## Definitions
Out-of-pocket expenses level expressed as a percentage of total health expenditure.

Out of pocket costs: Household health expenditures as direct payments to health care providers. Must be net of health insurance reimbursements.

Household: individual or a group of people sharing the same accommodation, grouping part, or all, of their income and wealth and consuming certain types of goods and services collectively, mainly housing and food.

Total Health Expenditure (THE): Sum of all expenses for maintenance, restoration or health improvement paid in cash or supplied in kind. Sum of Governments’ General Expenditure in Health and Private Expenditure in Health.

### Numerator
Out-of-pocket health expenditure for the relevant fiscal year × 100.

### Denominator
Total expenditure on health for the same fiscal year and in the same monetary unit as the numerator.

### Measuring unit
X percent (%).

### Considerations for indicator quality
National health accounts (NHA) track agents’ financing flows who decide on the use of funds. NHAs strategy is to track transaction records, without double counting and to achieve comprehensive coverage. Therefore, insurance reimbursements must be deducted. Monetary and non-monetary transactions are accounted for at the buyers’ value, so payments in kind must be valued at the buyers’ price. There are guidelines to generate national health accounts. (OECD, 2000; WHO-World Bank-USAID, 2003). It is recommended to follow the guidelines for production of national health accounts: [https://www.who.int/health-accounts/documentation/system_of_health_accounts_2011/en/](https://www.who.int/health-accounts/documentation/system_of_health_accounts_2011/en/)

### Interpretation implications
This is a central indicator of health financing systems. It helps to understand the relative weight of direct household payments in total health expenditures.

### Context indicator
High out-of-pocket payments are strongly associated with catastrophic and impoverishing spending. This indicator is key to support planning and equity processes.

### ODS framework

<table>
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<tr>
<th>EWEC-LAC framework</th>
<th>Dimension</th>
<th>Monitoring framework</th>
<th>Suggested stratifier for inequality analysis</th>
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<tr>
<td>Survive</td>
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<td>Thrive</td>
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<td></td>
<td>Impact</td>
<td>✓ Socioeconomic level (quintiles of national wealth)</td>
<td>✓</td>
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<td>Product</td>
<td>✓ Place of residence (urban / rural, or geographic location)</td>
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SDG indicator 3.8.2 is related to this indicator but uses income/expenditure at the household level as the denominator, as an approximation to the objective of financial protection.

### Preferred data source
- National Health Accounts
- Administrative information systems
- Household income and expenditure surveys

### Alternative data sources
- Special studies.

### Inter-agency group estimates
- National and regional data available in the Global Health Expenditure Database, WHO.

### Global monitoring frameworks
- Global Strategy for Women’s, Children’s and Adolescents’ Health.
- WHO: 100 basic health indicators: expand out of pocket.

### For more information
- Tool for production of national Health accounts, WHO.

### References
- Global Health Observatory Metadata Registry, WHO.