Is Ayushman Bharat the answer to India's healthcare woes?

Arun Balachandran
Institute for Social and Economic Change, Bengaluru. Email: bchandran.arun@gmail.com

Does India's newest health protection mission do more than create a 'narrative' on health care in a pre-election year? More importantly, is health care through insurance the best option for a country like India with its poor regulatory capability?

A healthy population is a key aspect of economic growth and development of any country. India spends only 1.3 per cent of its gross domestic product (GDP) on public health, and this is among the lowest in the world. Health shocks are catastrophic for many Indian households and drives them into poverty. It is in this scenario that the 'Aysuhman Bharat- National Health Protection Mission (ABNHPM)' scheme was rolled out by the Government of India during the Prime Minister's Independence Day speech. The programme is aimed at covering 50 crore population in 10 crore households. Given the background of rising healthcare costs and low public spending on health, is ABNHPM the answer to India's healthcare agonies? Is it a long-term solution aimed at reducing catastrophic expenditure of Indians on healthcare or is it just a stunt in a pre-election year?

ABNHPM, or simply 'Ayushman Bharat' comes with the claim of being the 'world's largest healthcare scheme'. The scheme has two main aspects: one is the creation of 150,000 'health and wellness centres' across the country and the the other is aimed at having a healthcare coverage of Rs.5 lakh per year for secondary and tertiary care with the aim of covering 10 crore households totalling a 50 crore population. The predecessor of this health insurance programme of Government of India, Rashtriya Swasthya Bima Yojna (RSBY), had an insurance coverage of only Rs.30,000.The programme also has other desirable tag lines. It is an information technology (IT) enabled system, and provides free and cashless in-patient healthcare. The households can skip enrolling themselves in the programme as they will be directly enrolled from the Socio-economic Caste Census of 2011, if they are eligible. The programme aims to improve India's public spending on healthcare, from 1.3 per cent of the GDP currently to 2.5 per cent by 2025. The scheme merges with the existing state government health insurance schemes, and is based on a 60:40 contribution between Centre and the State governments, respectively. Ayushman Bharat also aims at creating 2 lakh additional jobs. The scheme plans to cover more than 40 per cent of the Indian population and plans to work towards India's ambition of Universal Healthcare coverage.

The programme clearly is very ambitious and makes tall claims on the future trajectory of the Indian health sector. However, the programme needs to be seen from the angle of pragmatism, fiscal rationale and long-run implications.

Feasibility of targets set

Aysuhman Bharat's claim of being 'largest healthcare scheme' in the world is untrue and misrepresentative. It is not the 'largest' either in terms of coverage or in terms of budgetary

allocation. Even if it achieves its aim of covering 50 crore population, China still has a larger coverage with its success in universal health coverage. With regard to its budgetary allocation, the Union budget of 2018-19 allocated Rs. 2000 crore for the scheme, which condenses to a meagre Rs. 40 per person. Even if the state allocations are accounted for, per capita allocation still comes to only Rs.67, which is way behind the allocations made in even several countries, including the developing ones. NITI Aayog suggests that the allocation for the programme would increase to Rs.10,000 crore in a five-year period. Even, if that plan materialises, the per-capita allocation every year comes to only Rs.200. Given that the Indian healthcare sector is dominated by the private sector, and that the cost of medicines are very high, this allocation would not suffice for even a single hospital visit in normal circumstances.

One of the pillars of the 'Ayushman Bharat' scheme is the creation of 1.5 lakh 'health and wellness centres'. However, there is no clear road map on when these will be built. It also includes the existing primary health centres (PHC) in its purview. This raises a question on whether it is only an exercise of renaming the old PHCs and of serving old wine in a new bottle. The Union budget 2018-19 has allocated Rs.1200 crore for these centres, which reduces to Rs.80,000 per centre. This is a very minimal allocation, given that it is such primary health centres that are the backbone of the Indian health system in many aspects.

The target of increasing the public healthcare spending to 2.5 per centt of GDP by 2025 is low by itself because the recommendation of the High-Level Expert Committee in 2010 was to set a target of 3 per cent. Significantly, even when the target was set at 3 per cent by the Committee, there was no significant improvement in the public healthcare spending between 2010 and 2017. The commitment towards this reduced target is also questionable since the share of total expenditure in the Union Budget towards Ministry of Health and Family Welfare has actually declined, from 2.4 per cent in 2017-18 (RE) to 2.1 per cent in 2018-19 (BE). The increased fiscal burden on the state governments (with the change in their contribution from 25 per cent in the previous scheme to 40 per cent in the present scheme) also needs to be pondered on. The Ayushman Bharat scheme clearly incentivises the private sector. Given that there is no strong monitoring of malpractices in hospitals, the scheme may in fact lead to a hike in medical expenses in states that have a higher dependence on the private sector. The structure of the scheme may thus further channelize the flow of public funds into private sector.

Relevance of Insurance lane in Indian healthcare system

Ayushman Bharat raises a further question on whether insurance based healthcare system is the best long-run model for a developing country like India. International experience suggests mixed results on insurance based healthcare schemes. The US spends 17.2 per cent of GDP on healthcare, which is higher than in any European country. But, the quality of healthcare and health outcomes in the US lag in comparison to its European counterparts. The insurance lane of dealing with healthcare is attributed to be a reason for this scenario. Insurance companies in the US spend a substantial amount on lawyers to keep minimal claims. Countries like Germany and Switzerland, manage their healthcare through a strict regulation on private insurers. Britain and

Western European countries thrust on public expenditure on healthcare, and provide high quality healthcare as well. These countries also have better health outcomes. The majority of the healthcare allocation in these countries goes into the primary care system.

The experience of India's own public health insurance scheme that existed prior to the present scheme, RSBY, is also noteworthy for its set of problems. RSBY was introduced by the United Progressive Alliance government in 2008 and aimed at covering all the Below Poverty Line (BPL) households. The private insurance lane was adopted for it and came with a tall claim of being the 'largest' healthcare scheme with Rs.30,000 coverage for inpatient care. However, the overall enrolment for the programme was only 11 per cent. Studies also point to the non-effectiveness of the programme, with half of the beneficiaries in reality being from non-poor households. While RSBY has led to the increase in hospitalisation rates, it has not reduced average out-of-pocket expenditure or healthcare expenditure driven poverty. This begs the question whether the increase in hospitalisation was in fact supplier-induced, with the hospitals endorsing otherwise avoidable procedures to claim reimbursements. RSBY excluded expenditure on outpatient care from its purview, though such an expenditure is the largest contributor of out-of-pocket payments on health in India. The absence of strong and effective regulations for insurers and providers prompted market failures like supplier-induced demand of healthcare. A result of this has been that even when the eligible households exhaust their full health coverage, there is seldom improvement in their financial security or overall well-being. These experiences suggest that health insurance schemes have not been an absolute success in India, especially in the parts where there is a dominance of private sector and absence of effective regulations. Experiences also suggests that it was regions with better public healthcare systems and decentralized governance that showed better health outcomes.

Public health insurance programmes work well only when the state is watchful and is capable of ensuring good regulation of services. In the present scenario, India does not have an effective regulatory capability to ensure smooth functioning of health insurance schemes. The whole emphasis of Ayushman Bharat is on private sector steered insurance provisioning, which may not be a right approach in a country like India. Most of the other provisions in the scheme may not also face be practical. Nevertheless, an attempt to create more 'health and wellness clinics' can be seen as an initiative to strengthen the public health system, if it materialises. An effort to create a narrative surrounding health and healthcare in a pre-election year is a welcome development for Indian society, given that such discussions are rare in the public sphere.