Universal healthcare plan may be nixed

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The Congress-led United Progressive Alliance (UPA) is likely to run into a debate on public health policy after the Planning Commission moved to nix a proposal to include healthcare in the list of public entitlements such as education and food.

Central to the proposal—initiated by a high-level expert group (HLEG) headed by K. Srirath Reddy, a leading advocate of preventive cardiology and president of the Public Health Foundation of India—was the role of the state as a healthcare enabler. Instead, the Planning Commission is now favouring a policy driven by an internal committee that has recommended a dominant role for private healthcare companies.

Both committees were appointed by the apex planning body, which has submitted an assessment to the Prime Minister's Office (PMO) critical of the HLEG’s findings. Mint reviewed the recommendations of both groups as well as the Planning Commission’s assessment report.

The UPA, headed by Congress party president Sonia Gandhi, is credited with initiating the entitlement regime with its 2005 programme guaranteeing at least 100 days of employment a year to one member of every rural household. In 2010, the Right to Education Act came into force, making education a fundamental right of every child. The government is currently pushing for a Right to Food law that will make access to food a constitutional right.

HLEG was formed at the instance of Prime Minister Manmohan Singh in October 2010, to develop a framework for providing affordable and accessible healthcare to all citizens. Reddy, who happens to be one of the cardiologists attending on the Prime Minister, submitted his committee’s report to the Planning Commission on 28 November.

The commission’s internal steering committee was set up nearly a year ago to provide a healthcare blueprint for the 12th Plan (2012-17). A copy of the panel’s draft report has been reviewed by Mint.

Planning Commission deputy chairman Montek Singh Ahluwalia, when reached for comment, said a final decision is yet to be taken on the issue.

"Steering committees are an input into the Planning Commission," he said. "I have not seen the report yet. I will carefully weigh all recommendations. I have not yet taken a view on the different recommendations. The fact that different points of view are surfacing is a credit to the system. These are complex issues that need full discussions."

At a meeting convened by the PMO on 3 February, the Planning Commission presented its assessment report, which criticized the HLEG. "The (HLEG) report has not taken cognizance of the existence of a functioning health system built over decades, or assessed its potential or reasons for gaps," said the commission’s assessment report, a copy of which was reviewed by Mint.

"The steering committee report, in contrast, has prepared a road map for health sector reforms and delivery of UHC," the report concluded.

On the proposal to increase public expenditure on healthcare, the commission said: "Increase in public health spending will not translate into lower out-of-pocket expenditure on health as projected by the HLEG."

One recommendation by HLEG is a doubling of expenditure on health to 2.5% of the gross domestic product (GDP) by 2017 and to 3% by 2022. At present it is 1.26,760...
HLEG said public health infrastructure should be augmented in such a way that there is minimal dependence on private health service providers. According to the panel, every citizen should be entitled to a national health package without having to pay user fee for the services.

"Increased public expenditure will lead to a sharp decline in proportion of private out-of-pocket spending on health from around 67% to 33% by 2022... enhancing public expenditure on health is likely to have a direct impact on poverty reduction, if this increase leads to a reduction of private out-of-pocket expenditure," the report said.

In an interview, Reddy said it would be very difficult to provide citizens access to affordable health services in an equitable manner if public health facilities are not strengthened across the country. "Since we also have a large private sector, which exists in many forms, services of private providers can be contracted in where available and considered necessary to supplement and extend the services provided by the public facilities," he said. "However, this should be done through a well-designed and carefully regulated framework where the deliverables and accountability mechanisms are well defined."

At present, private health service providers cater to nearly 80% of patients in India. If the Reddy report is implemented, the business of private hospitals could be potentially halved.

According to a report by audit and consulting firm Ernst and Young, the estimated value of the Indian healthcare industry in 2008 was around $35 billion (around ₹1.72 trillion today); it is expected to increase to some $75 billion by 2012 and $150 billion by 2017. In contrast with the recommendations of the HLEG, the Planning Commission’s steering committee suggests contracting out of healthcare services to qualified non-government institutions, benefiting empanelled private hospitals.

"The HLEG excludes the possibility of contracting out of services to qualified providers," the steering committee report said. "With 80% of doctors, 26% of nurses, 49% of beds, 78% of ambulatory services and 60% of inpatient care, the private sector has to be partnered with healthcare delivery."

Dr. Naresh Trehan, a cardiovascular and cardiothoracic surgeon and chairman and managing director of Medanta-The Medicity, a so-called super-specialty medical institute, said the recommendations of the HLEG are not feasible and will not produce the envisaged results.

"Government should stick to providing primary healthcare at state and district levels," he said. "Specialty and super-specialty areas should be left to private sector since the government can afford neither the infrastructure nor the salaries to retain the talent required for tertiary care."

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