Setting up Universal Health Care Pvt. Ltd.

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LONG WAIT: A weakened public health sector would reduce the government's ability to regulate the high cost of private medical care. Photo: S. Subramanium

A Planning Commission draft document has made proposals that fail to reflect the case for expanding and improving public-funded medical services and reining in private operators.

In the health sector, the buzz these days is all about Universal Health Care (UHC). While health activists see in it potential to ensure access to quality health care for common citizens, commercial bodies seem to be eyeing the huge scope for profit from sickness, in a field already characterised by large scale commercialisation and imbalance of information between providers and users.

The concept of UHC gained ground in developing nations after Thailand and Brazil took significant steps towards this goal. These steps were based on political commitment, tax-based financing, strong public health systems and regulation of the entire health sector. In India, in 2010 the Planning Commission instituted a High Level Expert Group (HLEG) led by Dr. Srinath Reddy. The report of this group, which sketched a basic framework for UHC in India, was submitted to the Planning Commission in late 2011.

Dangerous shift in policy

In July this year the Planning Commission formulated its draft chapter on health for the upcoming 12th Five Year plan. Key elements of this draft chapter portend a dangerous shift in the development of health-care services in India. Despite certain positive recommendations, several suggestions in it provoke deep concern:

The draft chapter projects merely 1.58 per cent of GDP as public health expenditure by the end of the 12th plan, which is significantly less than the overall norm of five per cent suggested by the World Health Organisation, or the 2.5 per cent suggested by the HLEG and Planning Commission's own steering committee, or even the 2-3 per cent suggested by UPA-I in its common minimum programme. It further recommends that 60 per cent of this increased amount must come from State governments, which have far lower capacity to hike revenues, while the share of the Central government would be conditional on contribution from the States. In a country that is already among the lowest spending on public health in the world, these financial limitations and conditions would render the notion of universal health care a mirage.

Flawed model

Another deeply problematic suggestion in the chapter is for the development of a “Managed Care” model of health-care provision. The foremost example of managed care today is the United States, which has among the highest per capita expenditures on health, yet the worst health indicators among Organisation for Economic Co-operation and Development (OECD) countries. In a managed care system, large networks (in the Indian situation these are mostly
controlled by corporate hospitals) would be invited to compete for public funds and provide different sets of services. Patients will need to buy these services, which would be provided in separate packages, thereby fragmenting the health system and compromising quality and continuity of health care. International experience shows that the range of services covered in managed care situations tends to contract over time and providers compromise on quality to cut costs; “free services” become more limited, and failure to pay “top up” payments and premiums lead to patients being routinely denied more expensive procedures.

Public health institutions will be forced to compete with private providers, and public facilities which are unable to compete in market-like conditions would be “starved of funds” and their staff may be “rationalised.” “Corporatisation” of public health services would imply that public health facilities would be induced to function more and more like private facilities, working according to the logic of the market rather than public health logic.

Public health provisioning would be limited to a highly constricted ‘Essential Health Package’ (EHP) consisting of basic reproductive and child health services and preventive-promotive activities. The broader range of health services, including general outpatient care and all forms of hospital care would essentially be reserved for the commercialised private sector, with predictable negative consequences for public health development.

A weakened public sector would further reduce the government’s ability to regulate the private sector, costs and irrationality are likely to skyrocket and large groups of people would be denied quality health care. The draft chapter is muted on mechanisms for regulating the commercialised private medical sector and ensuring patients rights.

The Planning Commission further contradicts its own HLEG and even the opinion expressed by its steering committee, and proposes a countrywide expansion of Rashtriya Swasthya Bima Yojana (RSBY) type insurance-based coverage. This flies in the face of global evidence that commercial insurance cannot be an appropriate financing mechanism for universal health care, and sweeps aside civil society evaluations which show inadequate health-care coverage and a wide range of problems with the RSBY scheme.

**Public-centred UHC framework**

In short, the key proposals in the draft chapter point towards semi-privatisation of public health facilities, along with expanded public funds being given to the private sector and commercial insurance without consideration to public health logic. Combined with the overall limited scale of public funds proposed to be allocated, this set of proposals would seriously limit the much-needed expansion of the public health system, while bringing the health sector under the sway of corporate hospital-led networks, in other words, “UHC — Private, Limited.”

The Planning Commission draft chapter fails to reflect the rich debate on UHC initiated by civil society organisations and academic institutions. It interprets selectively the views of the HLEG and consultative groups and committees,
established to guide formulation of the plan.

Even the Union Health Ministry is reportedly unhappy with this document. The chapter seems intent on ignoring public health arguments and evidence from diverse sources, and instead seems in favour of promoting discredited neo-liberal prescriptions. Its loudest cheerleader is likely to be the corporate health sector, which has an eye on the pie of public financing, especially in these times of recession.

If the government is serious about UHC, there is no alternative to strengthening and expanding the public health system while making it more accountable, regulating and rationalising the private medical sector; and, dedicating much more resources to public health. The chapter on health for the next Five Year plan will accordingly need to be rewritten. The health of the people is a fundamental right which should not be auctioned at the altar of private profit.

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