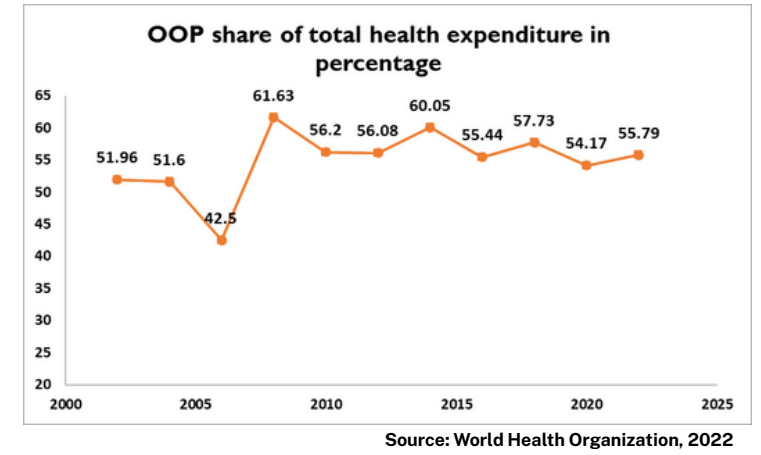


Out-of-pocket (OOP) expenditure in healthcare is defined by WHO as a share of current health expenditure funded by households out-of-pocket. These payments are made at the point of service and are not reimbursed by any third party, such as insurance or government programs.

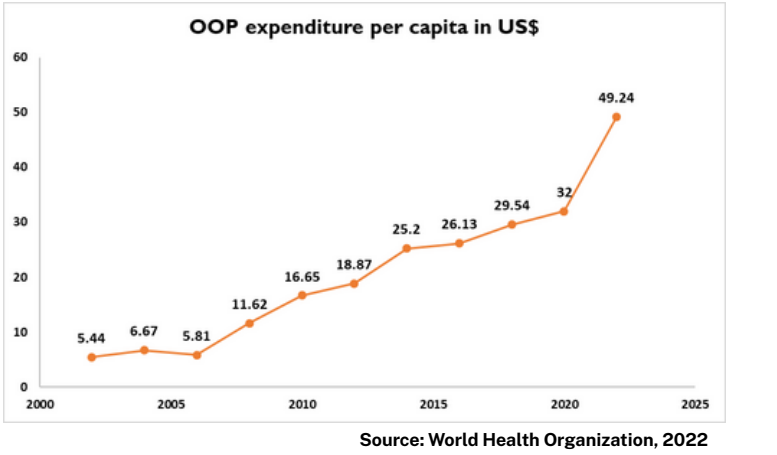
High out of pocket spending can lead to financial hardship, especially for low-income households, and is a key indicator of the need for stronger financial protection mechanisms in health systems.

## Out-of-pocket expenditure in healthcare in Nepal

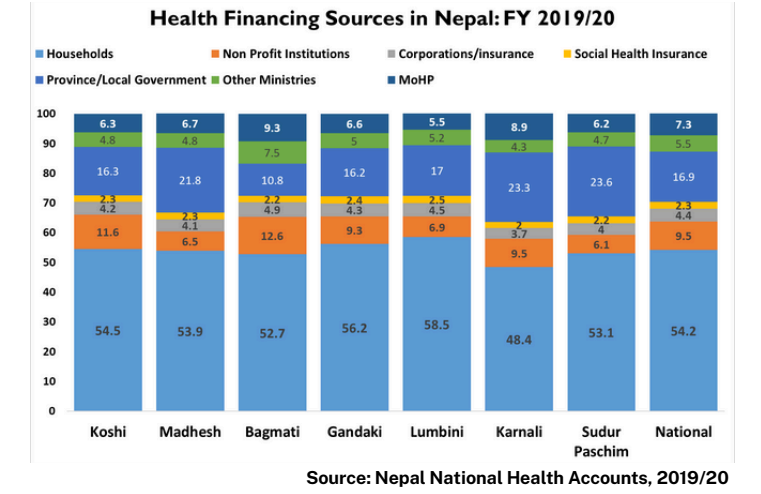
In 2002, out-of-pocket expenditure accounted for 51.96% of total health spending. It peaked at 61.63% in 2008. By 2022, it was still high at 55.79%, indicating persistent reliance on out of pocket health spending.



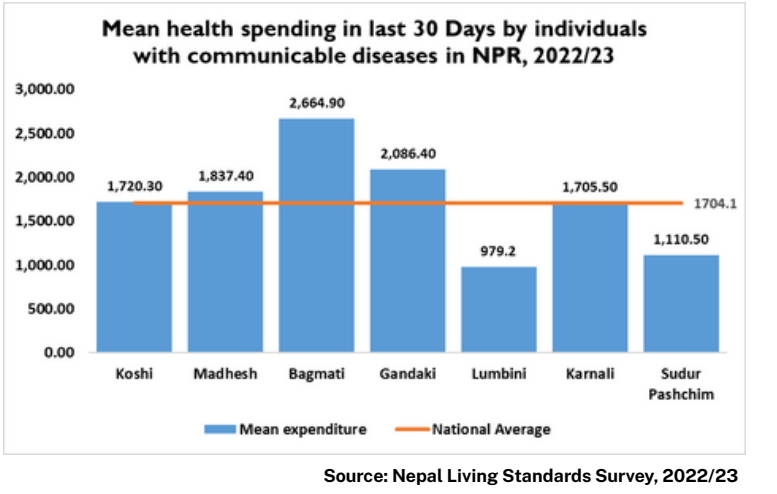
In 2002, per capita health expenditure in Nepal was USD 5.44. By 2022, this rose significantly to USD 49.24, indicating a substantial increase in health spending per person over two decades.



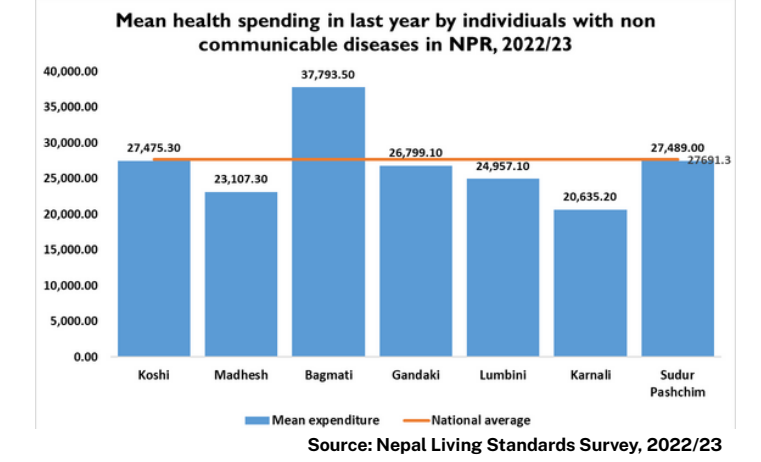
Households are the largest sources of health expenditure across all provinces. Contributions from MoHP (7.3%) and Social Health Insurance (2.3%) remain relatively low.



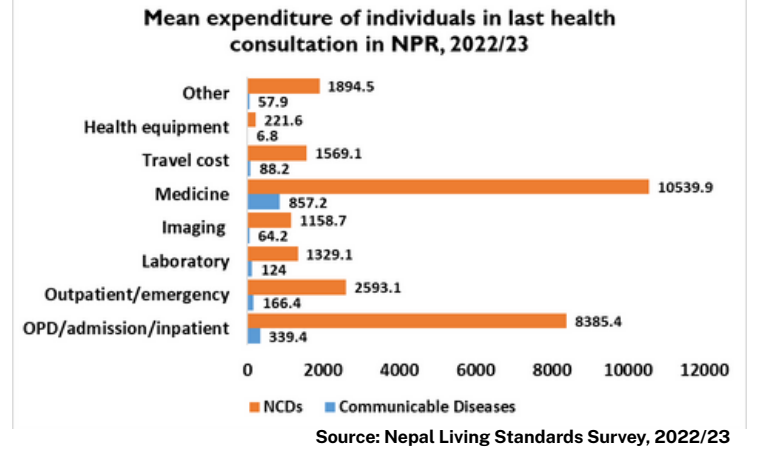
National mean expenditure for communicable diseases in the last 30 days is NPR 1,704.10. Mean expenditure is highest in Bagmati Province (NPR 2,644.90) and lowest in Lumbini Province (NPR 979.20).



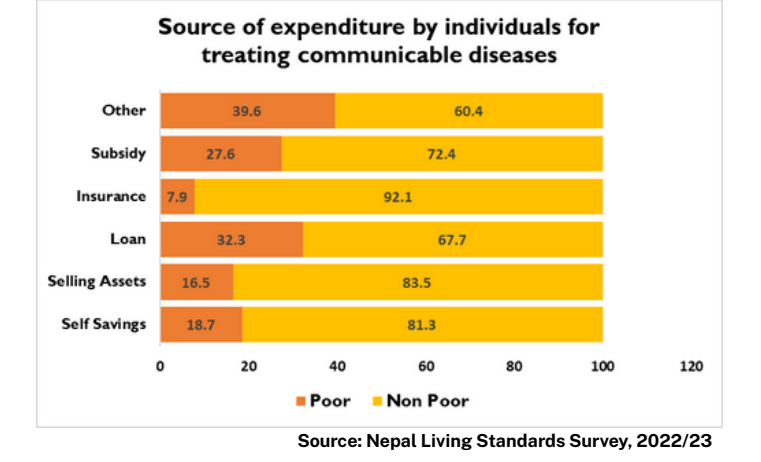
National mean expenditure is much higher for non-communicable diseases (NCDs) than communicable diseases. It is highest in Bagmati Province (NPR 37,793) and lowest in Madhesh Province (NPR 20,635).



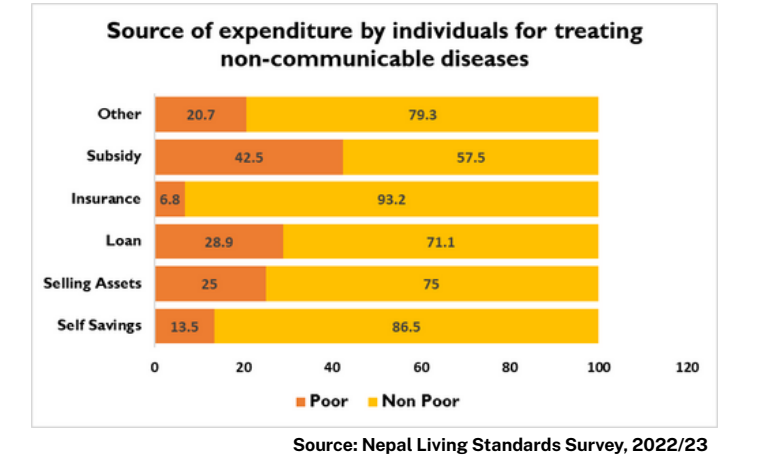
Medicines account for the highest average cost for both communicable diseases (NPR 857) and NCDs (NPR 10,539) as seen in the data from the last health consultations for individuals.



Poor individuals relied most on loans (32.3%) and subsidies (27.6%) for treatment of communicable diseases in last 30 days.



Non-poor individuals predominantly used self-savings (86.5%) and insurance (93.2%) to cover treatment expenses for non communicable diseases (NCDs) in last 12 months.



## Key Messages

OOP health spending in Nepal remains high, with national averages exceeding 55% of total health expenditure in 2022. This indicates a heavy financial burden on households. By contrast, public sector coverage, including social health insurance in overall health spending, is low. Spending is significantly higher for non-communicable diseases, especially for medicines and inpatient care, when compared to communicable diseases.

There are clear variations in spending by province and economic status of households. Bagmati and Gandaki report higher average expenditures, while Karnali shows lower average spending. Non-poor individuals primarily rely on self-savings and insurance to cover medical costs of NCDs. Poor individuals rely more on subsidies and loans to cover those expenses.

Note: Poverty was measured in NLSS IV using Cost of Basic Needs (CBN) method, which looks at how much money people need to afford basic things like food, shelter, and clothing.