



# We need a leap in healthcare spending

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## **India needs to focus on long-term investment, not only episodes of care**

- The Central and State governments have introduced several innovations in the healthcare sector in recent times, in line with India's relentless pursuit of reforms.
- However, while the government's goal is to increase public health spending to 2.5% of GDP, health spending is only 1.15-1.5% of GDP.
- To reach its target, the government should increase funding for health by 20-25% every year for the next five years or more.
- While the Interim Budget is responsive to the needs of farmers and the middle class, it does not adequately respond to the needs of the health sector.

### **Per capita spending on health**

- Despite the doubling of per capita expenditure on health over six years, the figure is still abysmal.
- In India, allocation for healthcare is merely 2.2% of the Budget.
- Per capita spending on health in the Budget in India is Rs.458 (Rs.61,398 crore/ 134 crore, which is the population).
- Medicare and Medicaid come under 'mandatory spending' along with social security adjusting for purchasing power parity, this is about \$30 — one-hundredth of the U.S.
- Yet, the \$4,000-\$5,000 per capita spending in other OECD countries is not comparable with India's dismal per capita health expenditure.
- The Rs.6,400 crore allocation to Ayushman Bharat-PMJAY in the Interim Budget will help reduce out-of-pocket expenditure on health, which is at a massive 67%.
- This notwithstanding, per capita Budget expenditure on health in India is among the lowest in the world which requires immediate attention.

### **Health and wellness centres**

- Last year, it was announced that nearly 1.5 lakh health and wellness centres would be set up under Ayushman Bharat.
- The mandate of these centres is preventive health, screening, and community-based management of basic health problems.
- The mandate should include health education and holistic wellness integrating modern medicine with traditional Indian medicine.
- Both communicable disease containment as well as non-communicable disease programmes should be included.
- History shows that where there is long-term commitment and resource allocation, rich return on investment is possible.

### **Prevention and its link to GDP**

- NITI Aayog has proposed higher taxes on tobacco, alcohol and unhealthy food in order to revamp the public and preventive health system.
- This has not found its way into the Interim Budget.
- A focused approach in adding tax on tobacco and alcohol, to fund non-communicable disease prevention strategies at health and wellness centres, should be considered.
- Cancer screening and prevention are not covered.
- There is no resource allocation for preventive oncology, diabetes and hypertension.
- Increase of GDP alone does not guarantee health, since there is no direct correlation between GDP and health outcomes.
- However, improvement in health does relate positively to GDP, since a healthy workforce contributes to productivity.
- For various diseases, allocation should be realigned for disease management over a defined time period, not merely for episodes of care.
- Further, the health sector must be made a priority area, like defence.
- Since a major innovation in universal healthcare is being rolled out, it must be matched with a quantum leap in funding.
- Only if we invest more for the long-term health of the nation will there be a similar rise in GDP.