ABSTRACT

Under-utilization of medical facilities in African countries is believed to be a result of the high cost of medical care services. This paper uses data from a random survey of users of health facilities, enriched with exogenous information on health facility attributes, to examine more deeply the accessibility factor in health care demand in rural Kenya.

We find that income increase demand for medical care although by an insignificant margin. Thus large increases in income are required to increase demand significantly. Gender and education are important determinants of the choice of health facility. Quality is another major determinant of health care demand. Improvement in service quality significantly increases demand and therefore can be used as a policy tool to drive more people into the health sector. Drug availability increases demand in hospitals and reduces demand for ambulatory care services.

Distance, waiting time, and user fees reduce demand, particularly in the private care sector. Insurance increases demand in the hospital and dispensaries (where insurance pays for the medical care costs of the patients) and reduces demand in the private physician option. It increases the accessibility for the insured by reducing the money prices of medical care. On the other hand, it makes time prices and distance significant determinants of medical care demand.

Thus to increase access to medical care for the low-income earners, the insurance institution should be able to organize consumer’s entry into the health system and remove the financial incentive that may encourage providers to increase volume and cost of services.