

Health Insurance and Vulnerability to Health Shocks in Ghana

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The economic impact of diseases in terms of health care cost and reduced productivity is enormous and comprehensive to both the household and the economy as a whole. From the perception of an adverse health situation, to the decision to seek care, up to the coping mechanisms that a household will adopt, the entire burden of illness stretches the resources of households and the economy as a whole. Over the past two or so decades health insurance has emerged as an important mediating factor in providing succour to households hit by illness requiring substantial health expenditures. Since then there has been considerable research work on the link between illness and poverty, and the role of health insurance in mitigating the effects of healthcare expenditures on the household. The evidence however has not often helped policy much, for the reason that poverty is an ex post measure of the outcome of health shock. It should be interesting and more policy relevant to study ex ante the implication of health shocks on households and the role of health insurance in mitigating the fall into poverty. Studies of this nature have received less attention especially in developing countries. This paper delves into this area by investigating the mediating role of health insurance on vulnerability to health shocks, and identifies areas that policy intervention will most likely make a significant difference.