

Ill health in Viet Nam and its outcomes

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PAPER ABSTRACT

Social security reform in Viet Nam has induced significant changes in social protection coverage over recent years. Government policy has included the expansion of health insurance coverage, and a focus on the poor with free healthcare certificates. Policies to improve the quality of services provided have also been undertaken. In this context, this paper investigates the impact of ill-health on household and individual wellbeing in Viet Nam. We conceptualise ill-health as a dual shock to individuals and the household. First, illness causes a loss in income, both through reduced working hours of the ill household member, and caring by other household members. Second, illness incurs expenditure that is often unplanned, and is potentially catastrophic.

The paper brings together three themes of analysis using the Vietnamese Household Living Standards Survey of 2004.

The first area of analysis considers the incidence of reported ill-health and its associated characteristics. The analysis finds clustering of ill-health within households and shows that living in diverse and large households is a protective factor against ill-health, but that once ill-health occurs in the household it gives rise to a very large increase in the probability of any individual in that household also having ill-health. This indicates that social protection programmes which solely prioritise individual level risk may not be optimal.

The second area of analysis considers the effect that ill-health has on income generation. We find clear significant associations between ill-health reductions in hours and days of work at the individual level. Household level effects are also found when cumulative household ill-health is considered. Additionally, second order effects are found on school enrolment where there is cumulative household ill-health.

The third area of analysis considers expenditure shocks. Spending on health care is very high in Viet Nam relative to other countries, and it continues to be mainly out-of-pocket expenditure. This leads to findings of levels of “catastrophic” spending on healthcare that is disproportionately experienced by poor households. Re-estimation of poverty rates net of health expenditure and find that “hidden” poverty from ill-health causes an increase in the national poverty rate of four percentage points – to 23.1 per cent. Coping strategies are outlined and compared between income quintiles and between those who are covered by poverty programmes and others. Finally, expenditure patterns are examined and effects of additional spending on health are found in reduced spending on education.

The paper discusses the nature of household versus individual approaches to the risk of

ill-health and the response by social protection. The benefits of pooling income and pooling risk at the household level and the nature and impact of health shocks forms the main area of conclusions and suggestions for research on up-take of health programmes in Viet Nam and other developing countries.