Private health care no panacea

Aarti Dhar

India ranks among the lowest in the world in public spending on health, but the private spending is one of the highest. The National Sample Survey Organisation’s report (2006) shows over 35 per cent of people who are hospitalised fall below the poverty line because of the expenses that follow, and over 40 per cent have to borrow or sell assets to pay for their care. Private sector provision rose from 8 per cent in 1947, and may be as high as 93 per cent of all hospitals, 64 per cent of all beds, 80 to 85 per cent doctors, 80 per cent of all outpatients and up to 57 per cent inpatients.

The Indian health story is one of inadequate resource allocation and poor governance. The substantial development of the private sector has been compensating the shortcomings of the progressively weakening public systems. Private entrepreneurship has covered all aspects of health care markets, including financing, health worker education and equipment manufacturing and service. The absence of uniform licensing and accreditation lowers the quality of services, and leads to a skew towards urban-centric provisioning and corruption.

A large number of providers and facilities from the private and unorganised sectors are exploiting the lack of regulatory mechanisms. It is difficult to pinpoint the number of the private sector providers owing to the lack of reliable data, but rough estimates indicate that there may be as many as a million unregistered, untrained providers. Despite these deficiencies, the private sector is often the first choice for health care for much of rural and urban India.

One major recommendation of the High Level Expert Group on Universal Health Coverage on institutional reforms is the establishment of a national health regulatory and development authority (NHRDA) that will regulate and monitor public and private health care providers, with powers of enforcement and redress. This regulator will oversee contracts, accredit health care providers, develop ethical standards for delivery, enforce patient’s charter of rights and take steps to provide universal health care system support through legal and regulatory norms, standard treatment guidelines and
management protocols for a national health package. This can control entry, quality, quantity, and price. The authority will be linked to similar State-level institutions and to an ombudsperson at the district-level institutions, especially to redress grievances.

High inpatient treatment cost, low insurance penetration and the high out-of-pocket expenditure place an undue burden on individuals, especially those below the poverty line and the aged, says a FICCI report on Health Insurance.

The Indian health insurance scenario today is a mix of mandatory Social Health Insurance (SHI), voluntary private health insurance and Community-Based Health Insurance (CBHI). To make quality health care affordable, insurance penetration should increase to at least 50 per cent of the population by 2020 and 80 per cent by 2030 from the current 15 per cent, the report suggests.

The HLEG proposes that every citizen be entitled to essential primary, secondary and tertiary health care. The range of services, offered as a national health package, will cover all common conditions and high-impact, cost-effective interventions for reducing health-related mortality and disability. Public sector and contracted-in private facilities (including NGOs and non-profit organisations) will participate.

The HLEG has recommended general taxation as the most viable option for mobilising resources — complemented by additional mandatory deductions for health care from salaried individuals and taxpayers either as a proportion of taxable income or a proportion of salary. It has rejected levy of sector-specific taxes for financing health care and collection of any kind of user fee.

Importantly, it has suggested that no insurance company or any other independent agents be allowed to purchase health care services on behalf of the government; instead, all purchasing should be undertaken either directly by the Central and State governments through their Departments or by quasi-government autonomous agencies.

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