



Kerman University of Medical Sciences

Faculty of Management

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Title

**The Impact of Health Expenditures on Poverty Index in Iran
during the Years 2000-2017**

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Abstract

Introduction: Increasingly, health spending is a major contributor to household spending and government budgets, and as a consequence the health sector is one of the most important economic sectors of any country of particular economic and social importance. Poverty as an undesirable social economic phenomenon is one of the most important consequences of unequal distribution and inequality of income among individuals. Securing people's finances against illnesses that lead to a high share of direct out-of-pocket payments and ultimately to poverty is one of the central categories of health system policy and the goals of health policy makers and planners in each country. Given the importance of the issue, for most governments, reducing poverty and improving income distribution is a must and inevitable, and what is important is how to plan and identify the poor. Thus, it is expected to Reduce poverty by increasing government spending on health. Therefore, the present study aimed to determine the impact of health spending on poverty in Iran.

materials and methods: This study was a descriptive-analytical study that investigated the impact of health expenditures on poverty index using time series data during 2000-2017. To calculate poverty index, Thiessen's poverty index and Kakwani's poverty index were used. Dependent variables of poverty index of Thaisen and Kakwani were estimated by independent variables of health expenditure, income distribution, infrastructure expenditure and education expenditure using VAR econometric model. Static tests, coefficients, Granger causality,

instantaneous reaction functions, and variance analysis were used for data analysis in Eviews10 software environment. Data were analyzed using static tests, co-integration, Granger causality, Impulse response functions ,variance Decomposition in Eviews10 software environment.

Results: The results showed that there is a long-term sustainable relationship between the level of poverty and the variables used in the model. According to the results of the model, one percent increase in health expenditures reduces 1.01 and 0.68 percent Sen Poverty Index and Kakwani Poverty Index, respectively, and one percent improvement in Gini coefficient (fair income distribution) reduces 7.03 and 3.6 percent of and Sen Poverty Index Kakwani Poverty Index, respectively. According to the results of the model, one percent increase in education expenditures reduces 0.83and 0.60 percent Sen Poverty Index and Kakwani Poverty Index, respectively.

Conclusion: Model findings suggest that the impact of income distribution on poverty is far greater than public spending on health care and education, so the government should pay more attention to discussing equitable income distribution. Also, by increasing the equitable distribution of income among the disadvantaged, households are faced with lower out-of-pocket spending and preventing poverty. Since government spending on health care and education has an almost equal impact on poverty reduction, government spending on health care and education needs a fair review in these areas.