The road to good health

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The jury is still out on whether the ideologically charged debate surrounding 51 per cent foreign ownership in supermarket and department store joint ventures in India is on hold till tension thaws or in the deep freeze. But one collateral benefit of the furore has been the spurt of interest in how the ordinary man or woman is faring in other emerging economies which have opted for foreign direct investment in retail. Benchmarking, however, also requires us to pay attention to much else that our peers are doing to improve the lot of their “aam aadmi”.

Take just one key area which affects every man and woman — healthcare. It is instructive to look at what other countries — those we call our “peers” are doing in this field even amid the global financial crisis.

Last week, Chinese news agency Xinhua reported that China was “looking at measures that will deepen the reform of China’s healthcare system, including increased allowances and expanding the coverage of the country’s essential medicine system”. China now wants the ongoing “reforms” to allow all of the country’s citizens to take part in medical insurance plans, ensuring universal access to basic healthcare services. This is a far cry from the situation a few decades ago. The rural cooperative health schemes that covered over 90 per cent of Chinese peasants in the 1970s collapsed in the 1980s as that country’s agricultural sector was privatised. Rural health insurance schemes were reintroduced, but out-of-pocket expenditure on health continued to soar, with disturbing health outcomes. China kicked off an ambitious health reforms programme in April 2009 with two key objectives — making essential medicines more accessible to the ordinary man and woman and reforming publicly funded hospitals.

The reforms have not been without their share of challenges, given China’s rapid urbanisation and greying population. But it is interesting to note that that they are taking place at a time when China is also raising the poverty threshold to 2,300 yuan ($361) annual net income, a 92 per cent increase from the standard set in 2009. Some argue that this is still not enough, but as a result of the new poverty threshold, more people will become eligible to receive government subsidies. China’s population of rural poor will rise to 128 million by the end of the year.

South Africa, part of the IBSA (India-Brazil-South Africa) troika, has also formally launched a discussion on a National Health Insurance (NHI) plan whose primary goal is to “ensure that everyone has access to a defined comprehensive package of healthcare services”. This plan is a key step towards achieving universal health coverage in post-apartheid South Africa. A pilot initiative is expected to kick off in 10 areas in April 2012. How will South Africa fund this grand vision? If someone is earning above a certain income, s/he will be required by law to make a contribution to the NHI Fund.

Mexico which is taking over leadership of the Group of Twenty (G-20) industrial and emerging market countries has also announced its commitment to universal healthcare. Ten years ago, half of Mexico’s population had no health insurance. All Mexicans will have access to healthcare by end of December, more than six months ahead of the schedule, Mexican health minister Salomon Chertorivski recently said.

These are just three examples. Many more countries have stepped up investments in public health. Much of this is happening because governments of emerging economies are realising that ignoring public discontent has serious fall-outs.

Interestingly, even amidst the current gloomy political landscape, India has an excellent chance to improve its score on the aam aadmi stakes. The National Rural Health Mission was a step in the right direction but a lot more needs to be done to make access to health a reality for the vast
majority of people in this country. “We will lay the same emphasis on health in the 12th plan as we laid on education in the 11th plan,” Prime Minister Manmohan Singh said in his Independence Day Speech this year. A High-Level Expert Group (HLEG) appointed by the Planning Commission has just come out with a blueprint for universal healthcare. The expert group’s recommendations merit serious discussion.

Presently, government spending on health is just about 1.2 per cent of India’s gross domestic product (GDP), one of the lowest in the developing world. The expert group’s report recommends that the government (Central and states) hike public expenditures on health from the current level of 1.2 per cent of the GDP to at least 2.5 per cent by the end of the 12th plan, and to at least 3 per cent of GDP by 2022. Increased public expenditures, the experts say, will reduce the proportion of household spending on health from around 67 per cent today to around 33 per cent by 2022.

What will universal healthcare (UHC) offer? The expert group focuses on primary healthcare. That will hugely benefit rural India where the vast majority of Indians still live. But for middle-class city dwellers, there is also good news. The UHC proposal envisions a national health package that would cover everyone. Health insurance schemes in this country typically cover hospitalisation costs. The UHC proposal recommends that essential medicines be made available free of cost to each and every Indian. Tamil Nadu has an excellent model on how this can be attempted. This October, Rajasthan launched an ambitious scheme to distribute free medicines at all government hospitals and healthcare institutions.

The HLEG’s report lays out a detailed roadmap on how India can achieve universal healthcare. The funds are expected to come from direct and indirect taxes, with some reprioritisation in the budget. But grand visions and grand budgets alone will not produce results unless stringent accountability mechanisms are put in place. We also need a broad political consensus before such a plan kicks off.

Can India afford universal healthcare? The short answer: If other emerging economies can move towards it amidst economic uncertainties, should India lag behind? Prudent leaders in emerging economies have realised that health is not only a cost but also an investment. Judicious investment in health is an investment in development, productivity and sustainable economic growth. It also helps douse public anger as the gap between the rich and poor widens.

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