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**TOPIC**

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**Balancing Health-care Costs  
in India**

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## BALANCING HEALTH-CARE COSTS IN INDIA

### Context

- With rising health disparities and uneven access to medical services, there is an urgent need for equitable and sustainable health-care policies.

### About the Health Care Costs in India

- India's health care system is a dynamic landscape, influenced by various factors such as **infrastructure, location, and disease prevalence**.
- As we navigate this complex terrain, **cost considerations** play a crucial role in shaping health-care policies.

### Factors Influencing Health-Care Costs

- **Geographic Location:** The cost of health care varies significantly based on the location of treatment.
  - ♦ Metropolitan cities generally have higher treatment costs compared to smaller towns.
  - ♦ Within metropolitan areas, costs may differ from one locality to another.
- **Infrastructure and Quality:** The type of infrastructure at health-care centers impacts costs.
  - ♦ Advanced and modern facilities tend to be more expensive.
  - ♦ Unfortunately, this often means that middle and lower-middle class patients can only access low-quality health-care services.
  - ♦ Investing in infrastructure for broader Internet access and improving digital literacy empowers more people to benefit from health-care advancements.
- **Availability of Services:** Rarely available services come with higher costs.
  - ♦ Patients may incur additional expenses for transportation to access specialized treatments.
- **Disease Severity:** Fatal or incurable diseases require expensive drugs, tests, and frequent checkups.
  - ♦ The severity of the disease significantly contributes to the overall treatment cost.

#### National Health Accounts (NHA) Estimates for India 2019-20

- These are prepared based on the **National Health Accounts Guidelines for India, 2016**, which adhere to the **System of Health Accounts 2011**, a global standard framework for producing health accounts.
- The share of **Government Health Expenditure (GHE)** in the total health expenditure of India **increased from 29% in 2014-15 to 41.4% in 2019-20**.
- **Primary healthcare's** share in **Current Government Health Expenditure (CGHE)** rose from 51.3% in 2014-15 to 55.9% in 2019-20.

#### Health Sector Financing by Centre and States/UTs in India

- Public expenditure data is sourced from state budget documents, Detailed Demand for Grants of the Ministry of Health and Family Welfare (MoHFW), and other central ministries/departments.
- It provides actual expenditure, budget, and revised estimates (BE & RE) under different schemes/programs in the health sector.

#### Initiatives to Promote the Indian Healthcare Industry

- The average cost of these initiatives is Rs. 200 crore, **shared 60:40 between the Centre and States (90:10 in case of Northeastern and hilly states)**.
- The running cost is provided by the State Government.

### Navigating Health Care Costs in India

- **Cost Considerations in Health Care Delivery:** Rising health disparities and uneven access to medical services are driving the need for equitable and sustainable health-care policies.
  - ♦ Discussions about setting rates for medical services significantly impact how we perceive, access, and deliver health care across India.

- **Innovations in Private Hospitals:** Private hospitals, accredited by organizations like **JCI and NABH**, serve as both specialized care centers and innovation hubs.
  - ♦ Cutting-edge technologies enhance patient outcomes, especially in complex procedures.
  - ♦ Investments in top-tier infrastructure and advanced technologies enable seamless integration of telemedicine and remote care.
- **Legal Perspectives:** Legislative reform is essential for managing health-care costs effectively.
  - ♦ Tailoring approaches to local demographic and economic conditions can support rate standardization and high-quality care.
  - ♦ States like Rajasthan and Tamil Nadu advocate for robust legal frameworks to address gaps in rate fixation provisions.

### Role of Technology in Cost Management

- Technology is revolutionizing health care by diagnostics being faster and more accurate with artificial intelligence.
- **Electronic health records** improve care coordination.
- **Telemedicine** initiatives in Karnataka have reduced hospital visits by 40%, making medical care more accessible and cost-effective, especially in remote areas.
- Integration of technology reduces pressure on health-care facilities and delivers timely care directly to patients' homes.
- **Mobile health apps and wearable devices** play a crucial role in managing chronic conditions outside hospitals.
  - ♦ These innovations significantly cut costs and enhance patient outcomes.
  - ♦ Ensuring technology reaches all population segments is vital.

### What needs to be done?

- **Flexible Pricing Strategies:** Recent surveys with health-care professionals in India highlight the need for pricing strategies that mirror the complexities of medical procedures and patient-care requirements.
  - ♦ Engaging all stakeholders, including private health-care providers, is essential for crafting effective, sustainable policies.
  - ♦ India has the potential to lead globally in health-care innovation by leveraging technology and thoughtful policy approaches.

### Leveraging Data for Health Care Policies

- **Data-Driven Insights:** In the big data era, health-care policy decisions should rely on data analytics.
  - ♦ Data sheds light on patient outcomes, treatment efficacy, and cost-efficiency.
  - ♦ Nuanced rate-setting frameworks benefit from data-driven insights.
- **Predictive Analytics and Rate Fixation:** Predictive analytics can foresee long-term impacts of rate fixation on health-care innovations.
  - ♦ Policymakers can adjust regulations to encourage innovation and accessibility.
  - ♦ Adjusting regulations based on these insights can encourage accessibility and innovation.
- **Balancing Price Caps, Quality, and Innovation:** The Supreme Court's deliberation on standardizing medical procedure rates across government and private sectors raises questions about affordability.
  - ♦ **One-size-fits-all price caps** may compromise health-care quality and lead to patient dissatisfaction.
  - ♦ Value-based pricing, reflecting health outcomes rather than service volume, could be a solution.
  - ♦ Dynamic pricing models, considering medical complexity and patient financial status, offer a fair approach.
  - ♦ **Thailand's tiered pricing system**, based on patient income levels and medical necessity, serves as a successful model for managing costs in India's diverse economic landscape.

### India's Aspiration as a Global Health-Care Leader

- Foster an environment conducive to innovation.
- Ensure equitable access to quality health care.
- Prioritize the well-being of every individual.
- **NITI Aayog** emphasizes **affordable health care as a national priority**, leveraging technology to reduce costs for all citizens.

### Future of India's Health-Care Industry

- Despite significant growth in infrastructure, health-care costs continue to rise.
- Advanced technology has improved treatment processes but hasn't eased medical expenses for many Indians.
- The current annual rate of medical inflation stands at 15%, while overall inflation is 6-7% per annum.
- Health expenditure currently accounts for 5% of India's private final consumption expenditure.

### Conclusion

- India must strike a delicate balance between affordability, innovation, and quality health care.
- By leveraging technology, data-driven insights, and strategic policies, India can lead globally in health-care innovation while ensuring equitable access for all citizens.

#### Health and Constitution of India

- **Public Health and Sanitation, Hospitals, and Dispensaries** fall under the **State List (List II, Schedule VII)**.
  - ◆ However the **Family Welfare and Population Control, Medical Education, Prevention of Food Adulteration, and Quality Control** in the Manufacture of Drugs are included in the **Concurrent List (List III, Schedule VII)**.
- The **Central Council of Health and Family Welfare** (set up under **Article 263** of the Constitution) enables consideration and recommendation of broad lines of policy in regard to matters concerning health and family welfare.

#### Right to Health

- While the Constitution of India **does not explicitly mention the right to health**, it has been interpreted by the judiciary to be **an integral part of the right to life under Article 21**, which pertains to the protection of life and personal liberty, to encompass access to healthcare within its scope.
- **Article 21:** The right to life and personal liberty is protected under this article. Although it doesn't explicitly mention the right to health, the courts have interpreted it broadly to include access to healthcare services.

#### Directive Principles of State Policy (DPSP)

- **Article 38:** It directs the state to promote the welfare of the people by securing social justice, including healthcare.
- **Article 39(e):** It emphasizes that the state should ensure that the health and strength of workers are not abused and that they are not forced to work in conditions detrimental to their health.
- **Article 42:** It specifically focuses on securing just and humane conditions of work and maternity relief.

#### Fundamental Duties

- **Article 51A(e):** It encourages citizens to promote harmony and the spirit of common brotherhood, including the provision of healthcare.

### Mains Practice Question

[Q] What factors contribute to the availability of cost-effective and reliable healthcare services in India? Discuss the need for innovation in health-care pricing policies

