

Health Care Mortgaged to Corporate Sector

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A few months back the Planning Commission of India had put its foot squarely in its mouth by claiming that the poverty line in India can be pegged at a consumption expenditure of Rs.28.65 per day.

Just one more example of how today's ruling classes are content in distancing themselves from the harsh reality of peoples lives in most parts of the country. The Planning Commission is now back in the news with a bold new plan to refurbish health care in India. The prescription is simple – gradually wind up the public health care system and hand it over to corporate hospitals! Ridiculous as this may sound, it is the essence of the Planning Commission's Health chapter in its Twelfth Five Year Plan document.

Planning Commission: Trail of Broken Promises

It may be argued that the Twelfth Five Year Plan document is of little consequence, as seldom do Plan documents translate into any actual action by the Government. One has only to look at past Plan documents to understand this. The Eleventh Plan document, for example, had said: "In the last two years of the Plan, total Plan expenditure will need to rise at about 48% annually. This will result in a total health expenditure of 0.87% of GDP by the Centre and 1.13% by States in 2011–12". Nothing but empty promises – the total public expenditure on health has stagnated at around 1.1% of GDP (0.32% by the centre and 0.7% by states). It is significant to note that the major source of shortfall has been the meager allocation by the central government – just 37% of what had been promised in the Eleventh Five Year Plan.

The Plan document had also projected that all sub-centres (about 1,75,000) and primary health centres (PHCs -- about 30,000) would be functional by 2010, and all Community Health Centres (CHCs -- about 6,500) would be functional by 2012. Yet statistics for 2011 show a shortfall in the targets set of 17%, 18% and 34% respectively, for sub-centres, PHCs and CHCs. It was also projected that Infant Mortality Rate (number of infant deaths per 1,000 live births) would come down to 28 by 2012. The infant mortality rate in 2011 stood at 48! One can continue enumerating the huge differences between targets set by the Plan document and actual realization, but suffice it to say that there is almost no correspondence between promise and delivery on the ground.

The consequences of poor commitment to public health are clearly visible. Two decades after neoliberal reforms were initiated, India now lags behind Bangladesh and Nepal in many health indicators – in South Asia we only outperform Pakistan! (see Table below).

Table: Under 5 Mortality Rates in South Asia

Country	Under Five Mortality Rate (Child who die before the age of 5/1,000 live births)				
	1990	1995	2000	2005	2010
India	115	100	86	73	63
Pakistan	124	115	101	94	87
Sri Lanka	32	27	23	19	17
Bangladesh	143	114	86	64	48
Nepal	141	110	84	65	50

Source: World Bank Database (<http://data.worldbank.org/>)

It then raises the legitimate question – why should one be concerned about the contents of the Twelfth Five Year Plan document? The reason for grave concern is ideological – for the prescriptions in the new plan document are ideologically motivated. For the first time, a public document to be released by the Government of India, proposes a road map for handing over health care to the corporate sector. In proposing such a trajectory the Plan document is following in the footsteps of what neoliberal governments have done – often with disastrous consequences – in other developing countries (Mexico and Colombia are prominent examples).

Health sector reforms in the neoliberal framework

Health sector reforms that are located in the neoliberal framework follow a familiar pattern today – be it Mexico, Colombia or India. Three decades back, the World Bank and IMF imposed several conditionalities on developing countries. The prominent among these that impacted on the health sector, was a demand that public expenditure be curtailed and user fees be imposed on public services. The decades of the eighties and nineties witnessed savage cuts on public expenditure, leading to an exponential rise in private expenses. It led to the dismantling or weakening of public health services and to the consolidation of an organised private sector that stepped in to fill the demand for health services. By the end of the nineties it had become clear that public financing of health care needed to be restored and the World Bank started advocating such restoration.

But this did not mean that the neoliberal agenda was abandoned – it was brought back in a different avatar. It was acknowledged that Government expenditure must increase. It was also acknowledged that something had to be done fast, if large populations were to be rescued from the distress caused by a collapse of the public health system. Capital never gives up on its attempts to find a way to maximize returns. So the solution that was found was not located in a restoration of public health services. Instead, by a sleight of hand, a new opportunity emerged for Capital. Government (public) expenditure must be increased, but this expansion will not be used to develop and strengthen public facilities. Instead, public money will now be pumped into the organised private sector, to whom will be handed over the responsibility of providing health care. Governments will finance but not provide care, they will become ‘managers’ of care. This is the managed care model of care that is now being promoted by neoliberal theorists.

Reforms in India

The roll out of such a plan in India had its own twists and turns. The UPA-1 Government, under some influence of the Left, was forced to respond to the looming crisis of health care (brought on substantially by huge cuts in health budgets in the 1990s when Sri Manmohan Singh presided over the initiation of neoliberal reforms as Finance Minister) by launching the National Rural Health Mission (NRHM). The NRHM was designed explicitly to strengthen and expand public health facilities. The NRHM was flawed on two counts, however. It was grossly under-funded – we have seen earlier how promised central allocation was cut by over 60%. As a consequence it proved to be inadequate in fulfilling the demand for health care – especially in the tertiary hospital sector, thereby paving the way for the emergence of an organised corporate led growth of the private sector.

The public health system stands at a critical juncture. For all its deficiencies, the NHRM has resulted in some expansion and strengthening of the public health care system. The logical step forward would have been to invest in further expansion and strengthening of this system. But for the present Government, the neoliberal logic was too difficult to resist. The first challenge that was mounted against the public system came in the form of the Rajiv Gandhi Swasthya Bima Yojana (RSBY) and similar insurance schemes in many states. Almost entirely publicly funded, these schemes provided an insurance cover for Rs.30,000 for BPL families. The catch was that institutions accredited as part of these schemes were largely private hospitals. So instead of using this substantial public investment to strengthen the public system and create long term national assets, public

money was pumped into the private sector. Horror stories have now started emerging about how private hospitals have bled the RSBY and similar schemes to make money and to make a mockery of public health. In Chattisgarh the state health department has initiated action against 22 nursing homes against which it found prima facie evidence of surgeries being done without legitimate medical reasons. It is estimated that over the last eight months, hospitals and nursing homes have claimed Rs. 2 crore under RSBY scheme for removing the wombs of 1,800 women (Hindustan Times, 14th August, 2012). Many such stories are just waiting to be uncovered in different parts of the country.

However, in spite of such challenges, the NRHM and the public health system still survives and continues to be an eyesore for the votaries of private enterprise. Lest we miss the point, the private medical sector in India is extremely powerful and has friends in high places. Today some of them have transformed into mega corporations, combining hospital care, private insurance, clinical trials industry, and pharmaceutical services. Prominent CEOs of such corporations confidently stride through the corridors of power, populate 'task forces' and 'expert' committees and have a profound influence on public policy. It is this lobby, representing the private hospital sector – unregulated and often promoted through Government subsidies – whose not so hidden hand is clearly visible in the draft health chapter of the Planning Commission.

Grossly Inadequate Allocation

Let us now turn to some of the specific proposals in the Planning Commission's draft (these points have been highlighted in a Press statement by the Jan Swasthya Abhiyan on 8th August). It may be recalled that in the led up to the formulation of the report the Planning Commission had set up a "High Level Expert Group" to give its recommendations on how the present system could be reformed. The Ministry of health and Family Welfare had also constituted different expert groups to provide inputs. Over the last year several reports from these committees had indicated various proposals which were essentially designed to strengthen the public health system. There has been uniform speculation, based on various pronouncements by the Government, that public expenditure would be significantly enhanced in the Twelfth Five Year Plan period.

Yet, the Plan document now recommends increase in public expenditure on health from the present 1.02% to 1.58% of GDP. This is even less than the modest projections made in the 11th Five Year Plan, which had proposed that 2% of GDP be spent on health. The target is not only lower than previous commitments made by the Government, but much

lower than a minimum of 5% of GDP that is recommended by agencies such as the World Health Organization. The gross inadequacy of the increase proposed has to be seen in the context that India has one of the most privatised health systems in the world. Public expenditure accounts for just 29.2% of health spending in India. Of about 200 countries listed by the World Bank (2010), only 13 countries -- Guinea-Bissau, Guinea, Sierra Leone, Afghanistan, Myanmar, Azerbaijan, Haiti, Cote d'Ivoire, Uganda, Georgia, Yemen, Chad and Tajikistan – perform worse than India! The following Table compares India's performance in public health care spending with global averages:

Table: Percent Public Health Expenditure

Country/Region	Public Expenditure on Health as percent of total health expenditure
India	29.20
Average of High income countries	65.10
Average of Low income countries	38.78
Average of Middle income countries	52.04
World	62.76

Source: World Bank Database (<http://data.worldbank.org/>)

Government to abandon role of health care provider

What is of even greater concern is the strategy proposed for restructuring of the health system. The Plan document proposes a transition from: “....the present system which is a mixture of public sector service provision plus insurance, to a system of health care delivered by a managed network”. A clear road map for the government to abandon its central role of providing health care and remain a mere ‘manager’ of health services.

The document's vision of ‘universal provision of public health care’ includes two components. “..preventive interventions which the government would be both funding and universally providing” and “clinical services at different levels, defined in an Essential Health Package, which the government would finance but not necessarily directly provide”. Thus the government would confine itself to providing a small package of services while virtually all clinical services would be opened up for the corporate private sector. The Government would play the role of a ‘purchaser’ of care, and will thus finance (with public money), strengthen and bolster an already resurgent corporate sector -- a diabolical ploy to hand over the profit-making clinical services sector to corporate hospital chains, and progressively wind up the public health system.

The public health system will now be asked to compete with the private sector to attract patients. A system is envisaged where: “each citizen family would be entitled to an Essential Health package in the network of their choice. Besides public facility networks organized .. private and NGO providers would also be empanelled to give a choice to the families”. Even this truncated role of the public system is qualified by the proviso that” “..public facilities will have to be strengthened, networked, and their managers provided sufficient autonomy to purchase goods and services to fill gaps as per need”. In other words, public only in name, but incorporating larger and larger components outsourced to the private sector.

Further, the document repeatedly talks about expansion of the RSBY scheme and its vision of Universal Health Care is nothing but a more expanded version of the RSBY scheme. Even the Planning Commission’s own expert group had recommended against the continuance of these insurance schemes.

Ideological bias of Planning Commission

The document announces another bonanza to the corporate medical sector in the form of grants to set up hospitals and private medical colleges. It says: “Health has now been included with other infrastructure sectors which are eligible for Viability Gap Funding up to a ceiling of 20% of total project costs under a PPP scheme. As a result, private sector would be able to propose and commission projects in the health sector, such as hospitals and medical colleges outside metropolitan areas, which are not remunerative per-se, and claim up to 20% of the project cost as grant from the Government”. It may be noted that the only eligibility requirement is the location, and not any contribution to public health goals.

Also of concern are recommendations that public health facilities will have “flexibility” to raise their own finances. The Plan document says: “Tertiary care facilities would have an incentive to generate revenues if they are provided an autonomous governance structure, which allows them flexibility in the utilization of self-generated resources within broad policy parameters laid down by the Government”. There are several ways in which such flexibilities can be misused, including in the form of levying of user charges and arrangements with private entities that seek to extract benefits that conflict with the public health goals of public institutions.

The ideological bias of the Planning Commission’s report is clear when it says: “A pure public sector delivery system involves funding a large public sector health system, with

little incentive for the service providers to deliver a quality product". Such an assertion flies in the face of global evidence that the best performing health systems are those that are publicly financed and where health care is provided by the public sector.

Neighbouring Sri Lanka has been long held as an example of such a system, where over 90% of in-patient care and over 50% of out-patient care is provided by the public sector.

Mortality and morbidity rates in Sri Lanka are far better than in India, in spite of the country having a lower per-capita GNP. In contrast, the United States, provides 'choice' between public and private providers but is by far the worst performing health system among all developed countries, in spite of spending over 8% of GDP on health care.

As we have noted earlier, the Planning Commission's draft chapter on health for the 12th Five Year Plan is a clear ideological assault on the very notion of public health. The dangerous formulation in the Planning Commission's draft must not be allowed to go through. It is understood that the Ministry of Health has expressed serious reservations regarding the Planning Commission's document. How these differing positions within the government play out will also indicate whether policy is formulated by the Parliament and executed by Ministries, or whether the Planning Commission enjoys powers to veto the will of the people.