

ABSTRACT

Background: Out-of-pocket health expenditure has become the primary source of health financing in China. Its share in the total health expenditure increased to 49 percent from 20 percent with a peak at 60 percent since 1978 to 2006. To estimate the determinants of individual out-of-pocket health expenditure in China, we conducted this study.

Methods: We used a sub-sample of adults aged eighteen and over from 2004 China Health and Nutrition Survey data. Heckman selection model was conducted to control for potential sample selection bias.

Results: 24.6 percent of the sampled population (n=9,860) reported recent health problems; among them, 80.7 percent utilized health care. The median out-of-pocket health expenditure was 55 Renminbi (7 Renminbi = US\$ 1). Poor health status, perceived quite serious illness and age over 65 have the highest coefficients at 3.345, 2.024 and 1.172, respectively. Income elasticity is positive at 0.18. Urban residents and individuals with chronic diseases, with health insurance, from a higher educated-head household, or reside in the middle or eastern region pay more for health care.

Conclusion: Need, predisposing and enabling factors work together to determine out-of-pocket health expenditure. Appropriate medical relief policies focusing on the population with high financial burden need to be considered.

Key words: Determinants; Out-of-pocket health expenditure; Sample selection bias; China