

Misplaced priorities in the Union Health Budget 2015

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ABSTRACT

The Union Budget presented on 28 February 2015 in the Indian parliament has allocated only INR 33,000 crores for health. It allocates more funds for building newer tertiary care hospitals and increases income tax exemptions for buying health insurance. The article explains that model that is being followed, as indicated by these measures, will create havoc to the lives of Indians and make them sicker and healthcare costlier. The budget is not in line with the actual priorities of India's health system and nor paves the road map for Universal Health Coverage. The Government of India needs to get its priorities right.

Keywords: Budgets, delivery of health care, economics, financing, government, India, universal health coverage, health priorities

The draft National Health Policy (dNHP) 2015, India, is out for public consultation since December 2014. It lays down the intentions that are supposed to guide the health policy of the nation when finalized. The stated vision in dNHP is to attain “highest possible level of good health and well-being, through a preventive and promotive health care orientation in all developmental policies, and universal access to good quality health care services without anyone having to face financial hardship as a consequence.”^[1]

So when the Union Finance Minister started the budget speech by talking about the road map till 2022 when India celebrates “Amrut Mahotsav” the 75th year of Independence and stated that “providing medical services in each village and city is absolutely essential.”^[2] - one can only applaud. However, what followed in the budget was diametrically divergent to the “ethos” of the dNHP as well as the statements made in the initial part of the budget speech.

In spite of the much talked about implementation of Universal Health Coverage^[3,4] the money allocated for health was only about 33,000 INR crores and way lower than what has been proposed in the previous budget. Economists of course have the logic of underutilized funds in last year to justify re-allocation of the money to other sectors where it is being used. What they fail to

realize is that the prolonged under-allocation hovering around 1% of gross domestic product (GDP) for decades^[5] has made our health systems so weak that they do not even have the capacity for utilization of available funds. Instead of concentrating on building stronger systems, funds were re-allocated to other sectors which in effect would perpetuate the vicious cycle further. The poor in India are still dying due to lack of access to health services, essential drugs and diagnostics. With more than 70% of the health expenditure in our nation being unplanned “out-of-pocket” distress expenditures more and more people are being pushed to poverty just because they want to live healthy or they prefer saving their loved ones by skipping a day's meal.^[6] But the government does talk about health insurance and indeed provides robust steps to encourage it. Can health insurance provide the necessary leverage to fight these problems?

First things first, whatever benefit the governments is providing by raising limits of deduction of health insurance premiums for income tax, do not mean a thing for most of the nation. This is simply because many Indians do not even earn enough to qualify for paying income tax and are struggling to make both ends meet. One can then say that this is targeted at the middle class. World over, all nations which have followed a health insurance model to deliver health have paid a very heavy price. Health insurance only covers for few diseases and for tertiary care services and almost never for preventive and promotive aspects of health. The incentives to health insurance will only benefit the private health insurers and private hospitals which sadly are being backed by some big medical associations. Over the long run, the costs of premiums will keep on rising on a year-to-year basis till it

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Box 1: Key priorities missed in the Union Health Budget 2015

- Immediate allocation of 5% of GDP for public health expenditure
- Allocation of at least half of the health budget on building infrastructure for public primary and secondary hospitals. This would lay foundation for universal health coverage
- Priority funding for programs targeting at preventive and promotive aspects of health
- Shift from a health insurance model to a publicly funded universal health coverage model (including phased removal of income tax exemptions for premiums for health insurance)
- Strict regulations for private hospitals and health insurance companies including provision for audits to curb unethical financial practices (false billing by private hospitals, differential prices for same medical treatments and investigations between insured and non-insured patients) and non-evidence-based medical practice (unnecessary investigations, interventions). Heavy financial and criminal penalty clauses for management and clinicians engaged in such practices. Whistleblower Protection and Incentives Act for exposing financial irregularities in health sector
- Allocation of funding for disease-based vertical programs only on basis of a transparent multi-stakeholder process based on burden of disease, health system values and equity instead of being based on push by “interest groups”. Gradual shift to “diagonal” health programs- such that resources of different programs are shared and there is no duplication of efforts.
- Promotion of Indian pharmaceutical companies under “Make in India” program by granting more compulsory licenses for costly drugs and ensure generic prescription by all doctors

GDP: Gross domestic product

becomes unsustainable and even the middle class have to do out-of-pocket expenditure for paying insurance premiums. It also means that the more affluent who can afford to pay more and more premiums get better and even better services while those who cannot will be increasingly be pushed to the dark crevices of “no money, no health.” This is what has happened in United States and India should definitely not intend to replicate a failed model. The stated goal should be Universal Health Coverage and not Universal Health Insurance, which is cleverly being marketed as National Health Assurance Mission.

Evidence clearly indicates that there is rampant corruption in publicly funded health insurances schemes which provide for reimbursement of services in private hospitals.^[7] Corrupt doctors in private hospitals do not even blink to prescribe unnecessary hysterectomies,^[8] caesarean sections and even heart surgeries to gullible patients, who are nothing more than “revenue generators” in their eyes.^[9] A July 2014 report from World Bank clearly shows that “hospitalization rates in private voluntary health insurance are two to three times the national average.”^[10] The patients, since they have insurance, fail to realize that at the cost of himself not having to pay for the procedure he is actually harming his own body by subjecting himself to unnecessary procedures. In the absence of any real measures to bring systemic changes to rein in the private healthcare sector and insurance agencies^[11] such incentives provided for health insurance is akin to incentivizing corruption.

The Union health budget makes provisions for more AIIMS and AIIMS-like institutes in various states. Although with good intention this move is essentially ill-advised. These institutes only provide tertiary care services. Primary care and secondary care which can meet majority of healthcare needs of our countrymen continue to be neglected. If there is no systemic investment in primary care to look at the “preventive and promotive aspects of health,” the health status of the community as a whole would continue to deteriorate. This is also in contradiction to the health insurance model since the entire insurance scheme is based on the fact that most people would pay premiums and be healthy and only a minority of them will fall sick and claim. But with

no preventive and promotive services, everyone will fall sick someday of other ultimately with claims rate touching 100% and insurers forced to increase premium amounts to break-even! In fact this is no prediction but has already started happening in India and not only has the number of claims risen even the amount per claim has increased owing to rising medical costs.^[12] Investment in primary healthcare provides more benefit in terms of actually improving health. As for example, even a very small decrease in average cholesterol levels in the population will mean an immense fall in the number of myocardial infarctions.

The government has rightly prioritized systemic reforms to improve the systems in other domains like taxation, environmental permissions etc, but sadly in health we do not see anything like that. Only a robust health system, with takes evidence and equity into account when setting priorities can serve as a launch pad for implementation of Universal Health Coverage (See Box1: Key Priorities missed in the Union Health Budget 2015). This should be coupled by clinical audits and strict regulation of the private healthcare system- keeping in line with the current government’s larger agenda to rein in corruption. A roadmap which does not take into account equity and ignores systemic problems in preference to demands of lobbying groups,^[13] sadly some of them representing corporate interest in the form of medical associations, is bound to tread the wrong path.

Disclaimer: The views and opinions expressed in the article are personal opinion of the author.

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