# Public Health Care Expenditures in Nepal: Review, Analysis and Assessment

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**Background**

Public health expenditures in Nepal have not been effective for improving the health indicators of the country's population. As such, the main objective of this study is to provide information to policy makers in formulation of appropriate public health sector policies in Nepal by reviewing the history of public expenditure activities, analyzing their shortcomings and assessing how present plans attempt to address the deficiencies.

**Methods**

The methodology for this study is through a health production function which looks at health indicators viz. infant mortality, child mortality, crude birth rate, crude death rate, life expectancy rate as a dependent variable against the contribution of health expenditure and a number of control variables such as literacy, annual immunization and agricultural contribution to Gross Domestic Product (the proxy for economic structural change).

**Results**

Health expenditure did not have a statistically significant effect on health indicators. This suggests that there can be greater inter-linkages between health sector input (health care expenditure) and health sector output (health indicators). Lack of absorptive capacity is seen in the percentage unspent of development budget which had been over 25% in 1999/00 and fluctuated from over 10% to over 40% of the development budget. The regular budget has, in general been more utilized, which may reflect inflexible spending on health personnel.

**Conclusions**

There is a need to move from simple recommendation to concrete implementation. An important first step would be to implement a system of National Health Accounts.

**Keywords:** gross domestic product; health expenditure; health indicators; input; output; public health expenditure.