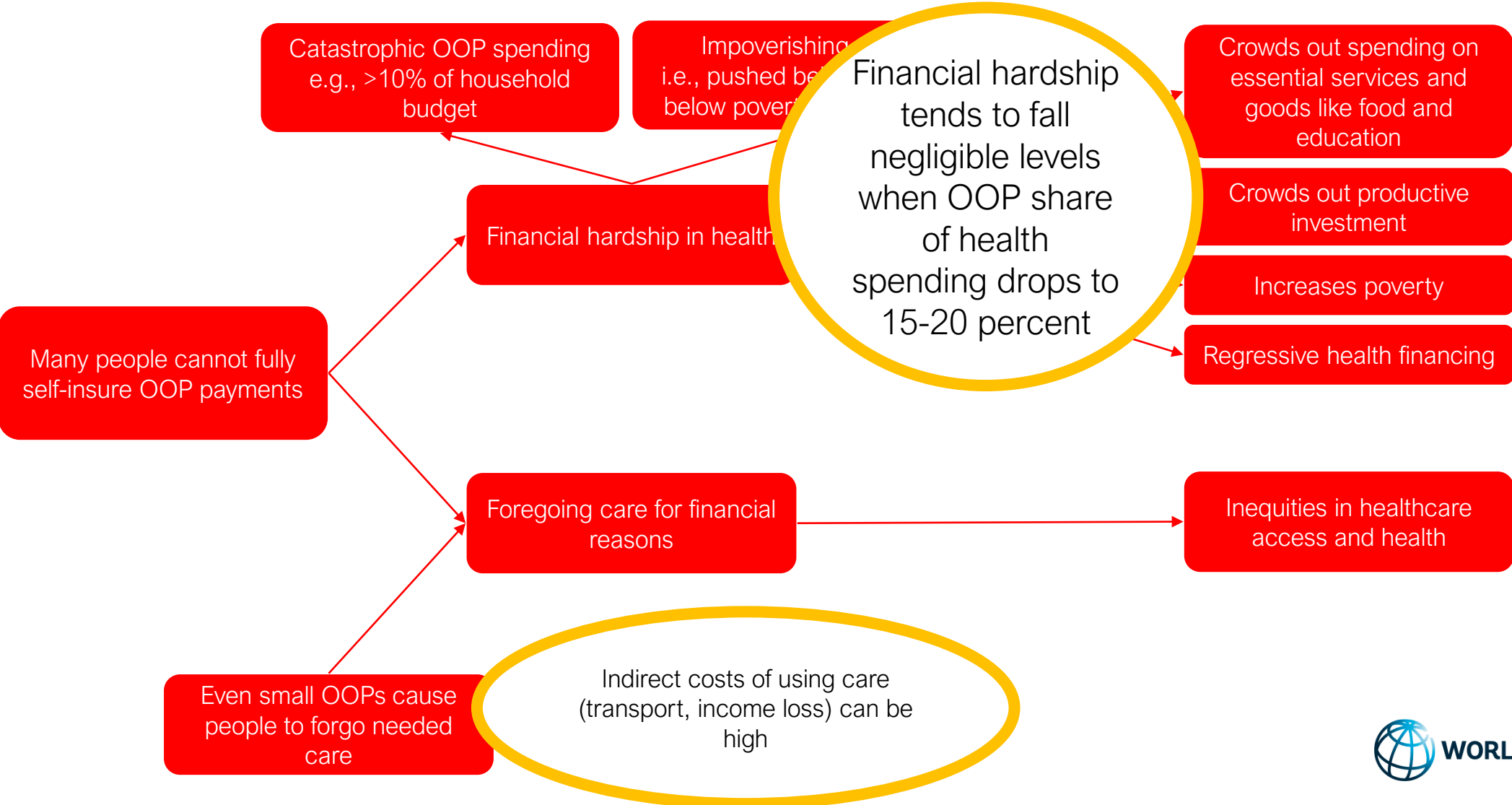
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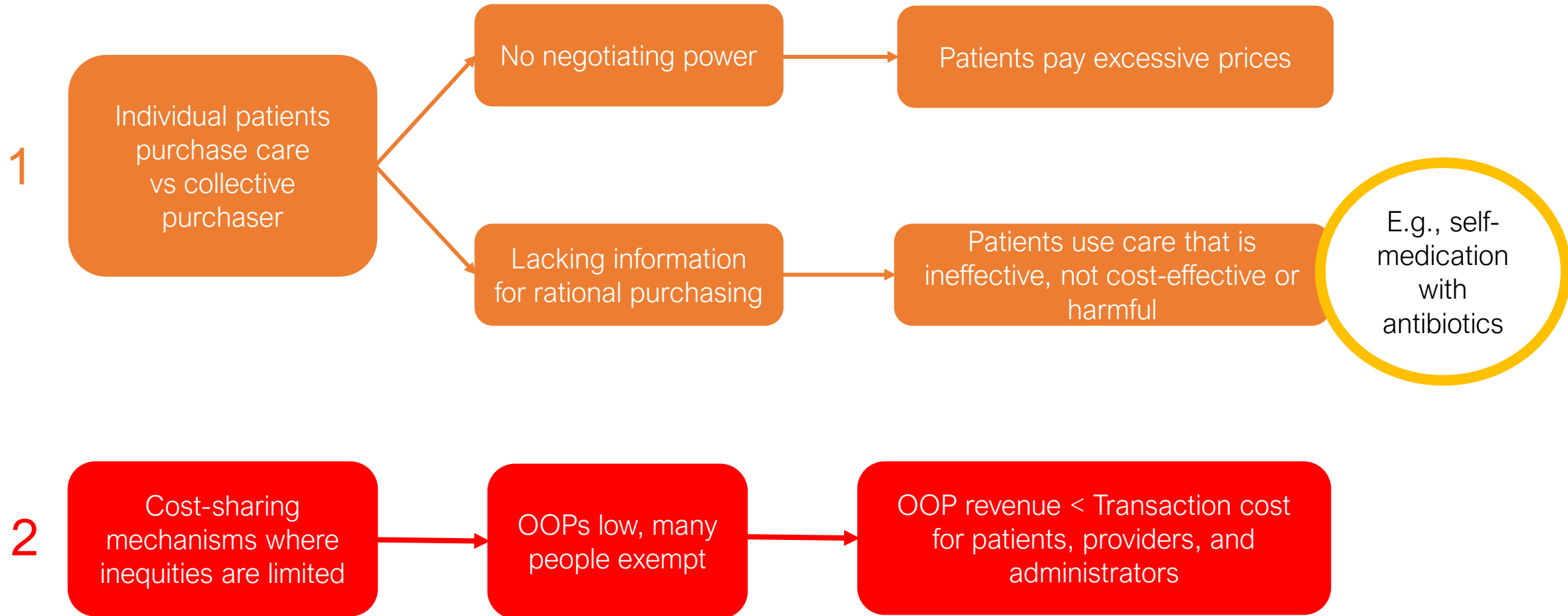
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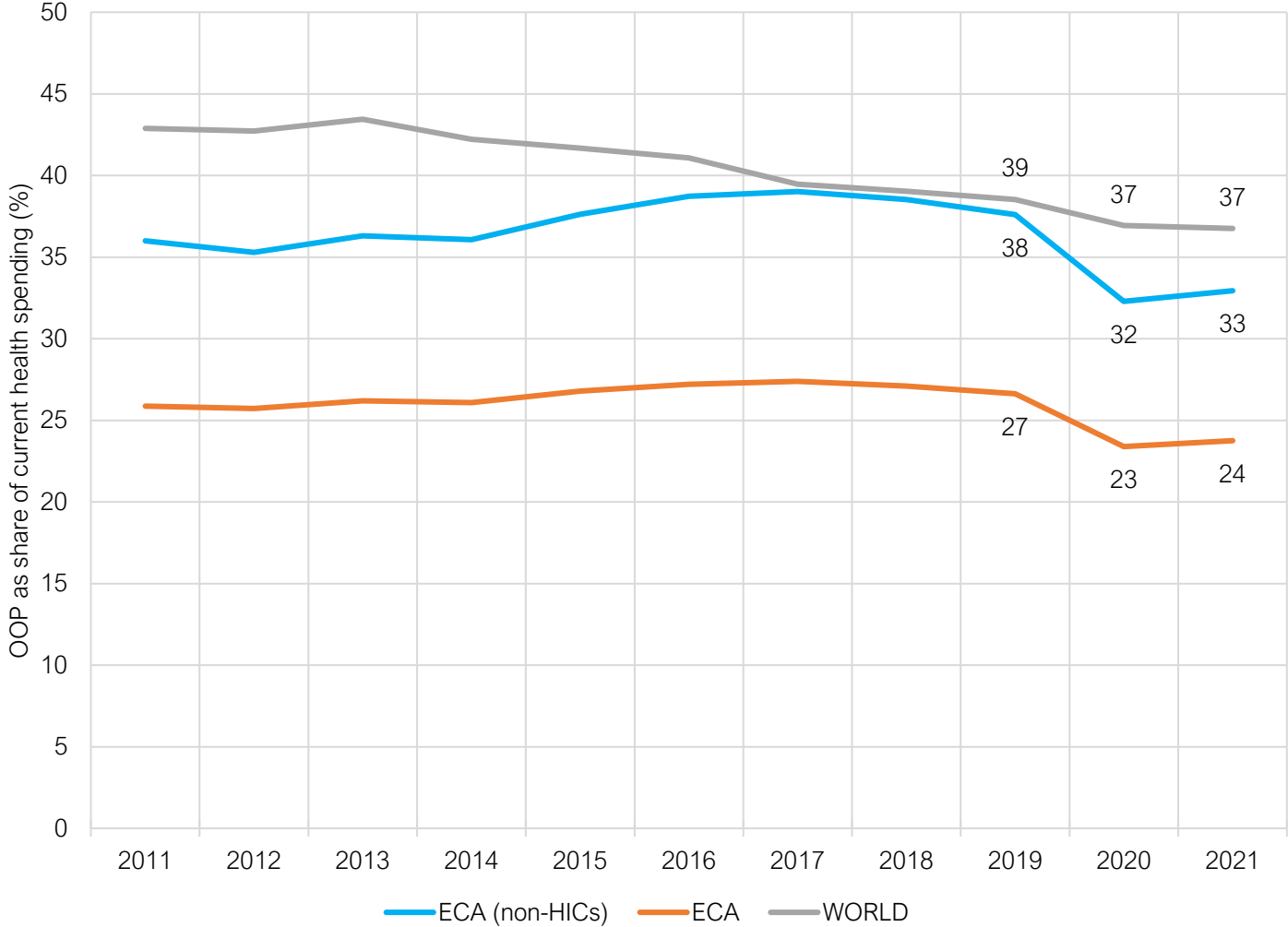
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OOP health payments are an **inefficient** way of purchasing



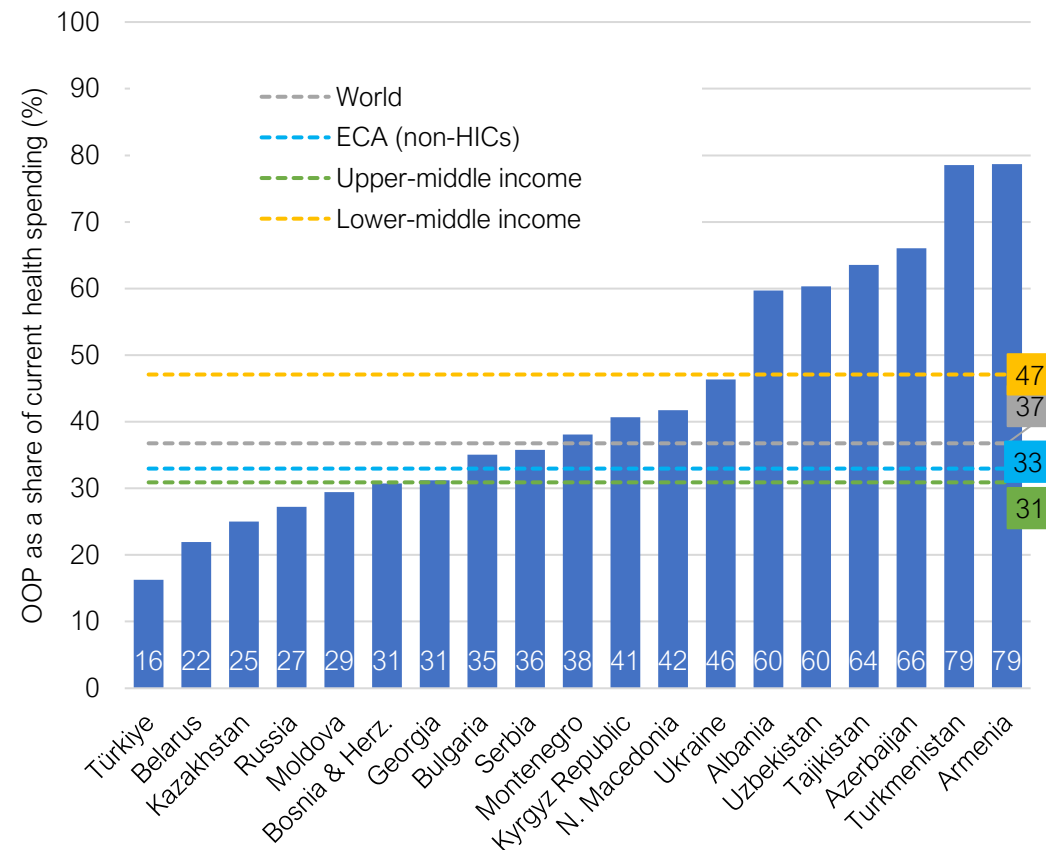
The OOP health spending share in the ECA region is below the global average but stagnated before the Covid19 pandemic. The Covid19 dip is receding



Source: WHO Global Health Expenditure Database

The OOP health spending share varies substantively across non-HIC ECA countries but remains above acceptable levels for most.

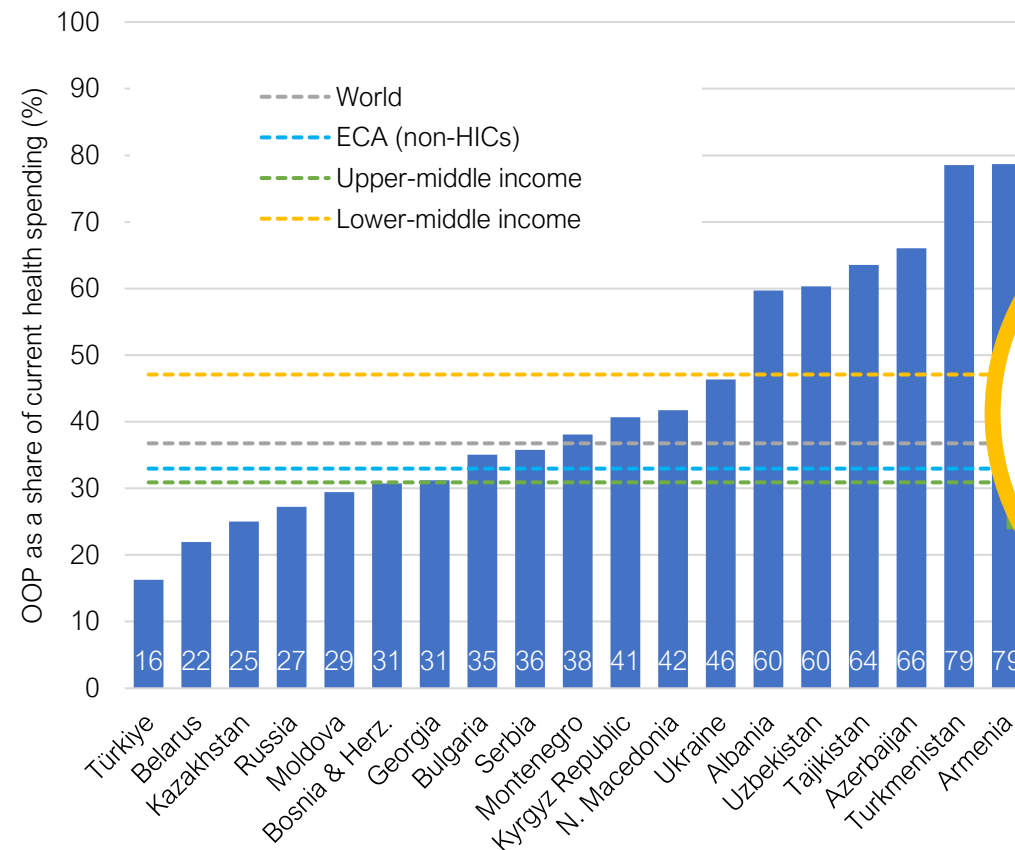
Financial hardship falls to negligible levels once OOP health spending share falls to 15-20 percent – but in non-HIC ECA, only Türkiye fell into this category in 2021



Source: WHO Global Health Expenditure Database

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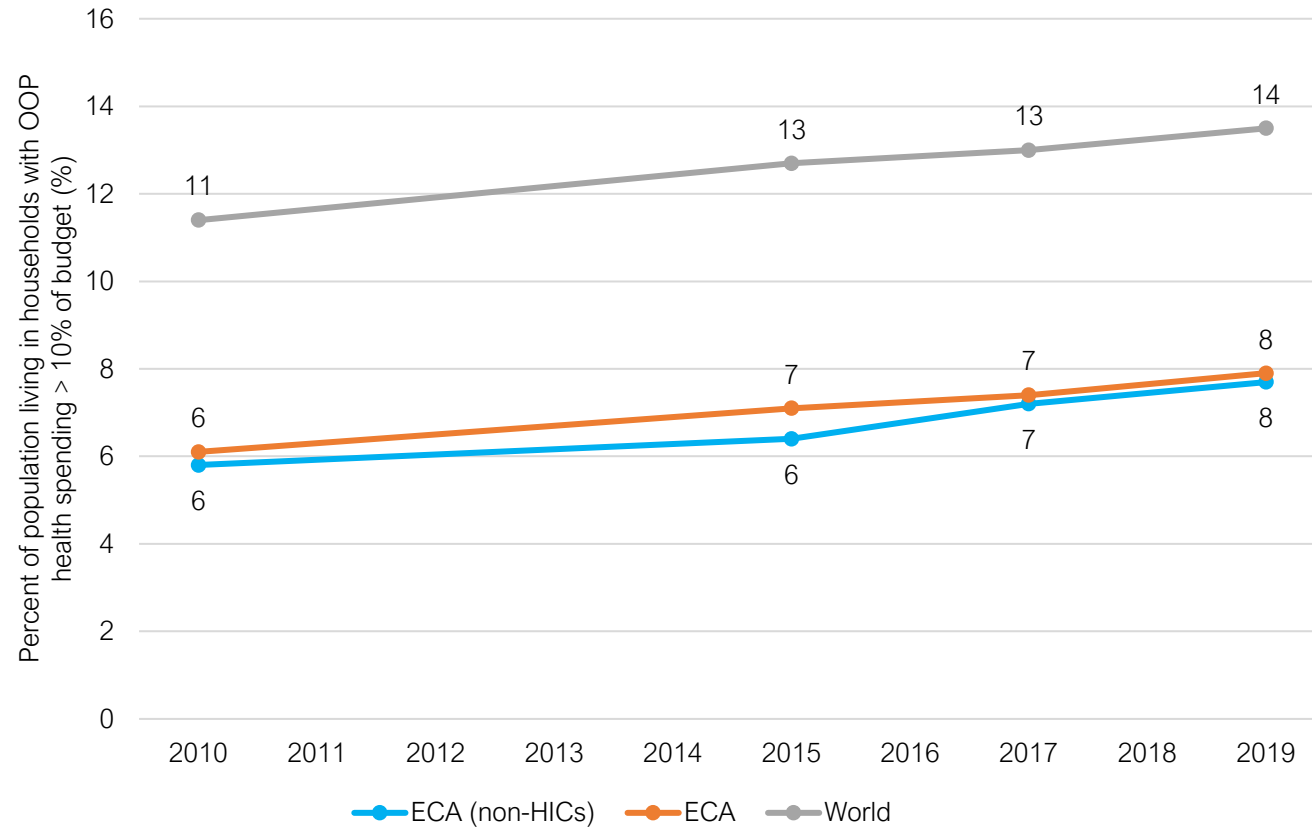
Outpatient medicines account for the bulk of OOP spending

Source: WHO Global Health Expenditure Database

The prevalence of catastrophic OOP spending is lower in ECA than globally, but it is on the rise like elsewhere in the world



Catastrophic spending rising globally and in ECA

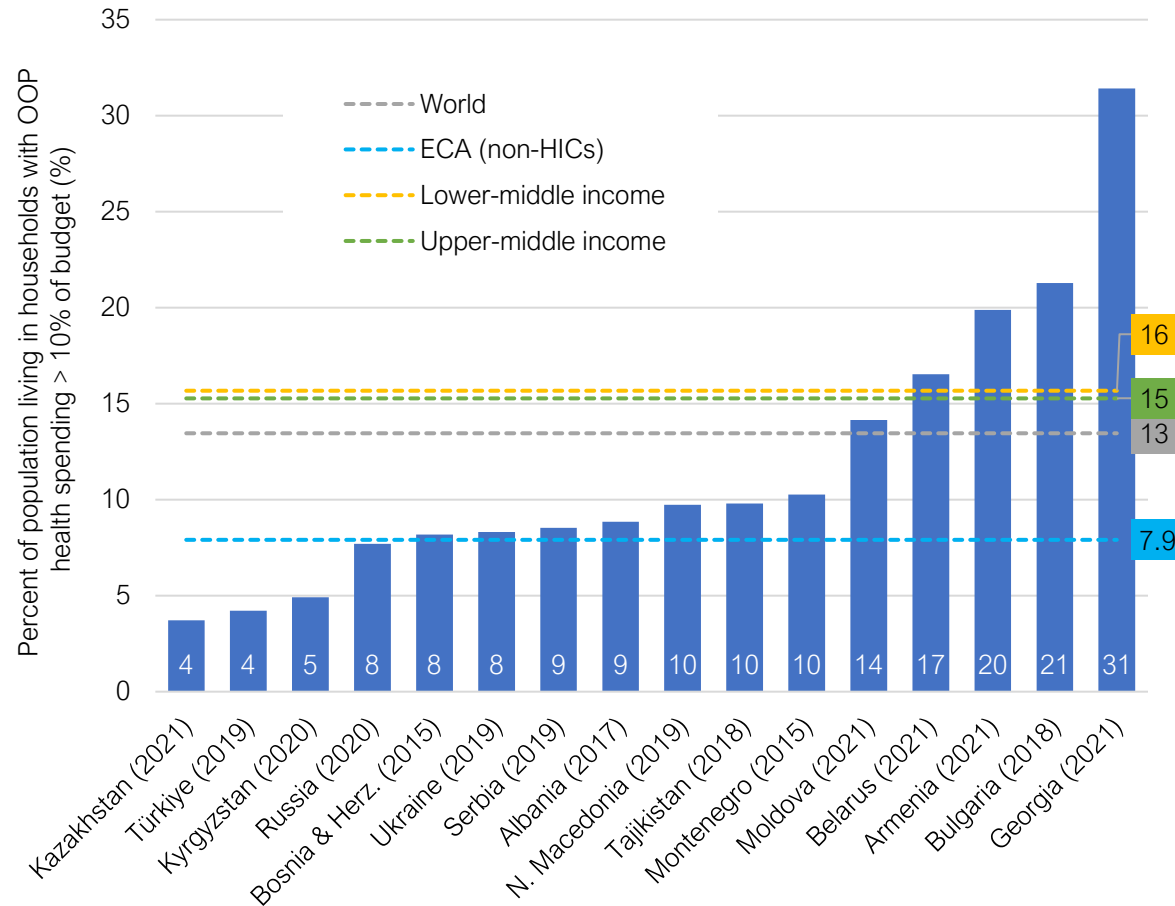


Source: Tracking Universal Health Coverage – 2023 Global Monitoring Report

The prevalence of catastrophic OOP spending varies substantively across non-HIC ECA countries



Catastrophic spending in Georgia, Bulgaria and Armenia among the highest globally

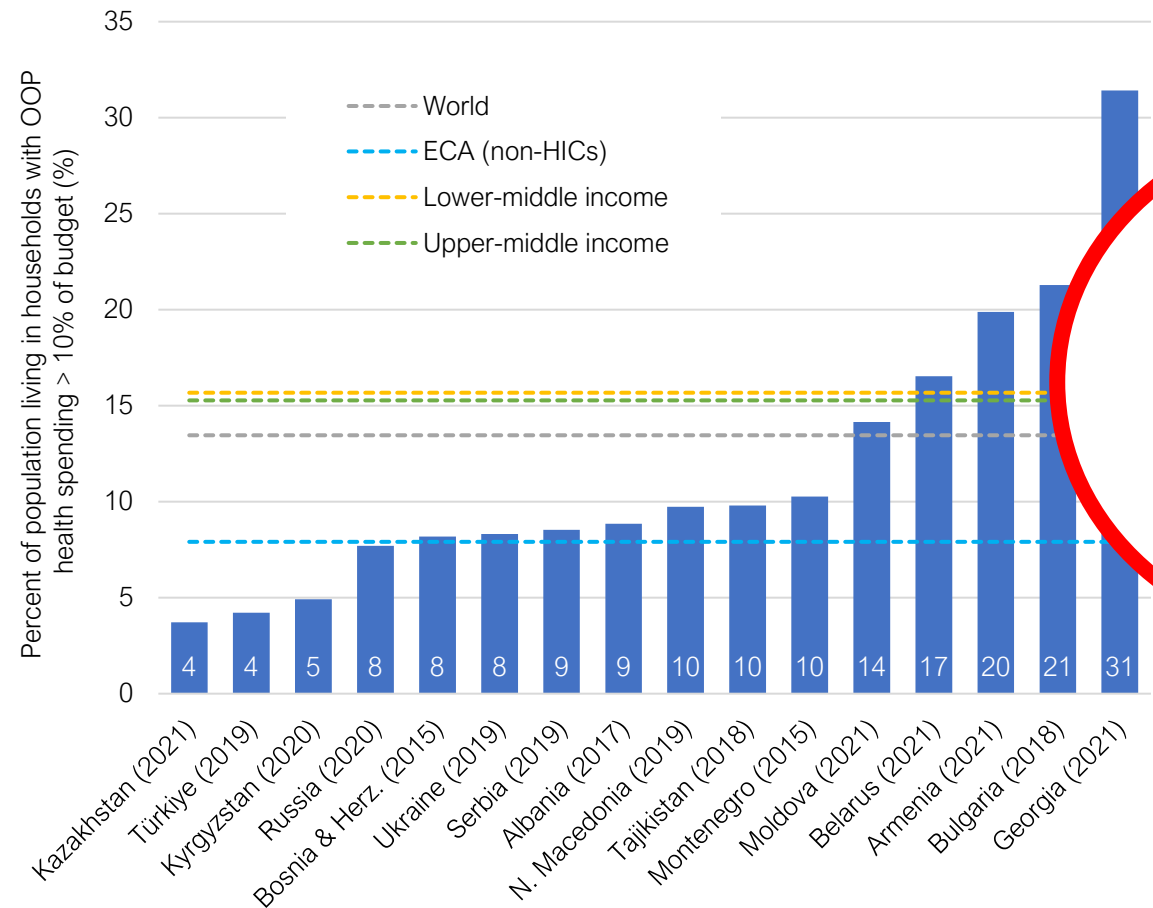


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Policy matters!

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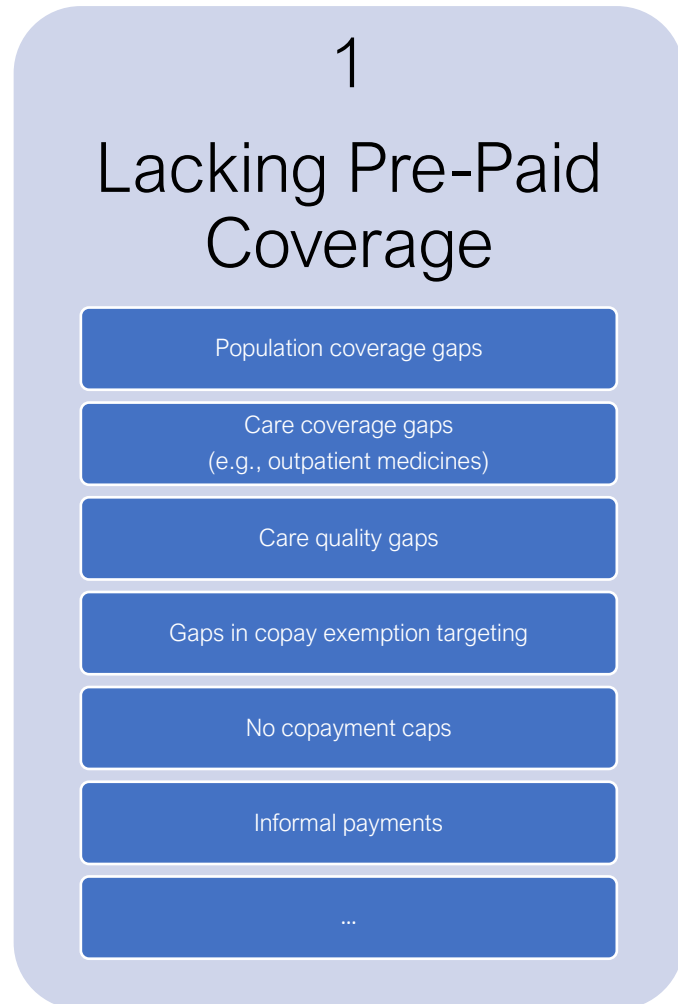


Thank you



Annex slides

Drivers of OOP health spending can be organized into three categories – their relevance varies across contexts



Drivers of OOP health spending can be organized into three categories – their relevance varies across contexts

1

Lacking Pre-Paid Coverage

Population coverage gaps

Care coverage gaps
(e.g., outpatient medicines)

Care quality gaps

Gaps in copay exemption targeting

No copayment caps

Informal payments

...

2

High Prices for OOP-Based Care

Lacking price regulation
(no reference pricing, markup controls)

Supply-chain inefficiencies

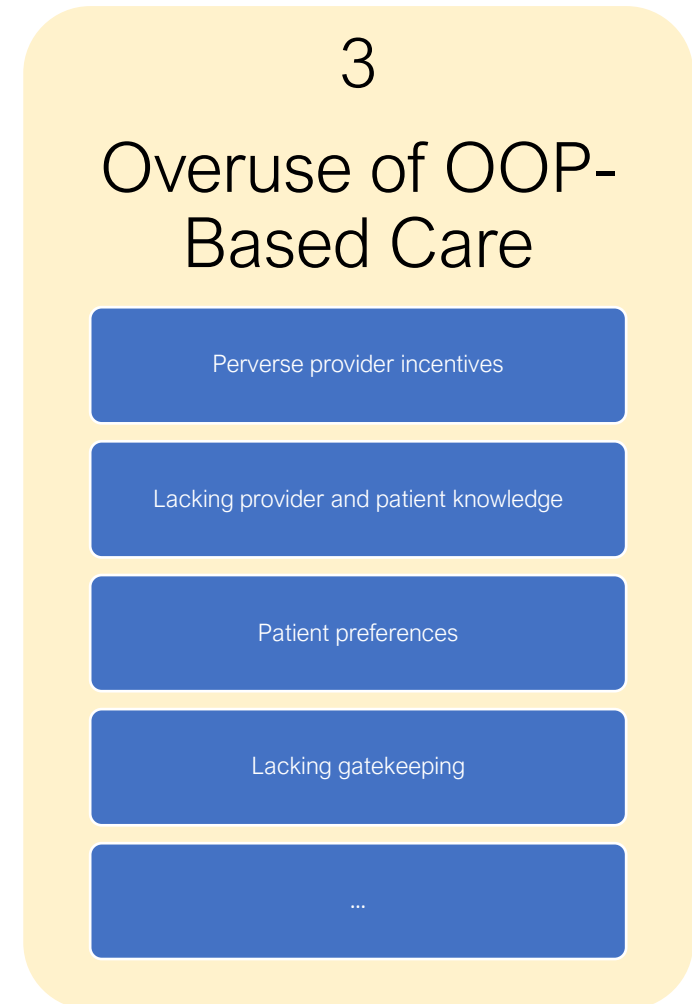
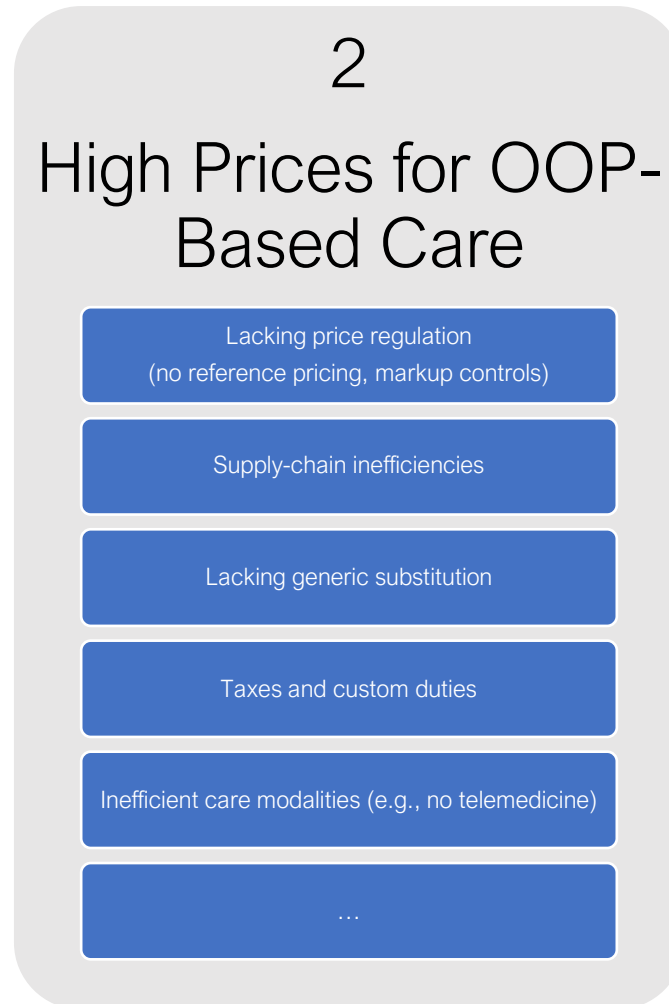
Lacking generic substitution

Taxes and custom duties

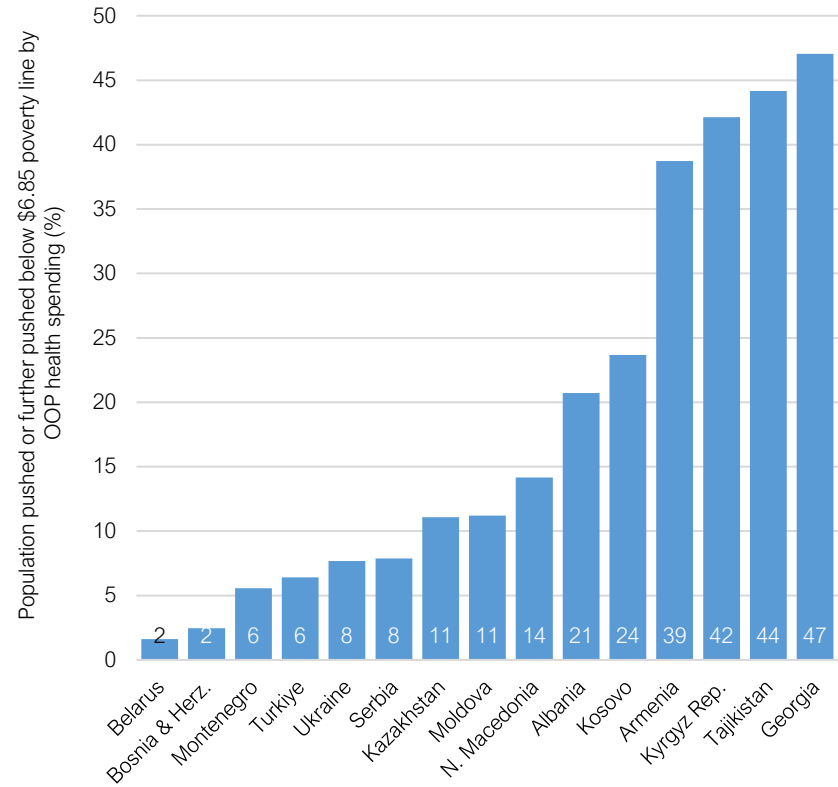
Inefficient care modalities (e.g., no telemedicine)

...

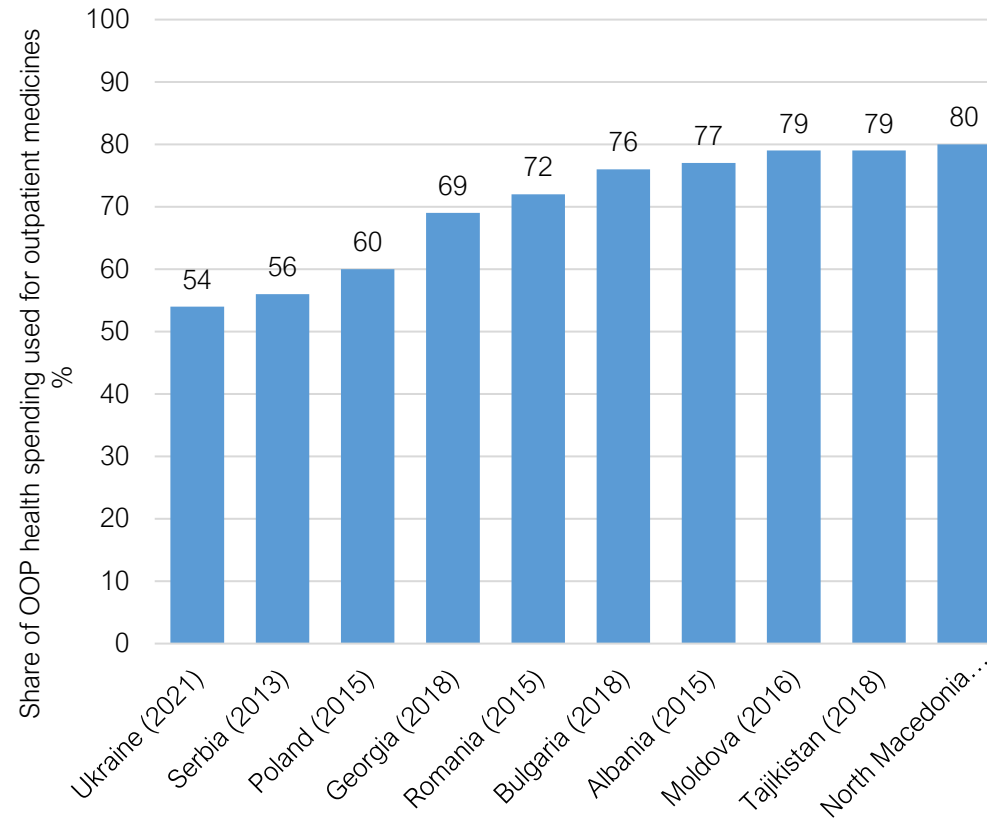
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High rates of medical impoverishment, especially in poorer countries

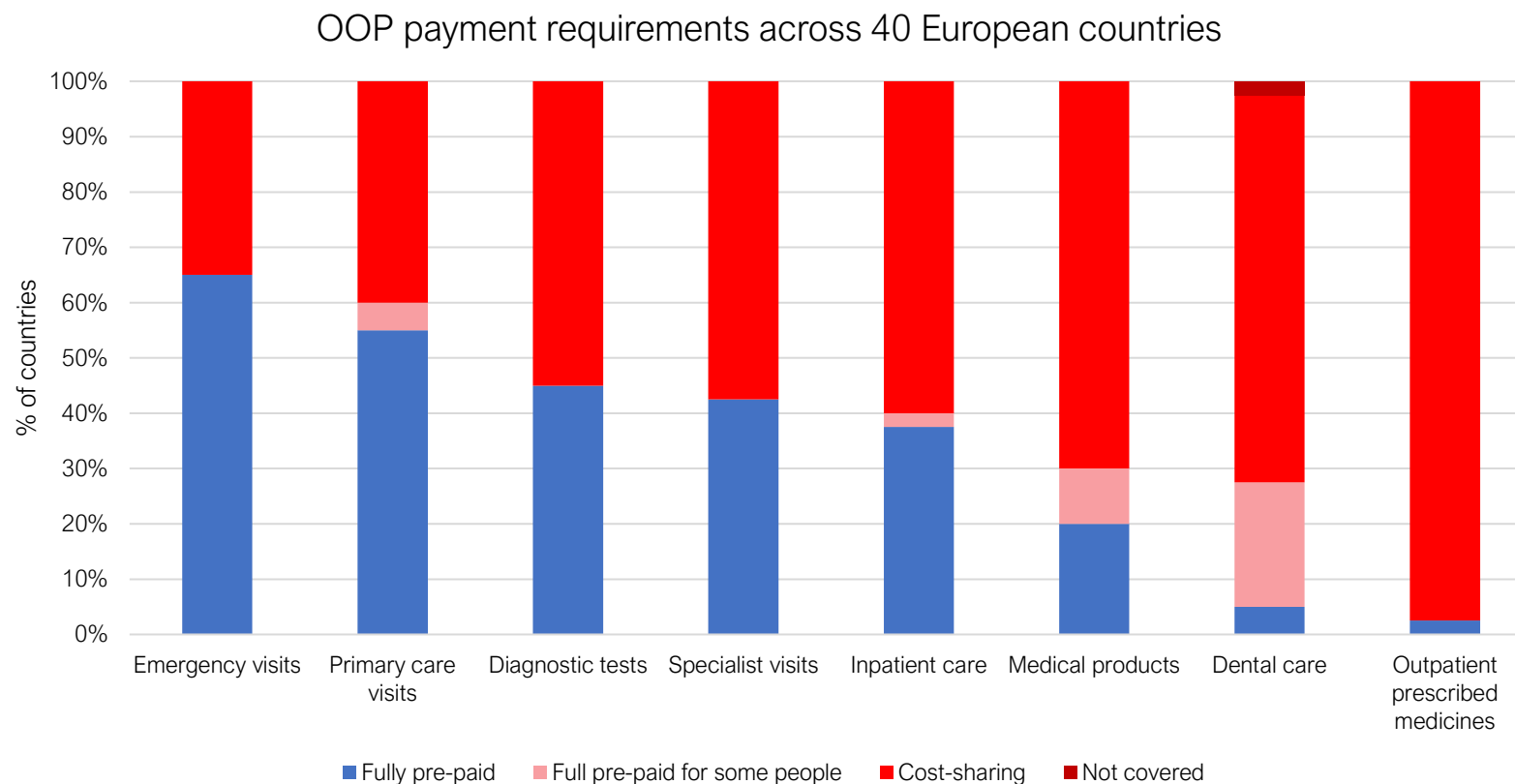


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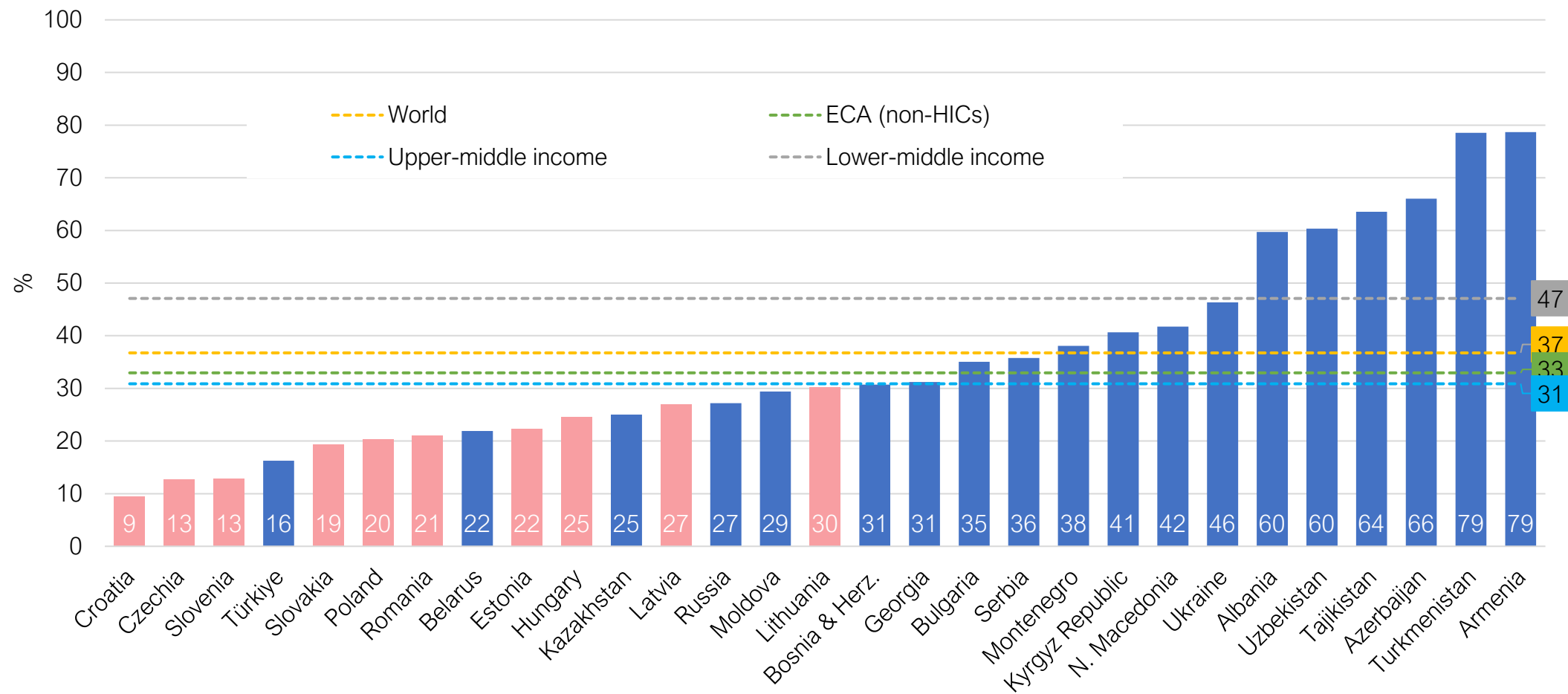
Source: Can they afford to pay for healthcare series

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OOP/CHE, incl. former socialist HICs



Population with catastrophic OOP health spending (>10% of household budget), latest available data

