

**Who Pays for Healthcare in Sri Lanka?:  
A Progressivity Analysis in Healthcare Financing**

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Often, government healthcare policies are aimed at safeguarding the most vulnerable groups by ensuring pro-poor financing of human development services. Furthermore, ensuring affordable and equitable healthcare and financial protection is an important policy objective accepted universally. The healthcare financing mix of Sri Lanka consists mainly of public spending, out of pocket expenditure (OOP) and private health insurance. However, the key research problem is to identify the extent to which the financing mix is able to address the equity goals of Sri Lanka. The main objective of the study was to investigate who among the rich and poor contribute to healthcare financing by reviewing the behaviour of the sources of healthcare financing. The Household Income and Expenditure Survey (HIES) of 2016 was used in the study. The methodology was sharpened to assess progressivity of healthcare payments by deriving the Concentration Curve and computing the Concentration Index (CI) and Kakwani Index for each health financing source. The results indicate that the total health expenditure of Sri Lanka was mainly financed by direct payments done by households, sources of government revenue and private insurance premiums. The analysis revealed a positive CI and Kakwani index for direct and indirect taxes, OOP, and private insurance premiums. This implies that in all health financing sources of Sri Lanka, the rich not only pay more in absolute terms but also in relation to ability to pay. The negative Kakwani index recorded for taxes for tobacco and liquor consumption implies that the poor pay more taxes in this regard than the rich. The paradox of the progressive healthcare financing mix is reflected through the strong contribution of OOP spending and the growth of the private sector where households are compelled to finance health through their own funds. This would cause households to incur catastrophic expenditures, especially among the lower income spectrum of the society.

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