



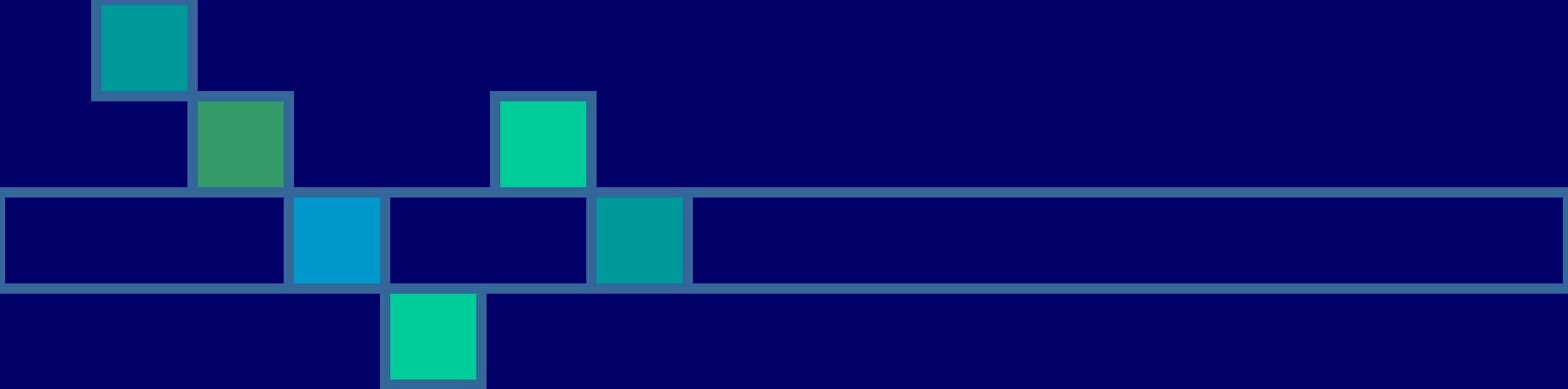
**COPASAH GLOBAL SYMPOSIUM 2019**

**Citizenship Governance and Accountability in  
Health**

**Theme 4 : Private Health Sector**

**Changing Nature of the Private Medical Sector - An  
Overview of the Emerging Trends of  
Commercialisation & Corporatisation in the  
Healthcare Sector**

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# Political Economy of the Private Health Sector



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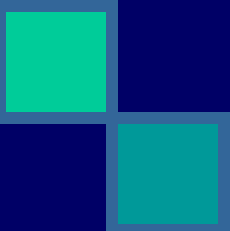



# Current Political Economy of Healthcare

- Public healthcare services – Tax Financed
- Private healthcare – OOPs/Insurance
- Private Individual Health Insurance – public sector and private sector
- Government/private employer purchased group health insurance
- Social Insurance – CGHS, ESIS, welfare boards, Railways, Armed Forces, P&T...



# Public Health Services

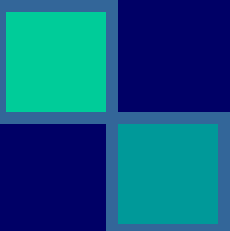

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- Primary Healthcare – preventive, promotive and curative
  - Secondary and tertiary healthcare
  - Tax based financing v/s insurance
  - Public spending Rs. 1538 per capita or 1.02% of GDP
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# Top 5 and Bottom 5 States

State	Rs per capita 2017-18
Sikkim	5575
Mizoram	4304
Jammu & Kashmir	2797
Haryana	2667
Meghalaya	2567
India Average	1538
Maharashtra	975
Jharkhand	912
Bihar	898
Uttar Pradesh	892
West Bengal	806

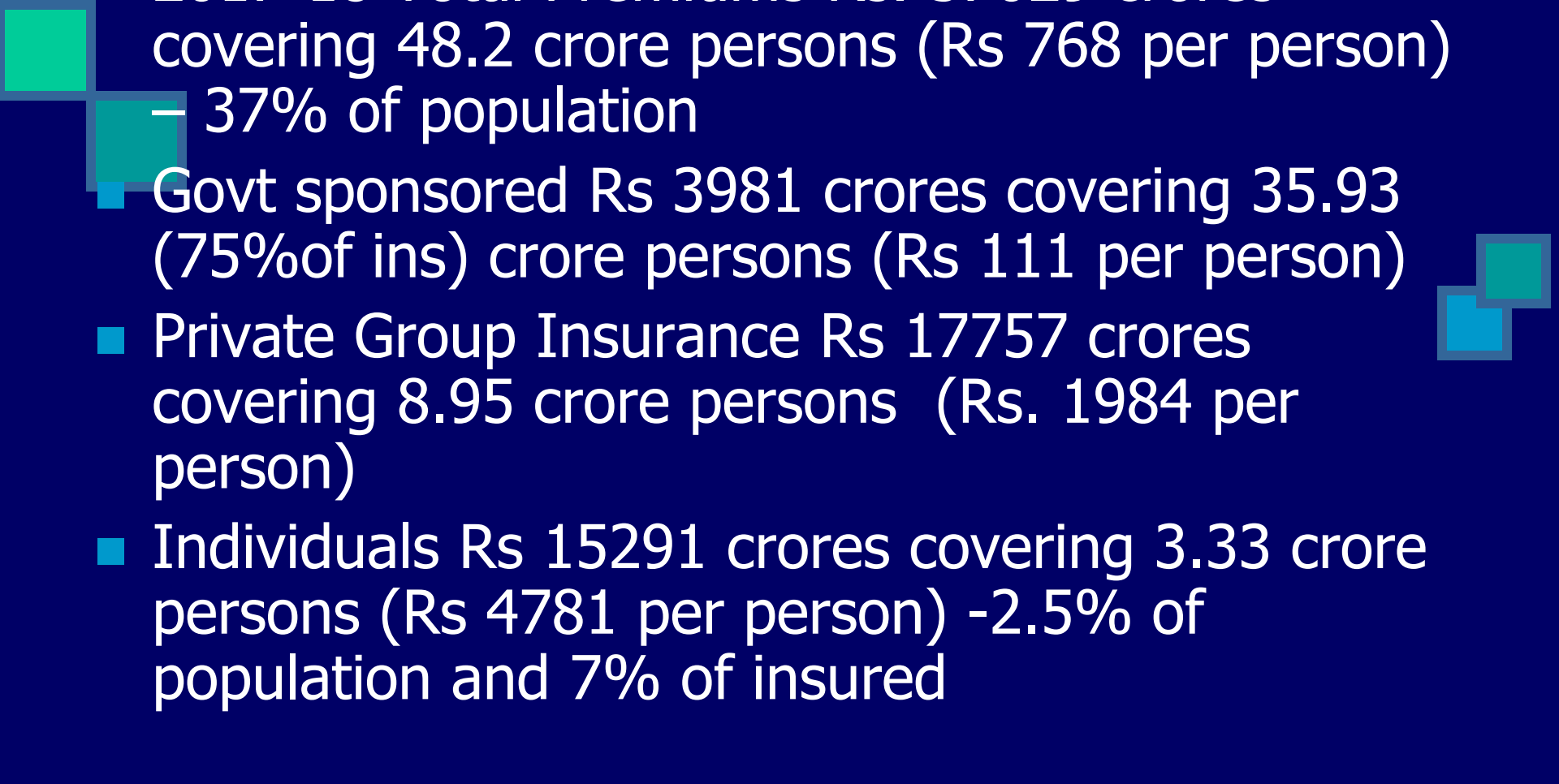


# Private Healthcare

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- Individual GP and consultant clinics – wide array of different systems and quacks
  - Nursing homes and maternity homes
  - Small to large to corporate hospitals
  - Diagnostic centres
  - Out-of pocket financing and private insurance
  - OOPs @ Rs 4000 per capita
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# Health Insurance

- 2017-18 Total Premiums Rs. 37029 crores covering 48.2 crore persons (Rs 768 per person) – 37% of population
  - Govt sponsored Rs 3981 crores covering 35.93 (75% of ins) crore persons (Rs 111 per person)
  - Private Group Insurance Rs 17757 crores covering 8.95 crore persons (Rs. 1984 per person)
  - Individuals Rs 15291 crores covering 3.33 crore persons (Rs 4781 per person) -2.5% of population and 7% of insured
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# Social Health Insurance

- Central Govt. Health Scheme covering 3.4 million population @ Rs. 8497 per beneficiary (2018-19)
- Employees State Insurance Scheme for organised sector employees drawing pay less than Rs.21000 per month covering 35.3 million insured person units @ Rs. 4052 per insured person (2018-19)
- Armed forces 12 million beneficiaries @ Rs 7500 per beneficiary (2017-18)
- Railways Rs 4155 per capita (2016-17)
- Welfare Funds – Rs. 120 crore Health spend (2015)



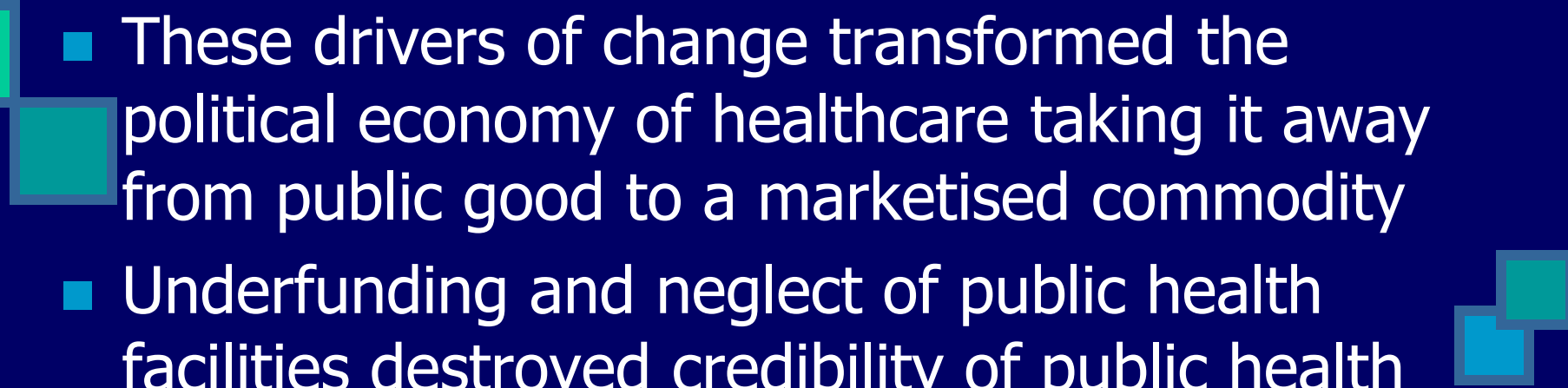


# The Private Sector Emergence

- Prior to 1990 private health sector dominated only general practice – 80% of care; hospital care predominantly in public sector and small nursing homes
  - Mid eighties onwards private hospital sector expansion began – large production of specialists, entry of corporate sector, health insurance, new medical technology, privatisation of medical education and deregulation of pharma pricing as drivers of this change
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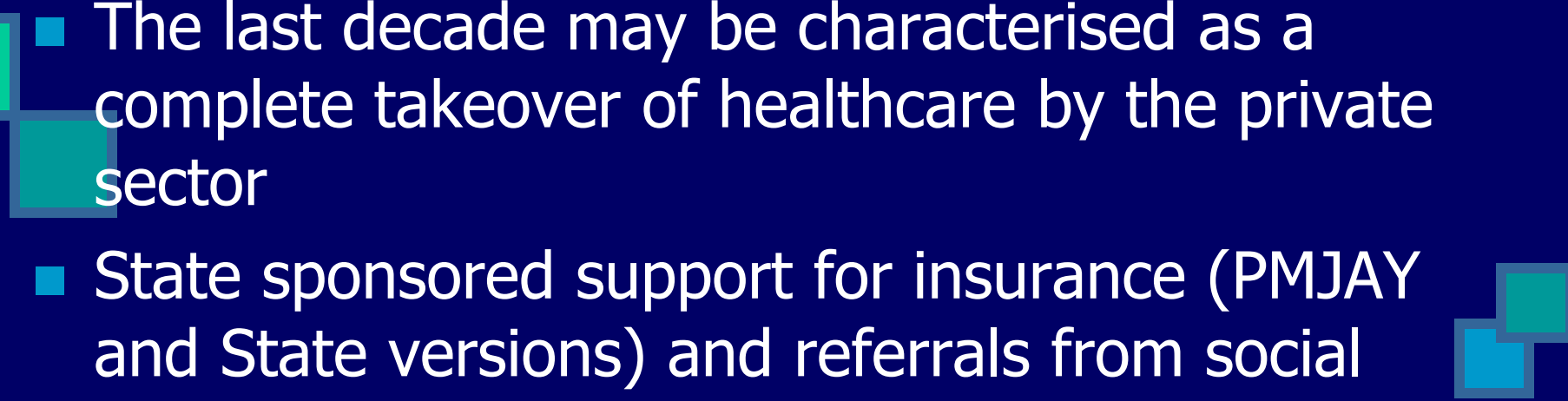


# Private Sector Dominance

- These drivers of change transformed the political economy of healthcare taking it away from public good to a marketised commodity
  - Underfunding and neglect of public health facilities destroyed credibility of public health systems and helped the private sector to seize a dominant position
  - Private health insurance and subsidies from govt. helped private hospitals to become sustainable
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# Private Sector Takeover

- The last decade may be characterised as a complete takeover of healthcare by the private sector
  - State sponsored support for insurance (PMJAY and State versions) and referrals from social health insurance programs (CGHS, ESIS, ECHS etc) have helped the takeover by the private sector
  - Diagnostics, new medical technologies and corporatisation help complete the circle.
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# Why Health Insurance Won't Work?

- Under Ayushman Bharat a huge shift to private sector provisioning is happening whether through insurance or otherwise
- Insurance has not worked anywhere in the World
- Requires life long premium payments that increase with age and declining income
- Unregulated healthcare system -absence of ethics and use of standard protocols in medical practice
- Does not solve the OOPs problem and would on contrary increase household burden and debt
- Favours the rich and promotes inequity and elitism

# Need for a Policy Shift to transform the Political Economy of Healthcare

- Regaining the public good status for healthcare
- Pooled public financing of healthcare by integration of social health insurance and general public health services
- Investing in strengthening public health facilities
- Where public provisioning is not possible strategic purchasing from private sector could be done
- Saying no to health insurance

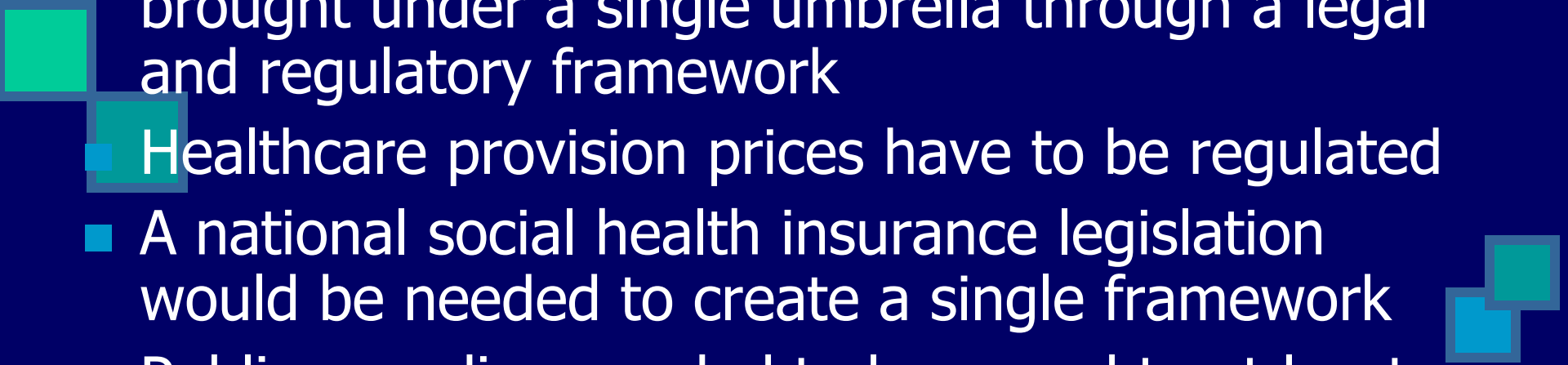


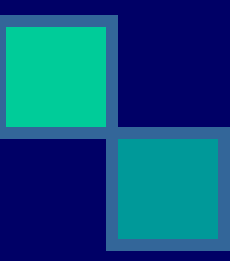
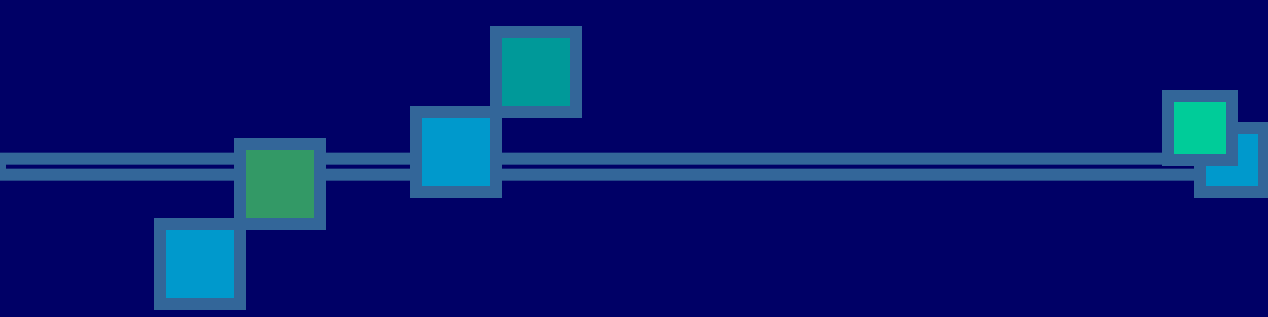
# Social Health Insurance Expansion as an Option

- Expansion of Social Health Insurance models like ESIS and CGHS feasible
- Universalize ESIS to cover the entire organized and unorganized sector – remove salary wage ceilings for coverage and keep a minimum threshold for contributions – this could raise up to 2% of GDP additionally for health sector
- Above can cover 65-70% of workforce and the balance would be covered by state contributions



# Challenges

- Health system needs to be organized and brought under a single umbrella through a legal and regulatory framework
  - Healthcare provision prices have to be regulated
  - A national social health insurance legislation would be needed to create a single framework
  - Public spending needed to be upped to at least 3% of GDP or Rs 4000 per capita at today's prices
  - Needs political will like Thailand, Brazil etc..
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THANKS







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