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Better healthcare makes economic sense. Does it make political sense?

By Chaitanya Kalbag, ET CONTRIBUTORS Last Updated: Aug 09, 2018, 09:45:00 PM IST

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Synopsis

In 4 years, India will jump past China to hit 1.411 bn people and become the most populous nation on Earth.



A report says between 2016 and 2030, UHC will likely increase average life expectancy by five years, and avert 41 million infant deaths.

Next week, when PM [Narendra Modi](#) makes his fifth Independence Day speech from the Red Fort, he might want to remind us that in 2022, the New India he has promised will arrive in more ways than one.

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Just four years from now, the [World Bank](#) predicts, India will jump past China to hit 1.411 billion people and become the most populous nation on Earth. The question is: will we be healthier and wealthier by then?

Richer, perhaps, but certainly not very healthy. In 2016, [life expectancy](#) in India was 68.6 years, compared with 76.2 in China, 75.28 in Sri Lanka, 72.49 in

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Bangladesh, and 70.25 in Nepal. In 2015, the Bank says, 39.6% of Indians were at risk of catastrophic expenditure for surgery.



This is because 65% of the population had no insurance coverage and was spending out-of-pocket (OOP) for medical care.

The government said in March that inpatient hospitalisation costs have risen 300% over the past 10 years, and estimated that 6 million families have to sell assets or borrow money, and are knocked back into poverty every year by a medical crisis. Experts believe the real number is twice that many, about 12 million families (60 million people). India has only 0.8 physicians per 1,000 people, one of the lowest ratios in the world.

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Although the government raised its health budget by 11.5% in 2018-19 to Rs 52,800 crore, that is still just 2.16% of its total expenditure of Rs 24.42 trillion for the year.

[Ayushman Bharat-National Health Protection Mission](#) (AB-NHPM), which

I wrote about last fortnight, was proclaimed in this year's Budget as the world's largest government-funded [healthcare](#) programme. It promises Rs 5 lakh per family insurance for secondary and tertiary inpatient care to 500 million of India's poorest people. It also plans 150,000 wellness centres, although that is likely to be just a makeover of the same number of primary health sub-centres that already exist.

Cleanliness is Goodliness

Ambitious as it sounds, this accounts for only the bottom 40% of the population. Will we ever get to universal health coverage (UHC)? Things are not going to get better until we get the fundamentals right by improving sanitation and nutrition and focusing on infectious diseases like tuberculosis, cholera and malaria. That is why the Swachh Bharat cleanliness and sanitation mission, and the anganwadis that provide free midday meals to schoolchildren are important.

India has the world's highest burden of tuberculosis. The World Bank says the incidence of TB declined to 211 per 100,000 population in 2016 from 274 a decade earlier. The World Health Organisation estimates India had 2.79 million TB cases in 2016, and 420,000 TB deaths. Drug-resistant TB cases went up to 147,000.

The Seattle-based Institute for HealthMetrics and Evaluation (IHME), which publishes the Global Disease Burden survey, says TB is the sixth biggest cause of death in India. Ischemic heart disease is the top cause, followed by COPD (chronic obstructive pulmonary disease), probably triggered by rising pollution.

IHME sees India's annual per person health expenditure rising to \$820 in 2040 from \$236 in 2015, but expects OOP to dip only slightly to 60% from 64.4% over the 25-year period. Government health spending is seen rising from 25.8% to 29.1% of the per person expenditure over the same period.

How is health financed in India? The National Health Policy 2017 pledged to raise tax-funded healthcare spending to 2.5% of GDP by 2025 from the current abysmally low 1.2%. An infinitesimal 0.1% comes from the Employee State Insurance Scheme (ESIS), and 0.2% from voluntary insurance. This adds up to 1.5% of GDP.

ESIS is limited to blue-collar workers. Middle- and low-income families suffer a double whammy — they cannot afford private insurance, and are excluded from Ayushman Bharat. If white-collar workers were also allowed to subscribe

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to ESIS, and middle- and low-income families could buy into Ayushman Bharat, you might see a gradual rise of health spending to 4% of GDP.

[A recent PwC-CII study](#) on Ayushman Bharat calls for a proper monitoring structure, lists the challenges in empanelling hospitals and identifying beneficiaries, and warns of the potential for fraud. But it also expects AB-NHPM to boost sectors like pharmaceuticals, diagnostics and medical devices. It sees the need to add 160,000 hospital beds to the existing 1.35 million to cope with the inflow of a large, previously uninsured population.

The report says between 2016 and 2030, UHC will likely increase average life expectancy by five years, and avert 41 million infant deaths.

Healable, Not Saleable

So, if better healthcare is a win-win for both the government and the private sector, why have we not seen titanic investments? Arvind Subramanian spoke to me about this developmental puzzle just before he stepped down as the government's Chief Economic Adviser.

"Why is it that our democracy has not created political opportunities in providing better health and education?" he asked rhetorically. "Everyone asks why the government is not doing more. That's the wrong question. In 70 years, why hasn't there been more pressure on governments to provide (more)?"

Because it's not easy to show people credible indicators of improvement, Subramanian said. "Because it's not easy to demonstrate, it becomes more difficult to sell in the political marketplace." Or, as Modi may discover, health is not a sure-fire vote magnet.

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(Originally published on Aug 08, 2018)

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