

Health policy: state should be ‘provider’, not ‘purchaser’

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At a primary healthcare centre in Mangaluru. - Photo by H S Manjunath

Paradigm shift in the health delivery model, with emphasis on the private sector, bodes ill

The adoption of the 2017 National Health Policy (NHP) by the Cabinet finally brings the curtains down on a protracted process. But the overall features of the NHP on targets and proposals for strengthening the health system are disappointing. The targets are modest at best in several cases: the target for achieving a life expectancy of 70 years by 2025 has been exceeded by two of our neighbours, Nepal and Sri Lanka. The target for 2.5 per cent of GDP to be spent on health by the government is half of the global average and of what the World Health Organisation recommends.

There is cause to be pessimistic about the realisation of policy objectives, given the experience on various policy documents for more than a decade and a half, which made similar promises, even as public spending on health continued to languish at around 1 per cent of GDP. The stagnation of the allocation for health in the last three Budget cycles further reinforces cynicism. The Indian health system is characterised by low public expenditure and poor penetration and delivery of public services, high out-of-pocket expenses, and a high reliance on private providers. Goals in the policy designed to address these deficiencies in the public system — such as assured comprehensive primary care, assured free drugs, diagnostic and emergency services in public hospitals — are laudable. However, the policy fails to outline concrete steps that would progressively strengthen public services to achieve these.

The key message of NHP-2017 is its proposal for “free primary care provision by the public sector, supplemented by strategic purchase of secondary care hospitalisation and tertiary care services from both public and from non-government sector to fill critical gaps.”

Worrisome shift in emphasis

In the absence of a cogent roadmap to strengthen public services, and doubts regarding harnessing of adequate public finances, the proposal of ‘strategic purchasing’ from non-governmental providers emerges as the key recommendation in NHP-2017. This embodies the role of the government as a ‘purchaser’ of services from a range of providers, both public and private, rather than giving it a central role in both financing and providing services. This is the paradigmatic shift that defines the policy. In this proposed model, the government’s role becomes primarily one of a regulator of ‘purchased care’.

The experience of such a model is almost uniformly negative, both internationally as well as in India. The state as a ‘purchaser’ of care is very different from a system such as in the NHS in the UK, where private providers are contracted to provide primary-level services while being wholly subsumed within a unified and tax-financed system. In the former model, private providers continue as independent profit-making enterprises outside the public system.

The NHP does emphasise that in cases of ‘strategic purchasing’, the first preference would be to purchase from public facilities, then from not-for-profit groups, and as a last resort from for-profit providers. Yet, experience with publicly funded insurance schemes such as Arogyasri and RSBY shows that in practice, a bulk of purchasing takes place from private, for-profit enterprises; this acts as a medium for weakening the public system and for transfer of public funds to private enterprises.

Also worrisome are several reports of 'moral hazards' associated with outsourcing to private facilities, leading to a range of unethical practices and unnecessary procedures done in such facilities to 'milk' the system. A partial remedy for such practices is a strict regulatory regime. But the policy fails to chart a clear roadmap for the rollout of an effective Clinical Establishments Act to regulate health facilities.

To sum up, NHP-2017 is short on ambition and deficient in concrete direction to strengthen the public sector and regulate the private sector. One only hopes that some of the positive objectives will be fleshed out and implemented.

The writer is National Convenor, Jan Swasthya Abhiyan. Views expressed are personal.