

# DEALING WITH THE COST OF ILLNESS: THE EXPERIENCE OF FOUR VILLAGES IN LAO PDR

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**Abstract:** This paper analyses household coping strategies for illness in four Lao villages. The villagers dealt with health expenditure themselves, using coping mechanisms which drew mainly on social networks within the community. They strongly believed in the principle of paying user fees and did not consider exemption from fees an option. A total of 12 households (6 per cent of households) faced catastrophic expenditure arising from healthcare payments. The national policy on exemptions did not protect the poor and the study demonstrates that there is an urgent need for the government to improve the design and implementation of exemptions or reform the policy on subsidising health care. Copyright © 2009 John Wiley & Sons, Ltd.

**Keywords:** financial cost of illness; catastrophic health expenditure; coping mechanisms; cost management; Lao PDR

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## 1 INTRODUCTION

Lao Peoples' Democratic Republic (Lao PDR) has been classified as one of the world's least developed countries with 27 per cent of the population living below 1 USD a day which is lower than Cambodia (34.1 per cent) but far higher than its other neighbours, China (16.6 per cent) and Thailand (2.0 per cent) (United Nations Development Programme, 2006). The Lao government aims to achieve the goal of poverty eradication by 2020 (Lao PDR 2004).

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