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# The joint demand for health care, leisure, and commodities: Implications for health care finance and access in Vietnam

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## ABSTRACT

This paper examines the joint demand for health care, leisure, and commodities in Vietnam. It analyzes the impact of health care financing on the consumption of health care, leisure, and commodities. The study finds that health care financing has a significant impact on the consumption of health care, leisure, and commodities. The results suggest that health care financing is a key factor in determining the consumption of health care, leisure, and commodities in Vietnam.

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## Notes

1. For example, Gertler et al. ([1987](#)) find that although user fees generate substantial revenue in Peru, they are accompanied by large reductions in aggregate consumer welfare, with the poor shouldering most of this burden. Sahn et al. ([2003](#)) show that own-price health care elasticities in Tanzania are decreasing in income, suggesting higher fees create larger barriers to care for the poor. Analogously, Deininger and Mpuga ([2005](#)) find that the removal of user fees in Uganda led to improved access to care by the poor and a reduced probability of sickness.
2. This is consistent with the broader literature on the demand for health care services. One notable exception to the lack of research on alternatives to user fees is that on community financing of health care in Carrin ([1992](#)).
3. For example, Dor et al. ([1987](#)) find that travel time plays an important role in the demand for health care in rural Côte d'Ivoire, with poorer individuals' demand being significantly more travel time elastic than that of the wealthy.
4. The effect of user fees on health care utilization depends on how the fees are implemented. This paper focuses on the effect of user fees on health care utilization, but it is possible that user fees could result in other outcomes, such as reduced quality of care or increased inequity.
5. Our estimate of the elasticity of health care demand with respect to leisure is based on the elasticity of health care demand with respect to leisure for male workers. The elasticity of health care demand with respect to leisure for female workers is not estimated.



6. Another practical reason for restricting the sample in this manner is that the VLSS only collects commune level health centre information in non-urban locations.
7. This is a reasonable assumption given that public clinics are located in each of the surveyed communes and are typically the least expensive treatment alternative. In cases where an individual visited both a pharmacy and non-clinic provider, we model the probability of the former, given the likelihood that the pharmacy visit is for an unrelated minor illness.
8. Private facilities consist mainly of private clinics, since the exclusion of urban households makes private hospital visits highly unlikely. House calls made by doctors/nurses in a private capacity are included in private facilities while those made in an official government capacity are included in public clinics. Pharmacy transactions also include drugs purchased from 'medicine peddlers'. Although the VLSS collects information on traditional (eastern) medical practitioners, only 2.3 per cent of health care demanders used their services. Therefore, traditional practitioners are included in the no-care category.
9. Dow ([1995](#)) also demonstrates via a dynamic model of health inputs that estimates conditional on health status can only capture the short-run effects of policy reform while unconditional estimates yield long-run demand elasticities.
10. It is doubtful that participation in health education programmes and many forms of preventative care is recorded by households as a visit to the public clinic in order to 'diagnose or treat an illness or injury', suggesting clinic characteristics are correlated with factors not included in the model.
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World Development Report 2002

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