

Emmanuel Davradakis

Research Economist
edavradakis@eurobank.gr

Olga Kosma

Economic Analyst
okosma@eurobank.gr

Health Expenditure of Greek Households

- The present study focuses on the health expenditure of Greek households over the period 2004-2005. The analysis is based on the latest wave of the Household Expenditure Survey of the National Statistical Service of Greece.
- For the first time, poor and rich household private and public health expenditure patterns are identified and analyzed.
- Households with mild economic distress i.e., homeowners that own their prime residence and do not have to pay a mortgage, spend more for health than those who pay a mortgage. This is regardless of the public or private nature of health expenditure.
- Poor households spend for health when it becomes more sensitive due to ageing. In contrast, the relatively wealthier households can afford to spend for health at a younger age.
- Nine out of ten poor households spend for public health, while the same fraction for wealthier households is one out of two. Poor households opt for less expensive treatments at public hospitals, while relatively wealthier households can afford to spend for expensive treatments at private hospitals.

Health Expenditure of Greek Households

By Emmanuel Davradakis & Olga Kosma

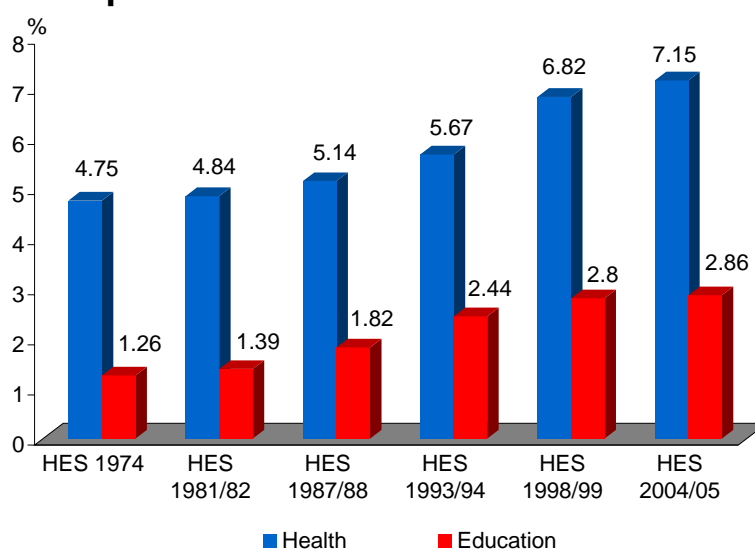
Synopsis

1. Introduction

Health expenditure becomes more important over time, as evidenced by the increasing share of health expenditure to total consumption expenditure recorded at the Household Expenditure Surveys (HES) of the National Statistical Service of Greece after 1974 (see Figure 1). The present note summarizes the findings of a research output, originally in Greek, that appeared (March 14, 2007) at the *Eurobank Research: Economy and Markets* publication of the Department of Economic Research and Forecasting of EFG Eurobank, under the title "Health expenditure of Greek households".

The study focuses on the relationship between health expenditure and socioeconomic characteristics (age, marital status, household's size, nationality, employment status etc) of the Greek households participated at the most recent HES over the period 2004-2005. It differs from other studies concerning Greek households health expenditures in two respects. First, the health expenditures are distinguished in expenditures of poor households (with total consumption below the 60% of the median total consumption in the sample) and those of relatively wealthier households (with a total consumption above the

Figure 1.
Health and education expenditure as a percentage of the total expenditure of the Greek households



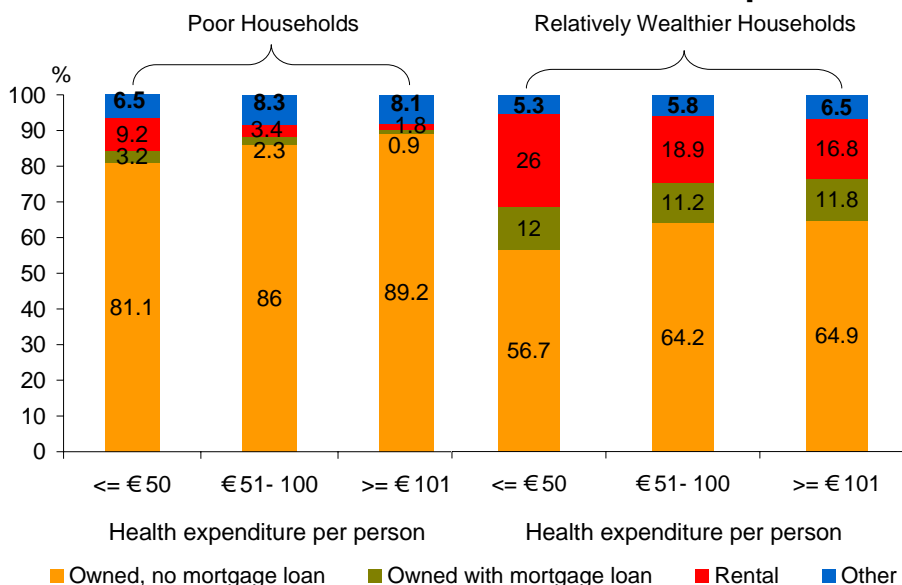
Source: National Statistical Service of Greece

60% median total consumption in the sample). Second, total health expenditure is distinguished in private and public when hospital treatment is taking place at a private and public hospital, respectively.

According to the analysis, households with mild economic distress (i.e., homeowners that own their prime

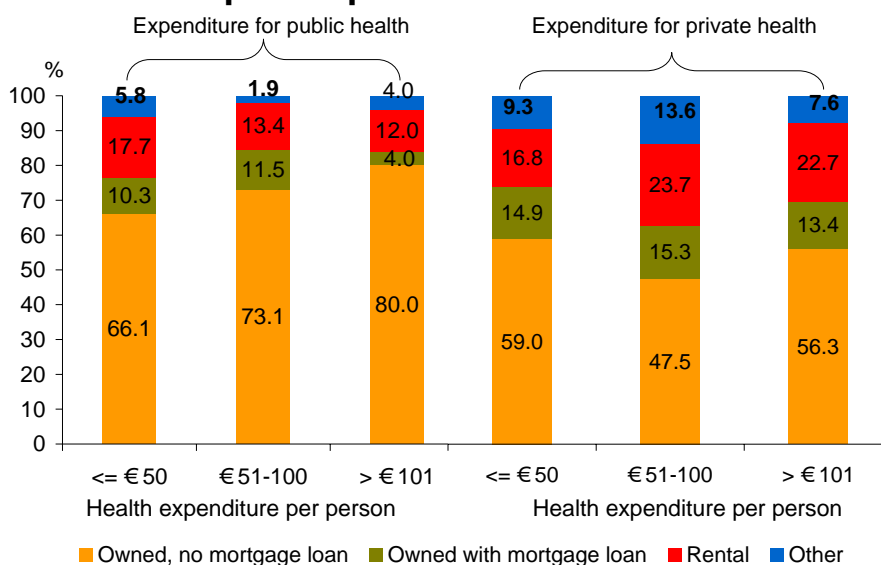
residence and do not pay for a mortgage loan) primarily spend for health regardless the expenditure being for public or private health services (Figures 2-3). The homeowners servicing a mortgage loan and those paying rent for their prime residence spend less for health. This feature holds regardless of the position of the household relative to the poverty line.

Figure 2.
Health expenditure of poor-relatively wealthier households and home ownership



Source: HES 2004/05, Eurobank Research

Figure 3.
Expenditure for public-private health and home ownership



Source: HES 2004/05, Eurobank Research

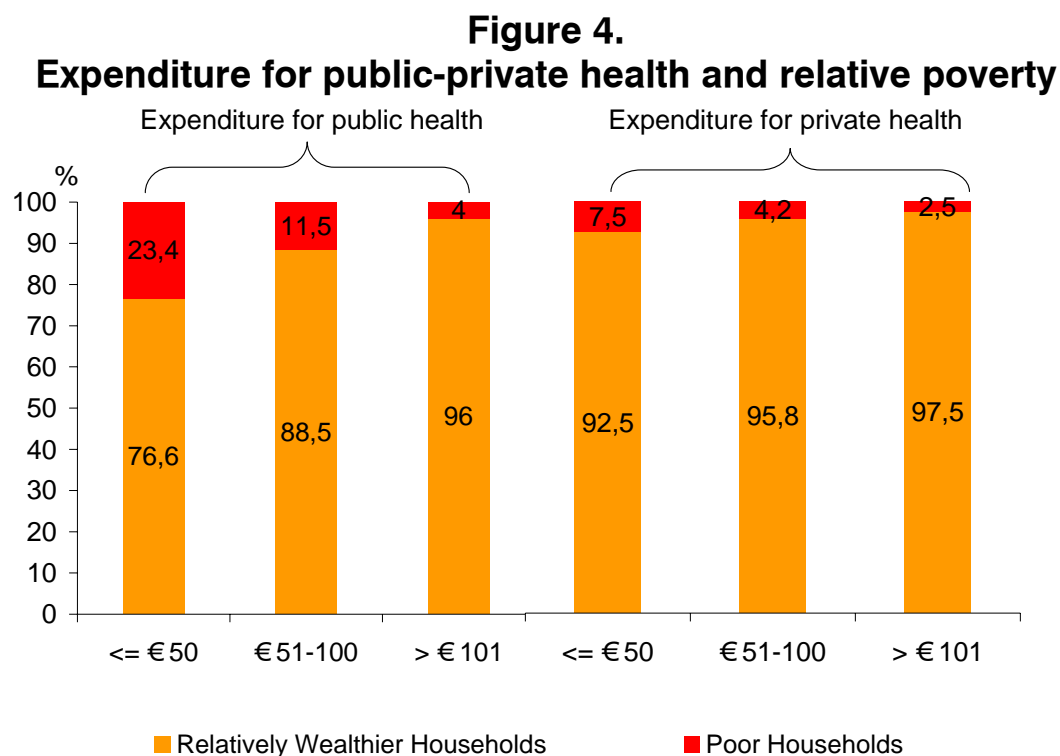
The relationship between health expenditure and socioeconomic characteristics is not the same for the poor and relatively wealthier households. The responsible person in poor households spends for health when he/she is over 65 years, while in relatively wealthier households the responsible person spends when he/she is 45-64 years old. Hence, the poor households spend for health when their health becomes more sensitive due to ageing. In contrast, the relatively wealthier households can afford to spend for health at a younger age. Poor households spending for health have primarily two members, while relatively wealthier households have more family members.

The responsible person in the majority of poor households spending for health has a primary education level and an Agricultural Insurance Organisation's insurance, while the responsible person in relatively wealthier households has an upper secondary education and a Social Security insurance. It is also recorded that in poor households more women than men spend for health above €50 -on average- per month.

The relationship between total health expenditures and

socioeconomic characteristics of poor households is similar to the relationship found between expenditures for hospital treatment at public hospitals and socioeconomic characteristics. The relationships between total health expenditure of relatively wealthier households and private health expenditure vis-à-vis the household's socioeconomic characteristics are similar, too. Those similarities imply that the poor households primarily spend for public health, while the relatively wealthier households spend for private health. Indeed, the study records that nine out of ten poor households spend for public health, while one out of two relatively wealthier households spend for public health (Figure 4). Thus, poor households opt for the less expensive public health service instead of the dearer private health services, due to budgetary restrictions. Contrary to the poor households, the relatively wealthier households can afford and choose to buy their health services at the private sector.

Finally, the households residing at the countryside mostly spend for public health relative to private health. This finding is attributed to the restricted access to private hospitals at the countryside.



Source: HES 2004/05, Eurobank Research

In conclusion, the study underlines that it is the poor households that mostly spend for public health, while relatively wealthier households afford private health. Additionally, the households with mild economic distress form the majority of the households spending for health, irrespective of the position of the household relative to the poverty line or the public vis-à-vis the private type of health expenditure.

Eurobank Research: Economy & Markets
ISSN: 1790-6881

Eurobank EFG, Division of Economic Research & Forecasting
Research Team

Editor: Prof. Gikas Hardouvelis,
Chief Economist & Director of Research

Dimitris Malliaropoulos: Economic Research Advisor
Ilias Lekkos: Senior Economist
Ioannis Gkionis: Research Economist
Emmanuel Davradakis: Research Economist

Costas E. Vorlow: Research Economist
Theodosios Sambaniotis: Senior Economic Analyst
Vaggelis Georgopoulos: Economic Analyst
Elena Simintzi: Economic Analyst
Olga Kosma: Economic Analyst

Eurobank EFG, Othonos 6, 10557 Athens, tel: +30.210.333.7365, Fax: +30.210.333.7687,
web: <http://www.eurobank.gr/research> , Contact email: Research@eurobank.gr

Disclaimer:

This report has been issued by EFG Eurobank Ergasias S.A. (Eurobank EFG), and may not be reproduced or publicized in any manner. The information analysis contained and the opinions expressed herein are solely of the author(s), are intended for informative purposes only and they do not constitute a solicitation to buy or sell any securities or effect any other investment. EFG Eurobank Ergasias S.A. (Eurobank EFG), as well as its directors, officers and employees may perform for their own account, for clients or third party persons, investments concurrent or opposed to the opinions expressed in the report. This report is based on information obtained from sources believed to be reliable and all due diligence has been taken for its process. However, the data have not been verified by EFG Eurobank Ergasias S.A. (Eurobank EFG), and no warranty expressed or implicit is made as to their accuracy, completeness, or timeliness. All opinions and estimates are valid as of the date of the report and remain subject to change without notice. Investment decisions must be made upon investor's individual judgement and based on own information and evaluation of undertaken risk. The investments mentioned or suggested in the report may not be suitable for certain investors depending on their investment objectives and financial condition. The aforesaid brief statements do not describe comprehensively the risks and other significant aspects relating to an investment choice. EFG Eurobank Ergasias S.A. (Eurobank EFG), as well as its directors, officers and employees accept no liability for any loss or damage, direct or indirect, that may occur from the use of this report.