Govt ready with radical health plan

State’s role to diminish from provider to manager, making way for private firms, individual practitioners

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New Delhi: The government is set to relinquish its role as a provider of primary healthcare, making way for private companies and individual medical practitioners to take the lead in offering clinical services, and focus on preventive interventions such as immunization and HIV testing.

The move is in line with the government’s approach of outsourcing its responsibilities in key social sector areas such as health and education.

The objective? Universal healthcare.

The Union government has approved healthcare delivery through a “managed network approach” where payments for health services will be made to a network of service providers on a per-patient basis, said a person familiar with the development. The scheme, this person said, is part of the five-year plan for health. India’s apex planning body, the Planning Commission, puts out five-year plans that set goals across areas and decide on ways to achieve these targets. The current Plan (2012-17) is the 12th of its kind.

Planning Commission deputy chairman Montek Singh Ahluwalia said the issue is still being discussed with the health ministry and that no decision has been taken.

Under the plan, the government’s role will diminish from that of a provider of health services to the manager of the network.

State governments will recruit a network of healthcare service providers in each district or area for clinical services. These healthcare service providers, who could be government hospitals and clinics, independent
practitioners, or small or large privately owned hospital chains, will register residents onto the network.

Healthcare services will be provided to this pool of patients at a cost negotiated by the government, and the service providers will be reimbursed per medical prescription. The Planning Commission’s plan seems to draw heavily from a report on universal healthcare submitted by a high-level expert group (HLEG) set up by the Prime Minister.

The plan is not aimed at saving money for the government. The Planning Commission has approved a health ministry proposal to increase the allocation for public health to Rs 4.04 trillion in the 12th Plan from Rs 70,986.76 crore in the preceding five-year period.

“I agree with the HLEG that universal healthcare is perhaps best delivered if we move away from the present system, in which public healthcare providers are funded by the budget, to operating a network of primary, secondary and tertiary providers, where the network is paid on a per-capita basis depending on the number of people registered with it. The network could consist of pure public sector providers, or it could include some private providers on suitable terms. This certainly incentivizes the network to minimize costs and to emphasize preventive care since the total payment is fixed,” said Ahluwalia.

The plan will require other radical changes, especially in budgeting and organization, he added. “Whoever manages the network will have to divide the total receipts between levels. Remuneration to doctors may have to be linked to patients actually seen. People will not be able to go straight to higher levels of the network, but will have to go through on a referral basis,” Ahluwalia said.

He explained that as a result, the plan cannot be implemented soon, “especially because the health network is actually run by the states”. He added: “This is not something the Centre can decide; healthcare is a state subject constitutionally.”

The person cited in the first instance said the government plans to try out its new plan through small projects in each state.

Ahluwalia admitted that it would be practical to “strengthen the existing system and increase public spending for health, but to experiment with the network concept in, say, one district”. He said even the HLEG had said that a complete move to the new system it recommended would take 10-15 years.

“The HLEG had suggested a package of essential health services, which includes preventive, promotive, curative and rehabilitative services. The provision of these services has to be free of cost, and public sector facilities should be the main provider,” said K. Srinath Reddy, chairman of the HLEG.

“Where necessary, private providers may be contracted-in on clearly defined terms. This should be done directly by the public sector without recourse to an insurance intermediary. For universal healthcare to succeed, with respect to public health and clinical services, it is essential that the public healthcare delivery system is strengthened all the way from the sub-centre to the district hospital.” Reddy said.

Private healthcare companies stand to benefit from the move, although getting onto the network could require
some of them to expand and almost all to start charging lower fees for their services, especially from network patients.

The person cited in the first instance added that the Planning Commission has divided health interventions into two categories to approach universal coverage. The first involves public health issues such as immunizations, births and HIV testing that the government will fund and deliver.

The second will be the delivery of clinical services through the managed network system that will be bankrolled by the government, which may or may not deliver the service.

Activists are suspicious of the plan.

"It looks like the government is moving from providing healthcare to only managing the services. This will increasingly shift responsibility to private providers, and there is increasing global evidence that wherever a government has attempted to divorce financing from provision and convert healthcare into something purchased by state, costs have gone up and quality has gone down," said Amit Sengupta of the People’s Health Movement.

" Health is a public good..." Sengupta said.

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