CHALLENGES OF HEALTH CARE SERVICES IN INDIA: NEED A SPECIAL CARE

Dr. S. Jayaselvi
Assistant Professor, Department of Economics and Research Centre,
Aditanar College of Arts and Science, Tiruchendur

Abstract

Good health is a prerequisite to human productivity and the development process. Health is the uppermost priority in every individual's Life that lead to a happy life for an individual, but also necessary for all productive activities in the society. India's health system that ranks 112 among 190 countries; one doctor for 1,700 people; 21% of the world's burden of disease, worsened by poor basic health and sanitation. While India has the fastest growing population, and an ambitious growth aspiration, it has always had a disproportionately small health financing. Globally, it is recognised that out of pocket is the most regressive form of financing the idea is that those who can afford healthcare, can, and those who cannot, should suffer. India has the worst record globally when it comes to out-of-pocket trend. The country has the lowest public spending in healthcare. Both the Centre and states need to increase their spending to meet huge gaps. Low spend on healthcare as a percentage of GDP is insufficient to meet the demands of a growing population and disease burden. Absence of universal health coverage and limited social health coverage has led to a high burden of Out- Of-Pocket expenditure (OOP) in India. OOP contributes approximately 86 per cent of private expenditure and 60 per cent of overall healthcare expenditure in the country. Due for a long time, the expectations of granting infrastructure status to healthcare and increasing the public expenditure from the current 1.2 per cent of GDP to over 2.5 per cent, have not been met and skill gap were also missing from the Budget. More concrete efforts are desired in this direction in order to bridge the mounting skill gap. In a nutshell, the healthcare industry sector remains far from being satisfied as the budget could not offer its due attention.

There is a large gap between healthcare delivery and financing in urban areas and rural areas. While a majority of the population resides in rural India (68.4 per cent), only 2 per cent of qualified doctors are available to them. The rural population relies heavily on government-funded medical facilities. This gap is exacerbated because the private and public systems do not complement each other. Affordable care (government hospitals or community-based care) suffers from quality issues and is unable to cater to the basic healthcare needs of the population. While some private care delivery centers and professionals are accessible to the needy, they are not affordable for a majority of the population. Often an individual has to reach out to multiple levels of care delivery providers (professionals, physicians, government hospitals, and private providers) to seek care for the same episode.

Keywords*: health financing, GDP, Out- Of-Pocket expenditure, healthcare, Affordable care, community-based care*

Introduction

Good health is a prerequisite to human productivity and the development process. Health is the uppermost priority in every individual's Life. Because it is not only basic to lead a happy life for an individual, but also necessary for all productive activities in the society. It is essential to economic and technological development. A healthily community is the infrastructure upon which to build an economically viable society. The progress of society greatly depends on the quality of its people. Quality of life and health facilities are

also different among these countries. India being a developing country health facilities are quite inadequate both in urban and rural areas. Poverty increase vulnerability to disease and at the same time restricts the access of the poor to health facilities and further deprives them of regular income due to non-reporting for work regularly.

Health Care Services in India: An Overview

The private healthcare sector is responsible for the majority of healthcare in India. Most healthcare expenses are paid out of pocket by patients and their families, rather than through insurance. This has led many households to incur Catastrophic Health Expenditure (CHE) which can be defined as health expenditure that threatens a household's capacity to maintain a basic standard of living. One study found that over 35per cent of poor Indian households incur CHE and this reflects the detrimental state in which Indian health care system is at the moment. With government expenditure on health as a percentage of GDP falling over the years and the rise of private health care sector, the poor are left with fewer options than before to access health care services. Private insurance is available in India, as are various through government-sponsored health insurance schemes. According to the World Bank, about 25 per cent of India's population had some form of health insurance in 2010. A 2014 Indian government study found this to be an over-estimate, and claimed that only about 17 per cent of India's population was insured. Public healthcare is free for those below the poverty line.

Health Infrastructure in India

However, the number of healthcare personnel and infrastructure required to fulfill the requirements of a burgeoning population and a voluminous disease burden of the country is insufficient. The country shares about 20 per cent of the burden of global diseases. However in terms of global infrastructure share, India has only 6 per cent beds and 8 per cent doctors, which is far from being sufficient to address the prevailing healthcare needs. The country could benefit significantly by getting the right policy framework and stimulating infrastructure development. Low spend on healthcare as a percentage of GDP is insufficient to meet the demands of a growing population and disease burden. Moreover, there is a significant need to implement a robust plan for effective utilisation of existing budgets so that public expenditure is fully utilised.

Absence of universal health coverage and limited social health coverage has led to a high burden of Out- Of-Pocket expenditure (OOP) in India. OOP contributes approximately 86 per cent of private expenditure and 60 per cent of overall healthcare expenditure in the country. Hospital bed density in India is 0.9 per 1,000 persons, which is significantly short of World Health Organisation (WHO) - guidelines of 3.5 per 1,000 patients. Notable gap exists between the demand for healthcare workforce and the actual supply India has only

0.7 doctors per 1,000 patients in comparison to WHO stipulated minimum doctor-to-patient ratio of 1:1,000. Shortage of medical institutes and with majority present in urban areas are key challenges related to medical education in India.

Poor Investment on Health in India

India's health system that ranks 112 among 190 countries; one doctor for 1,700 people; 21 per cent of the world's burden of disease, worsened by poor basic health and sanitation. While India has the fastest growing population, and an ambitious growth aspiration, it has always had a disproportionately small health budget. In 2015, this shrank further to 1.2 per cent of the GDP. Globally, it is recognised that out of pocket is the most regressive form of financing the idea is that those who can afford healthcare, can, and those who cannot, should suffer. India has the worst record globally when it comes to out-of-pocket trend. The country has the lowest public spending in healthcare. During 2004-05 and 2009-10, we saw considerable increase in public spending. Subsequently, the Centre's expenditure stagnated, while states stepped up their spending. In the last Union budget, there was a cut in healthcare. The Centre claims that it has transferred the money to states. But states, anyway, have increased health spending. The solution is not that the Centre cuts its budget to transfer to states. Both the Centre and states need to increase their spending to meet huge gaps.

Once again, the 'Health for All' agenda did not get its due attention in the form of policies and allocations from the Union Budget 2016. However, the government has taken some steps to cover the economically weaker sections of the society with some health insurance benefits. These are likely to go a long way in achieving financial security from burgeoning healthcare costs. Due for a long time, the expectations of granting infrastructure status to healthcare and increasing the public expenditure from the current 1.1 per cent of GDP to over 2.5 per cent, have not been met and skill gap were also missing from the Budget. More concrete efforts are desired in this direction in order to bridge the mounting skill gap. In a nutshell, the healthcare industry sector remains far from being satisfied as the budget could not offer its due attention. The government should view the healthcare sector as a GDP enhancer, rather than a mere social sector, which needs reforms. The government is focussed on strengthening tertiary care facilities in the country and plans to establish 17 new All India Institute of Medical Sciences (AIIMS) and 20 cancer institutes. It plans to restructure the insurance scheme 'Rashtriya Swasthya Bima Yojana' to widen the coverage. This could be the first step toward universal health insurance. The government has agreed to the universal health care vision under the National Health Assurance Mission, however it has shelved this programme due to financial reasons. In its election manifesto, the government had emphasised on modernisation of government hospitals, upgrading infrastructure and latest technologies. They have clarified that there

no plans to exit or completely privatise the healthcare sector. It plans to launch a healthcare scheme for senior citizens as part of its social security initiative

Health Care Spending in India

The country spends a total of 4.2 per cent of its GDP on healthcare, where the public sector's contribution of just 1 per cent is among the lowest globally. The Healthcare sector in India has seen the emergence of a strong private sector due to growing healthcare needs. The sector is forecasted to grow from INR684,000 crore in 2015 to INR8,237 billion in 2018 with a CAGR of 12.1 per cent. This growth is primarily fuelled by a growing population, rise in non-communicable diseases, increasing disposable incomes, changing demographics and increasing healthcare awareness. The investment opportunities in the sector are growing significantly, which is likely to make healthcare one of the most attractive investment targets for private equity and venture capital companies. Low spend on healthcare as a percentage of GDP is insufficient to meet the demands of a growing population and disease burden. Moreover, there is a significant need to implement a robust plan for effective utilisation of existing budgets so that public expenditure is fully utilised. Shortage of medical institutes and with majority present in urban areas are key challenges related to medical education in India. Health spending measures the final consumption of health care goods and services (i.e. current health expenditure) including personal health care (curative care, rehabilitative care, long-term care, ancillary services and medical goods) and collective services (prevention and public health services as well as health administration), but excluding spending on investments. Health care is financed through a mix of financing arrangements including government spending and compulsory health insurance (public) as well as voluntary health insurance and private funds such as households' out-of-pocket payments, NGOs and private corporations (private). This indicator is presented as a total and by type of financing (public, private, out-of-pocket) and is measured as a share of GDP, as a share of total health spending and in USD per capita (using economy-wide PPPs).

Health Insurance in India

Health insurance, which remains highly underdeveloped and less significant segment of the product portfolios, is now emerging as a tool to manage financial needs of people to seek health services. Health Insurance is more complex than other segments of insurance business because of serious conflicts arising out of adverse selection, moral hazard, unavailability of data and information gap problems. The medical care is becoming costlier day by day and it is becoming out of reach of common person in India. The Below Poverty Line population in India constitutes more than one third of total population. The public health expenditure is either static or decreasing in India. Approx. eighty percent

of health expenditure is out-of –pocket private expenditure. So, Health Insurance remains only the viable alternative to cover the medical care costs of vast number of people in India. Though Life-insurance policies are also including health insurance as their component, health Insurance industry is a part of non-life insurance sector. Social health Insurance is a major part of health Insurance in India. Indemnity health Insurance is growing very fast in India. In India, 5 per cent population had health Insurance in 2002 which has increased to approx. 18 per cent in 2014. So, every year about 1 per cent population is being added up to the pool of health insurance in India. The Scenario of health insurance is changing fast over last few years and market for health Insurance in India as more than 82 per cent population is un-insured.

Penetration of health insurance in India is low by international standards. Also private health insurance schemes, which constitute the bulk of insurance schemes availed by the population, do not cover costs of consultation or medication. Only hospitalization and associated expenses are covered. India has typically addressed concerns pertaining to pricing of medication through indirect but more pragmatic means such as tax sops for medical expenses and patent law. Indian patent law only protects formulation and not the composition of a drug. This means that generic drugs that typically become available after the patent protections afforded to a drug's original developer expire, are available in India much earlier. Indian pharmaceutical companies routinely re-engineer processes for manufacturing generic drugs to make medication available at much lower costs. Accordingly most of the research budget in Indian pharmaceutical companies is oriented at developing processes for synthesizing drugs, rather than Drug development. Plans are currently being formulated for the development of a universal health care system in India, which would provide universal health coverage throughout India. Most health insurance products offered by private entities are similar to the government-defined product, Mediclaim, and are indemnity-based. Given its high premiums, most Mediclaim and similar policy holders belong to the middle and upper class. While the urban population has witnessed a proliferation in the means of healthcare financing and delivery over the past two decades, the rural population lacks basic healthcare delivery and financing. Community health insurance schemes sponsored by the government and non-governmental organizations (NGOs) are evolving to cater to the needs of the rural population. However, healthcare delivery and finance still leave much to be desired.

Budget 2016: Health Insurance for All

The increase in allocation has been welcomed by experts in the health sector. However, they say that it lacks an integrated approach. The biggest takeaway for healthcare from the budget was a signal of the government’s continued commitment to providing health insurance. This should put at rest speculation on the direction the National

Health Mission (NHM) would take. Budgetary allocation to health insurance has increased sharply. Allocation for health insurance in the 2016-17 budget was Rs.1,500 crore. A revised estimate for the current financial year shows expenditure of Rs.595 crore. With an increase in the insurance coverage without any mention of provision of free medicines in its latest budget, On medicines, finance minister Arun Jaitley said the centre planned to open 3,000 Jan Aushadhi stores offering affordable generic medicines. Currently, India has a total of 137 such stores in 19 states. The overall budget allocation for fiscal 2016-17 for health, including AYUSH (Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy) is Rs.39,532.55 crore. The revised estimate for 2015-16 is Rs.34,956.6 crore. The allocation for the next year means an increase of nearly Rs.5,000 crore, or 13 per cent. NHM saw an increase of only 2 per cent (from Rs.19,135.37 crore in the current fiscal year to Rs.19,437 crore in the next). Another sector that has emerged as the focus area is so-called super specialty (or tertiary care) facilities under the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY), which is responsible for establishing new All India Institutes of Medical Sciences and upgrading state hospitals. The budgetary allocation for this increased from Rs.1,215.85 crore to Rs.2,500 crore by the year 2016.

Conclusion

Good health is significant enough to be a national goal in itself, but economic growth hinges on a healthy population that spends less on mere survival and more on productive pursuits like education and entrepreneurship. Proactively addressing poor health will need more commitment, and judicious public investment. There is a large gap between healthcare delivery and financing in urban areas and rural areas. While a majority of the population resides in rural India (68.4 Per cent), only 2 per cent of qualified doctors are available to them. The rural population relies heavily on government-funded medical facilities. This gap is exacerbated because the private and public systems do not complement each other. Affordable care (government hospitals or community-based care) suffers from quality issues and is unable to cater to the basic healthcare needs of the population. While some private care delivery centers and professionals are accessible to the needy, they are not affordable for a majority of the population. Often an individual has to reach out to multiple levels of care delivery providers (professionals, physicians, government hospitals, and private providers) to seek care for the same episode. This leads to compartmentalized care with cost and quality concerns. Health insurance is a minor contributor in the healthcare ecosystem. Insurance payment structures are based on an almost retrospective arrangement of indemnity-based payments. Indian insurance has been limited to critical illness coverage for inpatient surgical procedures and often one-time lump-sum payouts. Inadequate social determinants of health such as nutrition, food security, water and sanitation is a major hindrance in the success of healthcare delivery and financing. There is a need for a strong regulatory framework to organize and

standardize healthcare delivery and financing. Insurance schemes which cover only hospital expenses, like those being rolled out nationally in India, will fail to adequately protect the poor against impoverishment due to spending on health. Further, issues related to identifying the poor and their targeting also constrain the scheme's impact. A broader coverage of benefits, to include medicines and outpatient care for the poor and near poor (i.e. those just above the poverty line), is necessary to achieve significant protection from impoverishment.

Suggestions

The provision of health care has important redistribution as parts as well as close inter-relationship between poverty and morbidity. The poor are more vulnerable to disease because they are malnourished, forced to live in an environment that is unsanitary, congested, lacking in adequate or safe drinking water and proper sanitation. Mal-nutrition is a major element in maternal and child morbidity and mortality. Therefore, the government need to improve the quality health services by spending more on health care services. The out of pocket expenditure of the individual can reduce by increasing health insurance. There is the urgent need to develop a public health insurance mechanism to protect the people from changing pattern of costly lifestyle disorders mixed with new resistant strains of infective communicable diseases.

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