

The Reliability of Household Expenditure Data – Health Expenditure Shares in Different Survey Results

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ABSTRACT

Large shares of private households expenditures are spend on health. This share is changing over time. Through comparison of available Pakistani surveys it was found that Out-of-pocket (OOP) expenditures on health as share of total household expenditures (on all commodities) are smaller in 2005/06 (4.3%) than in 1991 (9.8%). Compared to the World Health Survey (WHS) the health expenditures are not only 10% (1991) but nearly 60% (2005/06) smaller than published in WHS.

Key words: household expenditure, health expenditure, out of pocket JEL Classification: D1, I1

INTRODUCTION

Large shares of private households expenditures are spend on health. This share is changing over time. Through comparison of available Pakistani surveys it was found that Out-of-pocket (OOP) expenditures on health as share of total household expenditures (on all commodities) are smaller in 2005/06 (4.3%) than in 1991 (9.8%). Compared to the World Health Survey (WHS) the health expenditures are not only 10% (1991) but nearly 60% (2005/06) smaller than published in WHS.

WHS has been implemented in more than 70 countries with standardized questionnaires. Data for Pakistan are taken from WHS 2003 and the Pakistan Integrated Household Survey (PIHS) from 1991. In this letter the analysis of health related expenditures carried out by Ke Xu et al. with data from 1991 are updated for Pakistan with newer data available for 2005/06. The paper examines the household expenditures and health expenditure collected in the WHS in terms of reliability, consistency between different ways of data collection within the survey and with other types of household surveys. It is found that the share of health related expenditures of private households is even smaller than estimated with the older data.

COMPARISON WITH WORLD HEALTH SURVEY

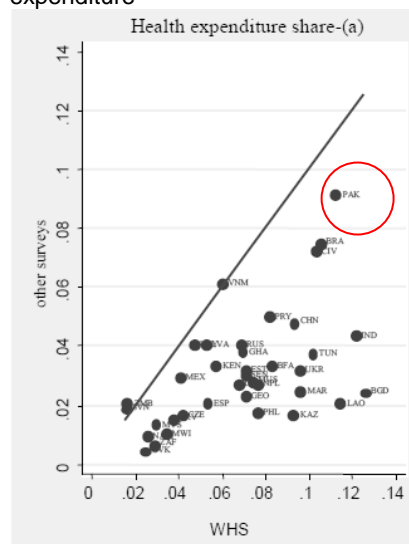
The World Health Survey (WHS) – published by WHO - allows research on health financing, because it is implemented in more than 70 countries and uses standardized questionnaires. In this letter the expenditures collected in WHS are examined in terms of reliability between different ways of data collection. These are other types of household surveys like the

HIES (Household Integrated Economic Survey). LIC and MIC countries used long version household questionnaire, which gives details of total household expenditures and OOP into their different categories. The last WHS for Pakistan was carried out in 2003 with a sample size of 6440 (Ke Xu et al., 2007, 12).

Ke Xu et al. compare the health expenditures, in absolute terms and as a share of household total expenditure, derived data from WHS 2003 with the same variables from the Pakistan Integrated Household Survey (PIHS) from 1991 with a sample size of 4771.

The figure presents the results for the shares of health in total household expenditure. The horizontal axis represents the WHS estimate, and the vertical axis represents the estimate from the PIHS. The diagonal line shows that the points at which the estimates would be identical.

Figure 1: Health expenditure as a share of total household expenditure



Source: Ke Xu et al., 2007, 16, own highlighting.

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The estimated share of health in total expenditure is consistently higher in the WHS in most countries as well as in Pakistan. The average share of health expenditure in the 37 countries analyzed by Ke Xu et al. is 6.9% (ranging from 1.5-12.6%) in the WHS compared to 3.4% (ranging from 0.4-9.8%) in the other surveys. This maximum of 9.8% is reached by Pakistan. But according to HIES 2005/06, the share of medical care of all expenditure items is only 4.305% (FBS, 2007, 254f).

Compared with WHS the result from the old PIHS from 1991 and the new data from the HIES 2005/06 show a different picture, because the share is much less than the assumed 9.8%. According to PIHS 1991 the health expenditure share of total household expenditures was about 10% smaller than in the WHS 2003, but actually it is about 60% smaller than WHS data.

CONCLUSION

Through comparison of the Pakistani surveys it was found that OOP on health as share of total household expenditures (on all commodities) are smaller in 2005/06 (4.3%) than in 1991 (9.8%). Compared to the World Health Survey the health expenditures are

not only 10% (1991) but nearly 60% (2005/06) smaller than published in WHS. This result fits with the general finding that special surveys on health overestimate health expenditures compared to household budget surveys, which are conducted to collect data on all items of household expenditure (Rannan-Eliya, 2008, 14).

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