

**SESSION 6: ABILITY TO PAY FOR HEALTH CARE IN CEE COUNTRIES****PROJECT PRESENTATION:****“THE CATASTROPHIC AND IMPOVERISHING EFFECT OF HOUSEHOLD HEALTH CARE SPENDING IN SERBIA”**

Presented by:

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**ABSTRACT:**

Out-of-pocket patient payments can impose a catastrophic burden on households. This problem may not only affect poor but also wealthy households who need to use health care frequently. This paper examines the impact of out-of-pocket payments for health care on Serbian households. We use empirical household data collected in the Serbian Living Standards Measurement Study for 2007.

The available literature offers no consensus on how to measure poverty and the effect of out-of-pocket payments. We therefore apply different approaches. We define poverty in terms of income and expenditure respectively, and following each of these definitions, we examine whether out-of-pocket patient payments push households into poverty. With regard to expenditure, we consider out-of-pocket patient payments to have catastrophic effects if they represent more than 40% of total household expenditure. With regard to income, we take into consideration the official absolute, relative and subjective income poverty lines. We compare income after the subtraction of out-of-pocket patient payments to these thresholds. The application of various approaches allows us to analyze the robustness and convergent validity of the results.

Our results indicate that irrespective of the approach applied, out-of-pocket patient payments have a catastrophic effect on poor households in Serbia. Moreover, households that are above the absolute, relative and subjective poverty lines respectively, after the subtraction of out-of-pocket payments fall below these poverty lines. The results of a probit regression show that the probability of catastrophic out-of-pocket patient payments is higher in rural areas, in larger households, and among chronically sick household members (namely, people with diabetes and mental diseases, as well cardiology diseases in some instances). Perceived health status also appears to be a significant indicator. Future policy in Serbia should aim to protect vulnerable groups, especially chronically sick patients and people from rural areas.

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