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HEALTH CARE FINANCING IN INDIA

Abstract: the article describes the main trends in financing of health care in India. India's total health expenditure (THE) as a percentage of gross domestic product (GDP) has decreased within the last 10 years. It was found out that the Indian health care system is characterized by low levels of public spending on health care; poor quality in health care services, with adverse effects on the population's health status; a lack of focus on preventive health care; and dependency of the population, particularly the poor, on private health care.

Key words: health care, financing, India

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ФИНАНСИРОВАНИЕ ЗДРАВООХРАНЕНИЯ В ИНДИИ

Аннотация: в статье рассмотрены основные тенденции финансирования здравоохранения в Индии. За последние 10 лет общий объем расходов Индии на здравоохранение в процентах от валового внутреннего продукта (ВВП) сократился. Было установлено, что индийская система здравоохранения характеризуется низким уровнем государственных расходов на здравоохранение; низким качеством медицинских услуг, что отрицательно сказывается на состоянии здоровья населения; недостаточным вниманием к

профилактической медицинской помощи; и зависимостью населения, особенно бедных слоев населения, от частной системы здравоохранения.

Ключевые слова: здравоохранение, финансирование, Индия

India is a South Asian country with a population of over 1.339 billion as at 2017. India is the most privatised health market in the world. Public support for health care has been historically low in India, averaging less than 1 per cent of the GDP, but what is worse is that in the last decade public health investment and expenditure has seen a secular declining trend. During the same period the private health sector grew rapidly to over 5 per cent [1].

The health sector has been growing at the rate of 1.4 times that of the GDP. This also means that the burden out-of-pocket on households is also increasing rapidly and more so for the poorer sections, especially since the public health expenditures are declining.

What is worse is that the poor have to increasingly resort to taking debt or selling assets to meet the costs of hospital care. It is estimated that 20 million people each year fall below the poverty line because of indebtedness due to health care.

Health care spending in India for 2014 stood at about 4.7 per cent of its GDP, which is 75 USD per capita. Of this, the Government Health Expenditure (GHE) is 30 per cent. A majority, 68 per cent of healthcare expenditure, is the household out of pocket expenditure (OOPE). Prepayments towards risk pooling arrangements or health insurance are low. Household premiums for private health insurance are three per cent of the Total Health Expenditure (THE). Social health insurance expenditures (which are included under the government health expenditures) occupy about six per cent of the THE [2].

The NDA government launched a new National Health Policy (NHP) in 2017 with a goal towards ensuring Universal Health Coverage (UHC). The current system of health financing is largely out-of-pocket payments, with tax breaks provided for health insurance [3].

Reforms in the health sector will have to address the need for increasing public spending on health care, focus on preventative health care, ensure greater access to health care by the poor, and significantly improve the productivity of public spending. Not only public spending on health care in India is too low, but its distribution across the country is very uneven [3].

Increasing public spending on health care in low-income states will require designing specific-purpose transfers with matching contributions from the states. Such transfers should be equalizing and should not lead to a substitution of states expenditures on health care from their own resources. There is a need of lot of funds for proper health care functioning. Considering both the existence of a significant vertical imbalance and the fact the health is an important merit good, much of additional resources for health care will have to come from the central government. The funds play a huge role and funds are collected from various factors of a country. In India funds for health care functions are given by households, government, private enterprises, insurance, NGOs. Let us see the percentage of funds given by each sector in a figure.

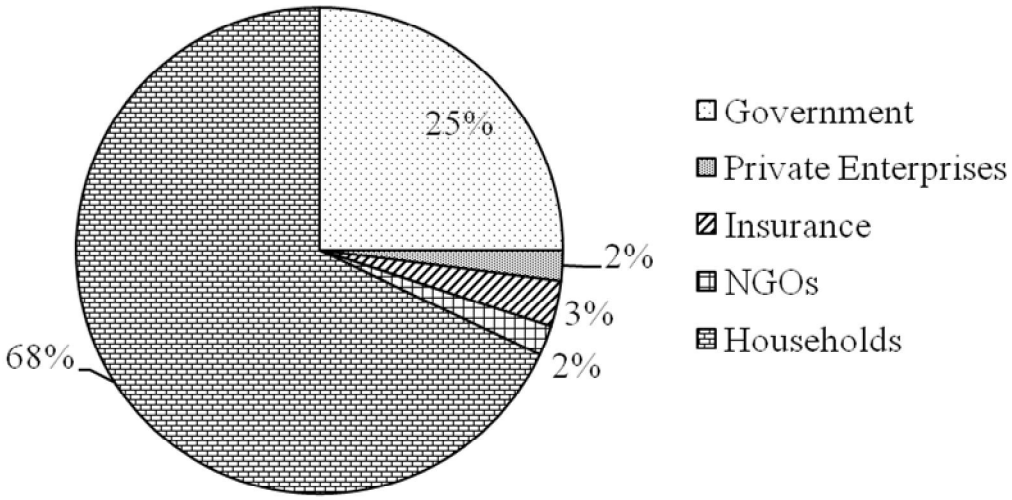

Figure – Structure of funds for healthcare financing in India in 2018

There are lot of governmental and non-governmental policies for health care in India. Let us see the total number of policies, insured members and claims in India from 2010 to 2018 in a table.

Table – Policies, Insured members and Claims in India from 2010 to 2018

YEAR	NUMBER OF POLICIES	NUMBER OF MEMBERS	NUMBER OF CLAIMS
2010-2011	27,62,488	89,99,778	4,20,089
2011-2012	29,91,439	94,64,989	6,75,274
2012-2013	35,88,445	1,84,85,667	13,96,788
2013-2014	40,90,375	1,99,45,261	19,20,046
2014-2015	47,60,618	2,61,71,625	24,56,992
2015-2016	52,76,735	3,47,60,604	31,41,292
2016-2017	75,91,117	5,98,83,453	37,13,591
2017-2018	81,40,036	6,25,01,119	46,03,287

The table reveals that the Number of members in insuring themselves is increasing over the years from 2010-2018. It means that the demand for insuring in health sector is increasing over the period. Meanwhile the claim is also increasing more than 10 times.

It indirectly tells that the health risk is high in case of Indian health status. The health is state responsibility in case of Indian health system. So, the health management is may be poor in some or more states which needs the support of additional financing support through health insurance. Ultimately it remains the insufficiency of health care expenditures of the state concern reflects in health insurance claims.

The Indian health care system is characterized by low levels of public spending on health care; poor quality in health care services, with adverse effects on the population's health status; a lack of focus on preventive health care; and dependency of the population, particularly the poor, on private health care providers and consequently high OOP spending and immiseration.

India's total health expenditure (THE) as a percentage of gross domestic product (GDP) has decreased within the last 10 years, since it became a lower middle-income country (LMIC). THE per capita for India is lower than the LMIC average, and the country receives relatively low amounts of external funding for health-2.1% of THE. In 2013, government health expenditure (GHE) was a smaller share of THE than that of its South Asian neighbours or other LMCIs. GHE as a share of general government expenditure (GGE) is smaller than the recommended 15% of the government budget. GHE in 2013 was around 1.3% of GDP, and the government has not yet implemented its plans to increase this to 2.5% by 2017 [5].

Out-of-pocket (OOP) expenditure makes up about 58% of THE; this has decreased slightly as the corresponding value for prepaid expenditure has increased. The percentage of population insured was about 17% in 2014, of which about 12% through the government, 3% through employment, and 2% individually financed. In 2015, the government elected in 2014 released a National Health Policy (NHP), focussing on improving insurance, but it has not been implemented yet. Meeting the goals of universal health coverage will require increased funding; however, such increases will not occur until budget deficits are reduced [3,4].

The Union Cabinet recently approved the launch of the National Health Protection Mission (NHPM) which was announced during Budget 2018-19. The Mission aims to provide a cover of $6000 per family belonging to poor and vulnerable population. The insurance coverage is targeted for hospitalisation at the secondary and tertiary health care levels.

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