OUT-OF-POCKET HEALTH SPENDING AND ITS EFFECTS ON HOUSEHOLD WELFARE IN KENYA.

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A RESEARCH PROPOSAL SUBMITTED TO DEPARTMENT OF APPLIED ECONOMICS IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF DOCTOR OF PHILOSOPHY IN ECONOMICS OF KENYATTA UNIVERSITY

MARCH, 2014
DECLARATION

This proposal is my original work and has not been presented for a degree in any other University or any other award.

Signature.......................... Date..............................

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[B.A; M.A (Economics)]

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This proposal has been submitted for examination with our approval as University Supervisors

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ABSTRACT

Good health plays an important role in boosting economic growth, poverty reduction and the realization of social goals. It is also important in achieving one’s personal ambitions, and exercising one’s political rights. However, a majority of Kenyans still do not have access to affordable healthcare, and therefore end up paying for their health services at the point of consumption. Out-of-pocket payment (OOP) is the main source of health care financing in Kenya. The consequences of OOP payments are regressive; they lead to catastrophic financial payment and impoverishment, especially among the poor and are a major barrier to health care utilization. The objectives of this study are: to establish the level of OOP for health care among different socio-economic groupings in Kenya; find out the factors that determine OOP health care payments in Kenya; investigate the households coping mechanism to OOP health care expenditure in Kenya and to establish the incidence and intensity of poverty that occurs because of OOP payments in Kenya. Household Survey of Health Care Utilisation and Expenditure of 2009 will be utilized by the study. Simple logit specification will be estimated to predict the probability of catastrophic health expenditure in respect to the selected background indicators, which include social, economic and demographic characteristics. To measure impoverishment due to OOP payment for health care, two methods will be adopted: poverty headcount and poverty gap. Engel curves will be estimated in the form of budget shares to analyze the coping mechanisms to catastrophic health care expenditure. Finally, policies will be recommended from the findings of the study.