Social Science & Medicine 96 (2013) 272–276

Contents lists available at SciVerse ScienceDirect

Social Science & Medicine

journal homepage: www.elsevier.com/locate/socscimed

Willingness to pay for voluntary community-based health insurance: Findings from an exploratory study in the state of Penang, Malaysia

A.A. Shafie*, M.A. Hassali

Discipline of Social & Administrative Pharmacy, Universiti Sains Malaysia, 11800 Penang, Malaysia

ARTICLE INFO

Article history:
Available online 14 March 2013

Keywords:
Malaysia
Willingness to pay (WTP)
Voluntary community-based health insurance
Financing
Health system

ABSTRACT

Health care in Malaysia is funded primarily through taxation and is no longer sustainable. One funding option is voluntary community-based health insurance (VCHI), which provides insurance coverage for those who are unable to benefit immediately from either a social or private health insurance plan. This study is performed to assess the willingness of Malaysians to participate in a VCHI plan.

A cross-sectional study was performed in the state of Penang between August and mid-September 2009 with 472 randomly selected respondents. The respondents were first asked to select their preferred health financing plan from three plans (out-of-pocket payment, compulsory social health insurance and VCHI). The extent of the household's willingness to pay for the described VCHI plan was later assessed using the contingent valuation method in an ex-ante bidding game approach until the maximum amount they would be willing to pay to obtain such a service was agreed upon.

Fifty-four per cent of the participants were female, with a mean age of 34 years (SD = 11.9), the majority of whom had a monthly income of Int$1157–2312. The results indicated that more than 63.1% of the respondents were willing to join and contribute an average of Int$114.38 per month per household towards VCHI. This amount was influenced by ethnicity, educational level, household monthly income, the presence of chronic disease and the presence of private insurance coverage ($p < 0.05$).

In conclusion, our study findings suggest that most Malaysians are willing to join the proposed VCHI and to pay an average of Int$114.38 per month per household for the plan.

© 2013 Elsevier Ltd. All rights reserved.

Introduction

As is common elsewhere in the world, public health care services in Malaysia are experiencing mounting pressures because of increased demand and limited resources. The current service provides an almost universal health system in which risks are pooled across the entire population, and all civil servants, as well as their dependants and children, and lower income groups are entitled to health care in a public health care facility, whereas the remainder of the population is required to pay a minimal fee for health care. The collected fees constitute only 2% of the cost of the health service. Consequently, the system relies heavily on general taxation for financing. Such a financing plan is unsustainable, particularly in developing countries that have an inefficient tax collection system (only 10% of the Malaysian population pays taxes). Consequently, health service suffers from overcrowding, understaffing, a long waiting time, low accessibility, and a lack of quality and convenience, which drives almost 60% of Malaysians to seek private primary care (Dyah Pitaloka & Rizal, 2006). Despite their preferences, most (73.2%) of the expenditures in private health care are out-of-pocket, and only 18.8% of adult Malaysians are covered by voluntary private health insurance (VPHI) (Yu, Whynes, & Sach, 2008). This trend creates a high risk of catastrophic medical events for Malaysians. The existing social health insurance in Malaysia is restricted to formal sector workers with regular employment, leaving the unemployed without coverage.

There are a number of health insurance options that pool the risks and avoid the catastrophic medical events usually associated with out-of-pocket payments. Generally, they can be categorised with respect to the scheme being voluntary, compulsory or based on individual risk assessments (International Social Security Association, 2008). National Health Insurance (NHI), which includes social and/or community-based plans, is usually compulsory for specific or entire segments of the community. On the other hand, Private Health Insurance (PHI), which includes employer-based plans and individually underwritten risks, are generally voluntary and based on individual risk assessments. Basically, the disadvantages of compulsory insurance are the following: i) they

* Corresponding author. Tel.: +60 46534726.
E-mail addresses: aakmal@usm.my, gobie2920@gmail.com (A.A. Shafie).

0277-9536/$ – see front matter © 2013 Elsevier Ltd. All rights reserved.
http://dx.doi.org/10.1016/j.socscimed.2013.02.045

are typically not flexible, as they are geared towards certain conditions at their inception and depend on legislation and political expediency for their adjustment; ii) they have high administrative costs due to inefficiencies and bureaucratic structures; iii) there are difficulties in covering the informal sector because of problems in assessing their incomes; and iv) additional burdens fall on the government if the social insurance plan is inefficient. Voluntary health insurance has the potential disadvantage of not nurturing the principles of mutual support, which would cause it to be expensive for people in the vulnerable group. In addition, due to the motive for profit, the health care costs will increase, and some private plans avoid particular segments of the society who require care.

One option that has garnered increasing support in developing countries is voluntary community-based health insurance (VCHI). It provides insurance coverage for those who are unable to benefit immediately from either a social or private health insurance plan. It is a variant of private health insurance that is community-run, but the contributions are not risk-related. However, there is a lack of research concerning VCHI in upper-middle income countries such as Malaysia, particularly concerning the public's perception of the benefits of the plan.

This study's primary objective was to explore the willingness of Malaysians to pay for a VCHI plan and the factors that affect their willingness to pay (WTP).

Methods

An exploratory cross-sectional study was performed in Penang between August and mid-September 2009. Ethical approval was obtained from the departmental ethics committee of Universiti Sains Malaysia prior to the initiation of the study (USMPPSF122009). A sample size of 472 was calculated as optimal based on a 5% margin of error and a 95% confidence interval for a population of 1.5 million and was adjusted to accommodate an expected 80% response rate. The participants were randomly selected by two-stage cluster sampling. In the first stage, one local authority area was selected from each of the two administrative districts in Penang. In the second stage, a household was selected by a random walk, in which a random pen spin would indicate the initial direction to walk from a central point to a predefined edge on the map. The household on the immediate right was subsequently chosen.

All consenting Penangites were asked to complete a self-administered questionnaire (with the researcher on site to answer questions) that considered their socioeconomic profile and their preferences concerning three different health insurance policies (Fig. 1).

Upon completion of the questionnaire, the participants were interviewed concerning the maximum amount they would be willing to pay for VCHI (Scenario C) for their household. The interview was performed using the contingent valuation method in a bidding game style. The initial value was randomly selected by the researcher from three possible starting points (Int$29, Int$87 and Int$116). These values were selected based on the common premiums offered for private health insurance plans in Malaysia. Increments or decrements of Int$29 were offered based on their response to each level. If a negative response was received, the highest positive amount accepted was taken as the household WTP for health insurance.

Data analysis

The occupation responses were unstructured and later categorised according to the International Standard Classification of Occupations (International Labour Organization, 2007). For the purposes of statistical analysis, Categories 4 to 8 were combined into the unskilled/semiskilled manual worker category.

Factors that affected the preferred insurance scheme were analysed using a multinomial logit regression model.

The probability of an individual i choosing a health insurance policy j is given by:

$$P_{ij} = \frac{\exp(x_i\beta_j + z_{ij}\gamma)}{\sum_k \exp(x_i\beta_k + z_{ik}\gamma)}$$

where x_i is a vector of the ith observation of all of the explanatory variables, and β_i is a vector of all of the regression coefficients in the jth regression. The Hausman test was used to check the

A. Households pay the full cost for each visit to the Government Health Clinic/Hospital and for medicine prescribed by the doctor. Households that are not able to pay will not receive any services. A service is given at cost price – there is no profit. There is no exemption for payment.

B. All households are **COMPULSORY** (obliged) to pay an annual premium to a local health care fund. There is no exemption for payment. The fee is based on how much income the households have. The higher income, the higher the fee. Thereby all members in the household are entitled to free health care at the Government Health Clinic/Hospital and free medicine if prescribed by the doctor. If care at higher levels is needed, the insured patient will be supported by an amount based on the cost per bed day at the Government Hospital.

C. Each household can choose to **VOLUNTARILY** pay an annual premium to a local health care fund (community based health insurance). The fee is based on the number of people in the household and the fee is higher for children under five and elderly over 65 because they are expected to use more health care. All persons in the household paying the fee are entitled to free health care at the Government Health Clinic/Hospital and free medicine if prescribed by the doctor. If care at higher levels is needed, the insured patient will be supported by an amount based on the cost per bed day at the Government Hospital.

Fig. 1. Hypothetical health insurance plan and situations adapted from Lofgren, Thanh, Chuc, Emmelin, and Lindholm (2008).

Download English Version:

https://daneshyari.com/en/article/7336761

Download Persian Version:

https://daneshyari.com/article/7336761

Daneshyari.com