

Macroeconomic Shocks, Public Financing, and Out-of-Pocket Burden in Malaysia

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Abstract: This paper examines how macroeconomic conditions and public financing shape Malaysia's out-of-pocket (OOP) health expenditure per capita using annual data for 2000–2022. An autoregressive distributed lag (ARDL) framework is used to test for a long-run relationship between OOP spending, income (GDP per capita), inflation, and government health expenditure. The bounds test indicates cointegration. Short-run dynamics show strong pro-cyclical effects of income, a negative inflation effect consistent with affordability and substitution, and a mixed public-financing effect that turns negative with a lag. Diagnostics support model adequacy and stability.

Keywords: Out-of-Pocket Expenditure, Government Health Expenditure, GDP Per Capita, Inflation, Malaysia

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