

## NEWS &amp; ANALYSIS

# Prescriptions for India's healthcare nightmare

Barefoot doctors or super specialists, cash-free healthcare or private providers charging fat fees, a focus on lifestyle diseases or malaria and TB, obesity or malnutrition, primary care or top-class medical tourism — our health system is constantly confronting these contradictory choices. *The Lancet*, the leading medical journal, has proposed a blueprint for reform. **DINESH C. SHARMA** examines the various policy options.

## Raise public spending

One of the foremost cures to the sick health system is to administer it a heavy dose of steroids in the form of higher state funding. Despite being a welfare state, the Indian government's health expenditure as a percentage of GDP is among the lowest in the world. After an increase between 1950-51 and 1985-86, the government's health spending has virtually stagnated at just below one per cent of the GDP, which is among the lowest in the region.

The Chinese government, for instance, spends 1.82 per cent of its GDP on health. There are huge disparities among states. Although the average per person state funding comes to Rs 268, it is just Rs 93 per person in Bihar. In some states, staff salaries account for a large chunk.

"The amount and the composition of health expenditure affect both the efficiency and effectiveness of health spending," point put experts writing in *The Lancet* special issue. They feel taxation is the only viable option to generate additional resources in order to achieve the goal of increasing health spending to 3 per cent and then to 6 per cent of the GDP. However, increased spending would have to be accompanied by steps to improve performance, accountability and efficiency of the system as well as laws to regulate quality and the price of healthcare and drugs.

## Cut out-of-pocket expenses

India may be witnessing scorching rates of economic growth, but 39 million Indians slip below poverty line every year just on account of healthcare costs. Since government spending on health is low, private spending — also known as out of pocket expenditure — is very high. Nearly 80 per cent of the expenditure on health is from private sources.

The bulk of it is incurred on outpatient treatment and not for hospital care. Drugs account for as much as 72 per cent of the total OOP. One major way to reduce private spending, therefore, would be to promote generic drugs through low-cost pharmacies all over the country. A handful of such stores — under the banner of Jan Aushadhi — exist where drugs are being sold for a fifth of the branded versions.

But vested interests are not allowing this network to grow. Some states like Tamil Nadu have streamlined procedures for procuring drugs for the state system,

which has helped bring down costs. In addition, promotion of rational drug policies would help eliminate costly irrational combinations from the market. Once public spending on health goes up, along with improvements in access and quality, experts feel the OOP would automatically come down.

## New education order

The lack of health workers in villages and the unwillingness of urban-educated doctors to go to rural areas is often cited as the main reason for the poor state of health in rural areas. India currently has 2.2 million health workers, including 7 lakh allopathic and 2 lakh practitioners of other systems like Ayurveda and homoeopathy.

For every population of 10,000, the country has 8 healthcare workers, 3.8 allopathic doctors, 2.4

nurses and nurse-midwives. Not only is this much below international standards, but health workers are also unevenly distributed across the country. Kerala, for example, has 38.4 allopathic doctors for every 10,000 persons, while Chhattisgarh has just 15.8.

Overall, the number of health workers per 10,000 in urban areas is 42 compared to 11.8 in rural areas. The solution is opening more medical and nursing colleges — at the right places. Every district in Tamil Nadu, for example, has a government medical college attached to the district hospital (UP has just seven government medical colleges). This attracts local youths to medicine and most of them stay back in their own district.

"India has to move away from the idea that only allopathic doc-

**1.82%**  
of the GDP is how much the Chinese spend on healthcare; India spends less than **1%**

**2** years is the length of time the National Health Bill has been gathering dust

**15.8** doctors per **10,000** people reflects the poor state of healthcare in Chhattisgarh

"The only solution to our healthcare woes is universalising access. We could learn from countries such as Brazil and Thailand that have managed to make this work"

— MIRA SHIVA,  
Initiative for Health & Equity  
in Society

tors should deliver primary health services," note researchers writing in *The Lancet*. A new cadre of trained non-allopathic practitioners and health workers can do the job in rural areas, while allopathic doctors can be used more optimally at subdistrict and district levels.

## Universal insurance

In addition to increasing state funding of health and reducing out of pocket expenses, it is necessary to have a universal insurance protection scheme. The currently available schemes cover only hospital admission, exclude several illnesses and are prohibitively costly for the poor. The focus is entirely on tertiary care. Some state-funded schemes such as the Rashtriya Swasthya Bima

Johana exist but are inadequate and insufficient. Indian experts writing in *The Lancet* have proposed a single-payer system in which "the government would collect and pool revenues to purchase healthcare services for the entire population from the public and private sectors".

Such an insurance scheme, it is argued, can be supported by public financing from tax revenues, mandatory insurance for all private employers and income-indexed compulsory personal insurance payments.

This could make healthcare at the point of care cash-free and accessible to all. "If well managed, countries with single-payer system have been able to deal with delays and shortages. They have been better able to manage competition, contain and decrease costs, negotiate reduced prices with private providers," researchers note.

