

Original article:

Willingness to Pay For Health Insurance in Sarawak, Malaysia: A Contingent Valuation Method

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Abstract

Background and objective: One of the suggested ways of financing health care is health insurance combined with general taxation. This study aimed to assess the willingness to pay for health insurance among the adult population and the factors thereof. **Methods:** A multi-stage cluster sampling with cross sectional study design was adopted to select the respondents. Data was collected by face to face interview. A total of 1018 data was analyzed with response rate of 84.3%. The data on willingness to pay for insurance was collected using the contingent valuation method with bidding style. Data entry and analysis was done by SPSS 22.0 version. A p-value of less than 0.05 was considered as statistically significant. **Results:** Data analysis revealed that about half (46.7%) of the respondents agrees to pay monthly health insurance premium. Among those who were unwilling to pay, 81.3% were unable to afford the monthly insurance. Logistic regression analysis revealed that occupation, level of education, gender, marital status, monthly family income and treatment preference appeared to be potential predictors for willingness to accept health insurance ($p < 0.05$). **Recommendation:** The key policy priority is to increase the awareness of the public regarding the benefits of health insurance, and to increase willingness to pay rate.

Keywords: Willingness to Pay; Contingent Valuation Method; Health Insurance; Sarawak

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Introduction

Willingness to Pay (WTP) is a methodological tool that used to evaluate the capacity to pay by certain social groups and also to estimate the hypothetical monetary value for programs and specific medical interventions and treatment.¹ In simpler words, it is defined as the maximum amount that an individual is willing to pay for goods or services. Insurance for health is largely used to finance market based health care system. Depending only on payment of out-of-pocket or government tax, however, may not be the best option available in current time and in the future. With rapidly increasing medical cost, there is a need to get a back-up from the health insurance

plan especially, to finance the expensive medical treatment, to ease the health system financial burden and also reducing catastrophic health expenditure for the patient.^{2,3} In Malaysia, the most utilized insurance plan is the conventional indemnity insurance plan. Others are employer provided health care insurance and social health insurance. The Ministry of Health proposes to set up a non-profit agency called National Health Financing Authority (NHFA) to become the coordinator of the National Health Insurance (NHI).⁴ Citizens have to contribute to monthly premiums according to their income levels. The government will also contribute to pay the premium of certain population groups. However, the details of the plan

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