The Incidence of Public Spending on Healthcare: Comparative Evidence from Asia

Owen O'Donnell, Eddy van Doorslaer, Ravi P. Rannan-Eliya, Aparnaa Somanathan, Shiva Raj Adhikari, Deni Harbianto, Charu C. Garg, Piya Hanvoravongchai, Mohammed N. Huq, Anup Karan, Gabriel M. Leung, Chiu Wan Ng, Badri Raj Pande, Keith Tin, Kanjana Tisayaticom, Laksono Trisnantoro, Yuhui Zhang, and Yuxin Zhao

The article compares the incidence of public healthcare across 11 Asian countries and provinces, testing the dominance of healthcare concentration curves against an equal distribution and Lorenz curves and across countries. The analysis reveals that the distribution of public healthcare is prorich in most developing countries. That distribution is avoidable, but a propoor incidence is easier to realize at higher national incomes. The experiences of Malaysia, Sri Lanka, and Thailand suggest that increasing the incidence of propoor healthcare requires limiting the use of user fees, or protecting the poor effectively from them, and building a wide network of health facilities. Economic growth may not only relax the government budget constraint on propoor policies but also increase propoor incidence indirectly by raising richer individuals' demand for private sector alternatives. JEL Codes: H22, H42, H51.

Owen O'Donnell (corresponding author) is an assistant professor of quantitative methods at the University of Macedonia, Greece; his email address is ood@uom.gr. Eddy van Doorslaer is a professor of health economics at Erasmus University, the Netherlands; his email address is vandoorslaer@few.eur. nl. Ravi P. Rannan-Eliya is director of the Institute for Health Policy in Sri Lanka; his email address is ravi@ihp.lk. Aparnaa Somanathan is a fellow at the Institute for Health Policy, Sri Lanka; her email address is aparanaa@ihp.lk. Badri Raj Pande is the director of the Nepal Health Economics Association; his email address is neil@info.com.np. Shiva Raj Adhikari is a researcher at the Nepal Health Economics Association; his email address is sssadhikari@yahoo.com. Laksono Trisnantoro is a professor of health policy at Gadjah Mada University, Indonesia; his email address is trisnantoro@ yahoo.com. Deni Harbianto is a researcher at Gadjah Mada University, Indonesia; his email address is d_harbianto@yahoo.com. Charu C. Garg is a health economist at the World Health Organization; her email address is gargc@who.int. Piya Hanvoravongchai is a researcher at the International Health Policy Programme, Thailand; his email address is piyaorn@ihpp.thaigov.net. Kanjana Tisayaticom is a researcher at the International Health Policy Programme, Thailand; her email address is kanjana@ihpp. thaigov.net. Mohammed N. Huq is a lecturer at Jahangirnagar University, Bangladesh; his email address is m_nazmul@proshikanet.com. Anup Karan is a Takemi Fellow at the Harvard School of Public Health; his email address is akaran@hsph.harvard.edu. Gabriel M. Leung is a professor of

THE WORLD BANK ECONOMIC REVIEW, VOL. 21, NO. 1, pp. 93–123 Advance Access Publication 24 January 2007

doi:10.1093/wber/lhl009

[©] The Author 2007. Published by Oxford University Press on behalf of the International Bank for Reconstruction and Development / THE WORLD BANK. All rights reserved. For permissions, please e-mail: journals.permissions@oxfordjournals.org