
”The Public Healthcare System as a protector of household income: the risk of catastrophic private health expenditure in the EU”

Angeliki Moisidou¹, Maria Pempetzoglou*¹, and Elias Kondilis²

¹Democritus University of Thrace – Greece

²Queen Mary, University of London – United Kingdom

Abstract

Theoretically, the treaty that 'every citizen is not in danger of being impoverished by using health services' consists one of the fundamental goals of the healthcare system. However, in recent decades, the increasing trend in the magnitude of private health expenditure has caused great concern on the effectiveness of both healthcare system and public health policy in protecting people from poverty. This fact leads 'health policy makers' to adopt policy interventions, in order to establish equal access to healthcare, but oftenly in an ineffective way. Taking into account (a) the review of the existing literature and (b) the empirical findings of our research, this paper underlines that private spending does not need to be too high to become catastrophic for the households, for the poorest households in particular. There is no agreement among the researchers on setting the threshold of catastrophic health expenditure. However, most surveys converge on the finding that private expenditure ceases to be catastrophic since it ranges below 15% of total health expenditure. According to our statistical analysis, it is proven that in low income countries private spending is estimated to be 25%-60% of total health expenditure, while in high income countries it is only 15%-25%. At this point, it is worth noting that the risk of catastrophic spending is higher in countries such as Bulgaria, Cyprus, Latvia and Greece, as they have particularly high levels of direct private payments. The richest countries have the opportunity to invest on social policy areas such as health, reducing finally the risk of catastrophic spending for households. However, in practice, numerous exceptions are found, even in this category of countries, highlighting the need to ensure income protection in EU countries.

Keywords: healthcare system, private health expenditure, health inequalities

*Speaker