Catastrophic Health Expenditure for Hospitalization in Urban Kerala: Determinants, Inequality and Policy Implications

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Abstract

This research paper examines the health expenditure incurred by inpatients in Urban Kerala, a southern province in India known for its commendable health indicators. Despite its reputation, the state grapples with a significant burden of Out of Pocket Expenditure (OOPE), as evidenced by robust nationally representative surveys conducted by the esteemed ‘National Sample Survey’ (NSS). In this context, the paper aims to achieve two objectives. Firstly, it brings out the estimates of out of pocket expenditure and explores the determinants of Catastrophic Health Expenditure (CHE). Secondly, it investigates the inequality in the incidence of CHE and factors contributing to it. The study uses unit-level data of 75th round of the National Sample Survey. Descriptive statistics, logistic regression, Concentration index, and its Decomposition are employed in the study. Results indicate that covariates such as social group, medical institution type, and consumption expenditure correlate with CHE. Further, the findings reveal socio-economic inequality in CHE incidence and highlight the significant contribution of type of medical institution and consumption expenditure to the total inequality. The present study, by employing a magnifying lens on pre-existing inequalities, highlights the shortcomings of health financing in urban areas and calls for a reconsideration of extant policy design by means of which public money is often siphoned to private purse through the channels of Public funded health insurance, which in the first place was intended to curb inequities and financial catastrophic experiences. The study emphasizes the need for multisectoral collaborations and changes in design features in order to address supply-side inefficiencies and moral hazards that can hinder equitable health finance. The critical role of agile institutions is highlighted.

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