

Cost and Value of Health Care in Cyprus

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Abstract

This paper presents some facts about aggregate health expenditure and analyses factors affecting the level of household health expenditure in Cyprus, with emphasis on the type of cover of household members. The implications of individuals' entitlement to free public care for the well-being of households are also investigated to determine the value of free medical care, as perceived by consumers.

We find that the age of household head and household income play a key role in determining the level of health expenditure. In particular, household spending on medical care decreases with the age of household head up to 40 years and increases for older heads. As income increase so does health expenditure but at a declining rate. Medical expenditure also varies with the type of cover of the head and members of the household. Additional household members create economies of scale in health expenditure when members are covered by public/government, private employer or a combination of medical cover schemes. The well-being analysis shows that the provision of public health care in Cyprus mostly benefits poor households and those with older heads, in the sense that they enjoy a reduction in their total household health expenditure due to eligibility to freely provided public health care.

Keywords: Health expenditure, health care system, public provision of health care.