



# A worrying approach

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## **Will Ayushman Bharat hurt the spirit of cooperative federalism?**

- With West Bengal, Telangana, Delhi and Odisha not joining Ayushman Bharat, the question arises whether the scheme is hurting the idea of cooperative federalism.
- The Seventh Schedule of the Constitution makes States responsible for hospital services.
- The States have their own schemes to provide financial risk protection to those seeking medical relief.
- Based on the ongoing centrally sponsored scheme, the Rashtriya Swasthya Bima Yojana, the Central government launched an improved version in 2018 called the National Health Protection Scheme (NHPS) for a sum assured of Rs.5 lakh per family per year.
- The insistence to prefix Ayushman Bharat to existing State names and the despatch of a personalised letter to 7.5 crore families with only the Prime Minister's photograph were seen as attempts to attribute the entire credit to the current administration, though State governments are equal partners — funding 40% of the scheme, bearing the responsibility of its implementation and covering double the number of beneficiaries.
- Given that the Central government transfers funds to States through the Finance Commission, Central Sector Schemes and the Centrally Sponsored Schemes, it is expected of the National Health Agency (NHA) to build an institutional architecture, standardise procedures, costs and access all data for effective monitoring.
- This is important as it is accountable to Parliament and the Comptroller and Auditor General for the proper utilisation of allocated funds.
- But such standardisation can stifle innovation and entail costly structures that may not accommodate local conditions, preferences, and cost-effective solutions.
- Instead, when funds are provided, subject to achieving certain goals, States have scope to innovate, model the design to fit their context,

resource base, epidemiological status, level of development, take total ownership and be accountable for outcomes.

- Besides, the policy of providing fiscal incentives to the private sector to establish hospitals in deficit areas without insulating government-owned facilities or the small and marginal hospitals that together provide 95% of hospital care will tighten the grip of corporates on secondary and tertiary markets.
- This will result in cost escalations — more so because of the rapid consolidation and aggregation of tertiary hospitals by foreign financial conglomerates and private equity funding agencies, impacting prices, access to tertiary care and the very sustainability of the NHPS.

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