

Feel the nation's pulse

Health budgets usually do not invoke much excitement. This year might be an exception. For one, this budget comes at a time when India's economic growth is falling. Such events usually see austerity imposed on social sector programmes, including healthcare. On the other hand, this year's Union budget is the last one before the general elections in 2014 and one can expect a slew of populist programmes. Moreover, this is the first budget of the 12th Five Year Plan period; the new plan came in the wake of the High Level Expert Group (HLEG) report's recommendation for increased government health spending to achieve universal health care.

Both the HLEG report and the new plan have emphasised substantial increases in public spending on health. Indeed, government spending needs to increase by around 30% every year to keep up to the 12th Plan's promise of raising government spending on health to about 1.87% of GDP. India has one of the lowest levels of government health spending (1% of GDP) in the world - one consequence of this is that the majority of health spending is financed by patients paying from their own pockets for healthcare. This places a considerable financial burden on them and the poor.

Considerably more investment is required in the public sector, particularly for primary care. Given the low levels of public funding, it is no surprise that the state of our public hospitals and health centres are so dismal. More funding is required for new medical, nursing, and paramedical schools, particularly in states that have a dearth of training facilities.

Finally, an important step for reducing the burden of out-of-pocket payments for health is to reduce the cost of drugs. The budget should provide greater subsidy to a wider range of drugs and also ensure their availability in the public sector health system. Increased central government funding would only strengthen healthcare in India if states match increases in central funding. It's important that mechanisms be put in place that encourage states to keep up their own financing of health.

The Rashtriya Swasthya Bima Yojana, India's national health insurance programme for the poor, is administered and funded by the ministry of labour, and enables beneficiaries to seek treatment at public or private hospitals. There are growing demands to expand the benefits package, extend the range of procedures covered and include outpatient care. The budget should be cautious about this because insurance is expensive, and there is little vision in India on how health insurance and the public sector can work synergistically. The government would do well to increase the limit on tax deduction for private health insurance premiums.

Since most of India's curative healthcare is provided by the private sector, how the budget treats this sector has implications on the health of the public. It would be important to continue the policy of not imposing service tax on this sector to prevent increasing the high cost of healthcare. All this may not solve some of

India's pressing healthcare problems such as high costs or lack of qualified health providers in rural India. One way for the budget to accommodate these competing demands is to require that private sector investments be also directed at rural areas and accompanied by policies to regulate costs and quality.

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The views expressed by the author are personal

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