Health care is one of the most corrupt sectors in Russia. In 2015 twenty percent of patients paid a bribe for the health care services once or twice, and thirteen percent more than twice (Russian Public Opinion Research Center, 2015). Using data on adults from over 5,000 households in Russia, this three-essay study analyzes out-of-pocket formal (official) and informal (unofficial, bribes) payments for the health care.

In the first essay, I study whether there is a difference in the probability and amount of unofficial payments across five types of health care services (ambulance, inpatient, outpatient, dental, and medical checkups) and two types of health care facilities (state and private). Finally, I examine whether the purchase of private health insurance reduces unofficial health care payments. Using fixed and random effects models, I find that adults incur the highest informal expenditures on dental, outpatient and inpatient care. The bribes are higher in state compared to private facilities. There are a few reasons for that. First, there is generally lower quality of services and longer waiting lines in state hospitals. Therefore, patients use bribes as a payment mechanism to guarantee themselves higher quality of care. Second, the salaries of doctors in state facilities are lower than in private hospitals. I also find evidence that the purchase of private health insurance reduces patient’s informal payments. People buy private insurance to guarantee themselves access to better and faster services.
In the second essay, I examine whether the official payment increases or decreases the likelihood of people paying unofficially. If official and unofficial payments are negatively related, then the payments are substitutes. If an increase in the formal payment increases the probability of informal spending, then they are complements. Patients have different motivations for paying a health care bribe. Some may seek to access services in short supply or to avoid official fees, thereby substituting informal for formal payments. Others may view informal payments as a tip or gratuity, which would make unofficial payments a complement to official payments. I find that in the Russian health care market formal and informal payments are substitutes. However, there is significant heterogeneity across different types of services. In particular, bribes and official payments act as substitutes in the case of dental care and medical check-ups, while they are complements in inpatient care.

In the third essay, I study whether Russians residents (native born and foreign born) are less likely to pay informally for their health care than foreign born non-residents that do not have state provided health insurance. I find that the residents have a lower probability of paying unofficially than non-residents and that if they pay a bribe, then, on average, its amount is lower than that of a non-resident. In addition, the difference in the probability and the amount of informal payments between residents and non-residents is higher in private than state hospitals, regardless of whether patients have private insurance or not. For non-residents, private insurance plays the biggest role in the reduction of their informal spending in private hospitals.