THE HINDU CENTRE
for
Politics and Public Policy

Union Budget 2015-16

Placing Wealth over Health

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Barring a few cosmetic measures the Union Budget 2015-16 has done little to change the perception that the Indian state is withdrawing itself from the vital role of providing quality healthcare to all through increased public investments. PHOTO: AP

The Union Budget 2015-16 continues to place healthcare at the periphery of the state's activities. ***Sumanth C. Raman*** *calls for greater public allocation to healthcare by the central government and makes the case for improving quality in government hospitals. The creation of a new tier of healthcare providers, one rung below the doctors, he says, is possibly the best step that can be taken to solve India's healthcare crisis.*

One measure of a nation's level of economic development is the health of its people. Attempts to create a Social Progress Index, which includes nutrition and basic healthcare as indicators of basic human needs, reflects the importance of health in multidimensional development. [1]

When it comes to public provision of healthcare, India is an international laggard, and the Budget 2015-16 does nothing to dispel the impression that the Union government continues to place the health of Indians at the periphery of state policy rather than at the core of a state's role in the provision of basic services.

The allocation marked for healthcare has actually fallen to a dismal 1.86 per cent of total expenditure— the second lowest in 10 years. [2] Last year, the Union Government allocated Rs. 39,238 crore for health, and this was slashed by 20 per cent in December 2014.

This year, the allocation has been further reduced to only Rs. 33,152 crore. This means that a whopping Rs. 6,000 crore has been slashed from the health sector allocation in this Budget. With the public health infrastructure on the verge of collapse in most States, the last thing that the sector needed was a cut in the Union budget.

Though the tax exemption on health insurance premiums has been raised to Rs. 25,000, this is likely to have only a limited impact given the skyrocketing cost of healthcare. This is possibly the only welcome measure on healthcare in the budget. However, it is also an important pointer to the trajectory that the government sees as the role of the state in the provision of healthcare: reduced government spending and increased dependence on the market. On paper, there is universal healthcare provided by the Union and State governments through publicly funded hospitals; in practice these public hospitals are patronised more by those who cannot afford private healthcare facilities.

The number of government hospitals in India is 19,817 (6,28,708 beds) in 2013 (latest available official figures; Government hospitals includes central government, State government and local government bodies.) [3] Despite the treatment in these government hospitals being nearly free (except for a small user fee in some States) “only 22 per cent of the population in rural areas and 19 per cent in urban areas access government facilities for outpatient care”. In the case of inpatient care, these figures are 42 per cent and 38 per cent respectively. [4]

The worry is that the government appears to want to abdicate its responsibility and sees an increasing role for the private sector in delivering healthcare. Nothing can be more calamitous for India than handing over of its healthcare delivery systems to the rapacious private sector.

Healthcare is already an unregulated industry in India and if the government were to leave the patients at the mercy of the private sector without adequate safeguards and with all pervasive corruption, it would be a recipe for disaster. There are no simple alternatives to strengthening the public health system in India and this is apparent to everyone except those in government. The key is to work on a framework for improving the quality of services delivered at government hospitals. While the States undoubtedly have the largest role to play in this, the Centre can help with policy and legislative support.

The Clinical Establishments Act, (2010) which makes an attempt to introduce some form of regulation of the healthcare sector, is still languishing with most States yet to adopt the Act through a resolution in their Legislative Assemblies. Meanwhile, the Indian Medical Association (IMA) and various other industry bodies that are opposed to various provisions of the Act appear to be working hard to scuttle its implementation. [5]

The imperative of state provision of healthcare

There is not enough money in primary care, which is why the private sector has, by and large, stayed away from it in rural India. Only the state can fill this gap. In secondary and tertiary care, affordability remains a major problem. With health insurance making limited headway, government hospitals remain the only hope for a vast majority of Indians. The penetration of health insurance remains at an abysmal 17 per cent of India’s population as of March 2014. Of this, close to 15 per cent of the coverage is through government health Insurance schemes, with only 2.73 crore people actually having individual health insurance cover. [6]

Health insurance companies also do not see any early path to profitability as fraudulent claim rates in India are high. For the government, ensuring universal health insurance is a near financial impossibility given the size of India's population. Official estimates say that it will cost Rs. 1.7 lakh crore to offer some level of health insurance to the population over the next four years and there will then be an annual expenditure of Rs. 70,000 crore to sustain it. Even this would only cover some serious illnesses, and the cost of drugs and some of the diagnostics. The only option left, therefore, is to strengthen the public health infrastructure to ensure universal health coverage.

A new tier of healthcare providers

The creation of a category of healthcare providers one rung below the doctors in the hierarchy is possibly the best step that can be taken to solve India's healthcare crisis. The UPA Government spoke about the concept of the three-year medical degree for primary care (rural health) providers. This needs to be followed through.

A good primary care practitioner can easily be created with three years of training and can significantly augment the delivery of healthcare services in areas where regular doctors are not available. They would be trained in treating simple conditions and be allowed to prescribe selected drugs, including some antibiotics, perform minor procedures and, importantly, assess which patients need to move higher up the chain to see the doctors.

Recently the Medical Council of India (MCI) has started talking of a B.Sc. degree in Rural Health, but these students would not be allowed to practice, defeating the very purpose of the move. The medical fraternity strongly objects to any change that alters the*status quo* that is heavily loaded in its favour. But if healthcare is to make meaningful progress in India, it has to be freed from the shackles of the healthcare industry.

Many of these are unpopular and hard but necessary decisions and one hoped that a government free of political or economic crises would have been bolder. A few cosmetic measures, such as exempting ambulance service providers from Service Tax, have been taken.

A flawed approach

Setting up of six new [All India Institute of Medical Sciences] AIIMS-like institutions across the country has been announced, but the performance of such establishments announced in the recent past gives very little to hold any optimism. If the track record of the other newly established AIIMS is any indication, these new institutions are going to do little to alleviate the healthcare burden of the people. The AIIMS at Patna is reportedly in a shambles with its Director facing serious charges of various irregularities, the Director of the Bhopal AIIMS resigned following an Inquiry into financial impropriety and AIIMS Raipur has the rarest of rare problems in our country, struggling to fill its quota of MBBS seats as no student wants to study there. [7] [8]

All the six AIIMS that are functioning outside Delhi are in a mess, some more shambolic than the others. It is safe to say that they are hardly likely to make a significant impact on healthcare delivery even in the States they are located in. The parent AIIMS in Delhi itself is riddled with corruption and maladministration and the Central Bureau of Investigation (CBI) must be seriously considering posting a team there permanently for its inquiries.
The approach to the problem, that if 6,000 poorly staffed and badly run government hospitals cannot manage the healthcare burden then another 1,000 equally badly run hospitals can, is itself flawed.

The crying need is to improve the quality of services at government hospitals instead of mindlessly opening new ones. India is one of the few large countries that is not even measuring the quality of healthcare delivery at government (or private) hospitals. No amount is too large to spend on measuring outcomes as this is the essential starting point for knowing the quality of the services delivered. This needs a radical change of thinking from the IMR (Infant Mortality Rate), MMR (Maternal Mortality Rate) measuring systems that we have at present. If we did measure, we would know; and if we knew, we could take steps to improve. Right now it appears that the government does not want to know the uncomfortable truths that may emerge from measuring quality.

Missed opportunities

The Budget could have done plenty for the healthcare sector even without significantly increasing spending. A few of the following measures would certainly have helped and some of these steps were expected:

a. Increased allocation by at least five per cent on last year's estimates of Rs. 39,238 crore. This would still be far from sufficient but it would have been a start.
b. Creating a fund to measure quality of healthcare delivery in government health facilities and to help monitor patient outcomes.
c. Provide Tax incentives to boost R&D in healthcare and pharma sectors, and manufacture medical devices; incentivise the use of generics.
d. Creation of a Healthcare Innovation Fund.
e. Provide major incentives to the medical devices industry to boost the "Make in India" campaign. India's annual import of medical equipment is estimated at Rs. 27,000 crore and such a move would have ushered in a major change with long term positive spinoffs for India's health (medical and financial) and economic standing.
f. Rationalisation of expenditure on schemes like the National Rural Health Mission (NRHM), Integrated Child Development Services Scheme ICDS), and Pulse Polio, among others, require to be done. Several studies have shown how many of the flagship schemes are either not delivering the expected outcomes or are riddled with wastage and corruption.
There is duplication of activities in many schemes between the centre and the States and better coordination alone will help the government make sizable savings. (Examples include the Non-Communicable diseases programme run by both the Centre and the States, the Centre's NRHM Ashas' vs States' ANMs,etc.) Some rationalisation of expenditure is already being done, but a lot more is required.
g. Provide incentives or sops to healthcare facilities that go in for Accreditation (NABH/NABL)
h. Provide funds for setting up a National Tele-health programme.

The to-do list is pretty obvious and it is unfortunate that the opportunity has been missed to start making a positive impact on the healthcare delivery system.

As a cynic said, the most positive pro-health measure in the Budget comes from the raised excise on tobacco products.

Perhaps the government thinks this will suffice for now.

The Clinical Establishments Act

Seeks to ensure that healthcare facilities conform to the specified area for category
Have the necessary personnel and equipment and maintain records appropriately
Each establishment needs to register with the appropriate authority and periodic renewal of its license is necessary
District registering authority will be headed by the District Collector
The Act also mandates the setting up of a National Council for Clinical Establishments and State Councils to monitor compliance

Source: Clinical Establishments (Registration and Regulation) Act, 2010

Resources: Clinical Establishments (Registration and Regulation) Act 2010 [PDF 402 KB]
(Source: Ministry of Law and Justice)

Resources: Clinical Establishment Rules [PDF 118 KB]
(Source: Ministry of Health and Family Welfare)

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1^ Reddy, Srinath, K. 2014. "A new index to measure social progress." *The Hindu*, July 21. Accessed March 14, 2015.

2^ Pandathil, Rajesh. 2015. Misplaced priorities? Budget 2015 doesn't allow govt to take on spread of diseases like swine flu. *Firstpost,* March 2. Accessed March 14, 2015.

3^ Central Bureau of Health Intelligence. 2014. National Health Profile of India - 2013. Directorate General of Health Services, Government of India, Ministry of Health and Family Welfare, 190 and 207. Accessed March 14, 2015.

4^ Kumar, Shiva, A.K. . 2014. "Confronting Health Challenges." In *Getting India Back on Track*, edited by Bibek Debroy, Ashely J Tellis and Reece Trevor, 127. Gurgaon, Haryana: Random House India.

5^ Hindustan Times. 2013. IMA opposes Clinical Establishment Act. Jan 30. Accessed March 14, 2015.

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7^ Jha, Durgesh Nandan. 2014. "No takers for seats in AIIMS Patna, Raipur." *The Times of India*, Oct. 8. Accessed March 14, 2015.

8^ Ayub, Jamal. 2014. "AIIMS Bhopal boss resigns amid inquiry." *The Times of India*, Nov. 21. Accessed March 14, 2015

**** This article was amended on March 17, 2015. The original title was corrected from Union Budget 2014-15 to Union Budget 2015-16. The error is regretted.***

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