Precautionary savings to manage common health risks among the poor

About the Project

Project Name: Precautionary savings to manage common health risks among the poor
Type of Facility Project: Research grantee
Country of Operation: Tajikistan
Region: Asia and the Pacific
Sub Topics: Impact, Demand, Value-added services, Savings-linked, Health

Project Description

This study examines the hypothesis that biased beliefs, inattention, and inconsistent preferences impede households' ability to maintain sufficient precautionary savings for common health risks. These behavioural constraints imply that even minor illness could reduce household consumption, especially in developing countries with high out-of-pocket health expenditures and inefficient capital markets. To test this hypothesis, the effect of outpatient treatment on household consumption is calculated as well as the corresponding demand for insurance using panel data from the Tajik Living Standards Survey. The impact of community-based savings groups is then evaluated, including new programme features designed to nudge households towards the optimal level of health savings and utilization when insurance is not commercially viable.

Source URL: http://www.impactinsurance.org/projects/research/precautionary-savings-manage-health-risk

Links: