HEALTHCARE EXPENDITURE AND WELL-BEING AMONG LOW-INCOME HOUSEHOLDS IN NNEWI NORTH LOCAL GOVERNMENT AREA, ANAMBRA STATE, NIGERIA.

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ABSTRACT

Rising healthcare costs have become a major challenge for low-income households, threatening their financial stability and overall well-being, especially in countries like Nigeria where out-of-pocket payments dominate healthcare financing. This study examines the relationship between healthcare expenditure and the well-being of low-income households in Nnewi North, Nigeria. The study is guided by Human Capital Theory. A descriptive survey research design was adopted. Data were collected from 60 purposively selected low-income respondents using a structured questionnaire. Descriptive statistics and Pearson correlation analysis were used, and hypotheses were tested at a 0.05 level of significance. The findings show that healthcare services are expensive and that rising medical costs reduce access to care. Households are unable to save, meet basic needs, or maintain financial stability after healthcare spending. Many households cope by borrowing or selling assets. The results further reveal a significant inverse relationship between healthcare expenditure and household well-being ($r = -0.529$, $p < .001$), indicating that higher healthcare costs are associated with lower financial stability. The study concludes that out-of-pocket healthcare expenditure imposes a substantial financial burden on low-income households. It recommends strengthening health insurance coverage, increasing government support for affordable primary healthcare services, and promoting financial protection mechanisms to reduce the burden of healthcare costs.

KEYWORDS: Healthcare expenditure, low-income households, Out-Of-Pocket, well-being, Insurance.

INTRODUCTION

Health is universally recognized as a fundamental pillar of human well-being, economic productivity, and national development. A healthy population enhances labour efficiency, reduces poverty, and promotes sustainable economic growth, making healthcare investment a critical component of development planning (Oluwatoyin et al., 2013, as cited in Adeyemi et al., 2020). Within this context, healthcare expenditure refers to the financial resources spent by individuals or households on medical services, treatments, and hospital care, which significantly influence the welfare of low-income households. Globally, the persistent rise in healthcare expenditure has imposed severe financial burdens on households, particularly among vulnerable populations. Evidence suggests that in countries where out-of-pocket (OOP) payments constitute the dominant method of healthcare financing, poor households experience substantial financial strain (Baeza & Packard, 2006, as cited in Onyia et al., 2022). In Nigeria, this situation is especially critical, as out-of-pocket spending accounts for nearly 78% of total healthcare expenditure, exposing households to significant financial risks and limiting their ability to access essential health services (Olarewaju & Akani, 2005, as cited in Adeyemi et al., 2020). Consequently, households often face persistent financial stress and reduced access to healthcare services (Alajlan, 2024, as cited in Muhammad, 2025).

For low-income households, healthcare spending becomes catastrophic when it consumes a substantial share of income, forcing families to sacrifice basic necessities such as food, housing, and education (Adeyemi et al., 2020). Even relatively small medical expenses can push already vulnerable households into financial hardship (Su et al., 2006). High insurance premiums further constrain household consumption patterns and limit financial flexibility (Emin, 2018). As a result, uninsured households are more likely to experience poor health outcomes, rising medical debt, and increased future healthcare costs (Kaiser Family Foundation, 2019; Yeboah, 2024). In such situations, out-of-pocket payments often consume a large portion of household income, thereby weakening financial stability (Yeboah, 2024).

Nnewi North is a commercial hub where unstable informal-sector incomes and a lack of health insurance leave low-income households highly vulnerable to medical financial shocks. While healthcare expenditure is widely studied nationally, there is a lack of empirical evidence specifically focused on this region. Consequently, this research investigates the effect of healthcare expenditure on the well-being of households in Nnewi North LGA.

Research Question

To what extent is healthcare expenditure related to the financial stability of low-income households in Nnewi North?

Research Objective

To examine the relationship between healthcare expenditure and the financial stability of low-income households in Nnewi North.

Hypotheses

H_{01}: There is no significant relationship between healthcare expenditure and the financial stability of low-income households.

H_{02}: There is no significant relationship between healthcare expenditure and the financial stability of low-income households.

LITERATURE REVIEW

Empirical studies consistently show that out-of-pocket (OOP) healthcare expenditure is a major driver of catastrophic health spending and poverty. In Nigeria, about 16.4% of households experience catastrophic health expenditure at the 10% threshold, while 13.7% are affected at the 40% non-food expenditure threshold, with OOP spending pushing approximately 1.3 million people below the $1.25-per-day poverty line (Aregbeshola & Khan, 2018). Supporting this, Agbatogun et al. (2024), using ARDL analysis from 1980 to 2022, found that OOP expenditure and income inequality significantly increase poverty levels, while higher per capita income reduces poverty, confirming the poverty-inducing effect of healthcare costs.

At the household level, Muhammad (2025) observes that OOP payments significantly reduce healthcare utilization and worsen financial vulnerability among low-income and rural households. Similarly, Onwujekwe et al. (2010) report that although healthcare needs are universal across socioeconomic groups, poorer households are more likely to rely on informal providers, whereas wealthier households access formal healthcare services. Further evidence at the State levels shows that households continue to face severe financial hardship due to healthcare costs. Ibirongbe et al. (2020) found that households in Ekiti State experience significant financial strain due to low health insurance coverage and heavy reliance on OOP payments. In the same vein, Edeh (2022) reported that the proportion of households facing catastrophic health expenditure has increased over time, with economic status and location identified as key determinants, disproportionately affecting poorer households.

THEORETICAL FRAMEWORK

Health Capital Theory

This study is based on the Health Capital Theory developed by Michael Grossman (1972). The theory views health as a form of capital that individuals and the households invest in through medical care, time, and financial resources in order to remain productive and maintain well-being. It explains that healthcare expenditure is necessary because it helps prevent illness, treat diseases, and improve the quality of life. The theory further states that the level of investments in health depends largely on income and available resources. For low-income households, rising healthcare costs can place a heavy financial burden because a large share of their income is spent on medical needs. This often reduces their ability to save, meet basic needs, and maintain financial stability. In relation to this study, the Grossman theory helps explain how healthcare expenditure, although necessary for maintaining health, can negatively affect the financial stability of low-income households when medical costs are high.

METHODS

This study adopted a descriptive survey research design to examine the relationship between healthcare costs and household well-being in Nnewi North LGA. A purposive sampling technique was used to select 60 respondents based on the criteria of being low-income earners with recent healthcare expenditures. Data were gathered using a structured questionnaire on a five-point Likert scale, ranging from Strongly Agree (5) to Strongly Disagree (1). For data analysis, descriptive statistics (mean and standard deviation) were used for demographic data, with a 3.00 criterion mean as the decision threshold. Pearson Correlation was employed to test the research hypotheses at a 0.05 significance level.

FINDINGS

Table 1 Demographic characteristics of respondent

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Personal Data	Categories	Frequency (n=60)	Percentage	Mean
Household size	1 – 5	26	43.3	5.83
	6 – 10	34	56.7	
	11 and above	-	-	
Head of house age	18 – 64	45	75.0	48.25
	65 and above	15	25.0	
Employment status	Full-time	29	48.3	
	Part-time	18	30.0	
	Retired	13	21.7	
Monthly income	1,000 – 20,000	-	-	46166.67
	21,000 – 50,000	44	73.3	
	51,000 – 100,000	16	26.7	

Source: Survey report, 2025.

Table 1 presents the demographic profile of the 60 respondents, showing that the majority (56.7%) live in households of 6 to 10 people, with an average size of 5.83 members. The heads of these households are predominantly within the active working age of 18 to 64 years (75.0%), averaging 48.25 years of age. In terms of economic activity, nearly half of the respondents (48.3%) are employed full-time, while the remainder are divided between part-time work (30.0%) and retirement (21.7%). The financial data indicates a middle-income trend; most participants (73.3%) earn between 21,000 and 50,000 monthly, contributing to an overall mean income of 46,166.67. Collectively, these figures describe a population of middle-aged, working individuals supporting relatively large family units.

Table 2 Descriptive analysis of healthcare expenditure

S/N	Item Description	Mean	SD	MIN	MAX
1	Health care services are expensive for respondents.	3.98	0.88	2	5
2	Cost of treatment increases with each hospital visit	4.01	0.86	2	5
3	Rising health care cost limits access to medical care	3.76	0.81	1	5
4	Prices of drugs and medical tests are stable	2.71	1.03	1	5
5	Respondents receive care without financial concern	2.33	0.75	1	4
	Grand mean	**3.358**			

Source: Survey report, 2025.

The data highlights a significant financial burden regarding healthcare, with the grand mean of 3.358 indicating overall concern. Respondents most strongly agreed that treatment costs increase with each visit (Mean = 4.01) and that healthcare services are generally expensive (Mean = 3.98). This rising cost is also seen as a direct barrier to accessing medical care (Mean = 3.76). In contrast, there was low agreement that prices are stable (Mean = 2.71) or that patients can receive care without financial worry (Mean = 2.33). These results suggest that the population faces consistent financial pressure and price instability when seeking medical services.

Table 3 Descriptive analysis of healthcare expenditure and financial stability of low-income households

S/N	Item Description	Mean	SD	MIN	MAX
1	Households can save after paying medical bills	1.81	0.57	1	3
2	Households meet basic needs after health spending	1.93	0.69	1	4
3	Households remain financially stable despite health costs	1.84	0.76	1	4
4	Health expenses do not lead to borrowing debt	1.80	0.73	1	4
5	Households sell assets to pay for medical care	4.41	0.56	3	6
	Grand mean	**2.358**			

Survey report, 2025.

Table 3 illustrates the severe financial instability households face due to medical expenses. The most striking finding is that households frequently sell assets to pay for medical care, which received the highest level of agreement (Mean = 4.41).

Conversely, there was very low agreement (means ranging from 1.80 to 1.93) with statements suggesting financial resilience. Respondents indicated they generally cannot save money, struggle to meet basic needs, and do not remain financially stable after paying for health services. Notably, the low mean for item 4 (1.80) suggests that health expenses often lead to borrowing debt. Overall, the grand mean of 2.358 confirms that healthcare costs significantly undermine the economic stability of the surveyed households, often forcing them into debt or the sale of possessions.

Table 4: Correlation analysis of healthcare expenditure and financial stability variable

Pearson's Correlations

			Pearson's r	P
Mean A	-	Mean B	-0.529	< .001

Source: Survey report, 2025.

Table 4 reveals a significant negative correlation ($r = -0.529$, $p < .001$) between healthcare expenditure and the financial stability of households. This coefficient demonstrates that as the financial burden of medical care increases, there is a corresponding and substantial decline in household economic security. Applying the decision rule, the null hypothesis is rejected because the p-value ($p < .001$) is well below the 0.05 threshold of statistical significance. Consequently, the findings provide empirical evidence that healthcare costs are a primary driver of financial instability within the surveyed population, rather than the result of random variation in the data.

DISCUSSIONS

The results show that the financial cost of healthcare is a major challenge for families in Nnewi North. With an average of nearly six members per household, these families are particularly at risk because one person's illness can drain the resources meant for the entire group. The data indicates that treatment costs act as a heavy burden; as medical bills accumulate, families are forced to redirect money away from other essential needs. A key finding is how these costs lead to a loss of long-term security. Most respondents reported that they have to sell off useful belongings or take on loans to pay for care, while their ability to save money is almost non-existent. This suggests that high medical spending creates a cycle of debt and asset loss. Instead of health being a foundation for productivity, the high price of maintaining it actually strips households of the very tools they need to earn a living.

The statistical evidence supports this, as the significant inverse correlation ($r = -0.529$, $p < .001$) confirms that financial stability drops as health expenses rise. By rejecting the null

hypothesis, this study proves that current healthcare costs are a direct threat to the economic survival of informal sector workers. Without access to health insurance or government support, these families will continue to lose their savings and assets just to stay healthy.

CONCLUSION

This study concludes that healthcare expenditure is a primary driver of financial instability for low-income households in Nnewi North. The lack of health insurance and reliance on unstable informal-sector incomes force families to sell productive assets and incur debt to cover medical costs. These findings highlight a critical "poverty trap" where healthcare needs lead to long-term economic decline rather than recovery. Consequently, there is an urgent need for targeted health insurance schemes to protect vulnerable households from medical-related financial ruin.

RECOMMENDATIONS

Based on the findings, the following recommendations are proposed to improve the well-being of households in Nnewi North:

1. The Anambra State Health Insurance Agency (ASHIA) should intensify its outreach in Nnewi North to enroll informal sector workers. Moving from OOP payments to a pre-paid system is essential to prevent asset depletion.

2. The local government should provide subsidized or free primary healthcare services for low-income families earning below a certain threshold (e.g., ₦30,000) to ensure basic medical needs do not result in debt.

3. The government should establish community health emergency funds. By providing affordable loans for hospital costs, these funds help families protect their assets and stay financially stable during a health crisis.

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