

Plan panel group seeks universal, public-funded healthcare

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A HIGH-LEVEL expert group set up by the Planning Commission has called for universalisation of healthcare and recommended that preventive, primary and secondary healthcare be publicly funded and made cashless. For tertiary healthcare, the expert group said the private sector can be roped in, but within a strict regulatory and contracting framework to keep costs in check and safeguard consumer interests.

The group, chaired by K Srinath Reddy, president of Public Health Foun-

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dation of India, and including National Advisory Council member A K Shiva Kumar, said taxes should be the preferred option for mobilising funds, with contributory social health insurance supplementing tax revenues.

“User fees, even with exemptions to the poor, were not successful in raising resources and did not help in improving quality and access to healthcare,” it said.

In India, primary healthcare means vaccination and basic check-ups. Secondary healthcare is about diagnosis and treatment of most simple diseases. Tertiary healthcare is essentially treatment of complex diseases (or simple diseases that get complicated) provided by super-specialty hospitals such as AIIMS, or large hospital chains like Apollo or Max.

The funding mechanism for tertiary care, the group said, could be through a “single payer system” under which a public health insurance agency would act as a single window to collect funds and disburse payments for healthcare services.

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The hospitals and doctors, who could be private providers, would be reimbursed directly through this system. For end-users, even tertiary care should be cashless, it said.

The group has pointed out that public spending on health is currently just 1.1 per cent of GDP, and wants the government to step it up to 3-4 per cent by 2017.

“Central funds need to be prioritised for providing primary and secondary Medicare nationwide. There is a need to earmark 70-75 per cent of public spending for primary care,” the group said. Justifying its demand for a sharp increase in public spending, the group noted that 47 per cent of hospitali-

sation in rural areas and 31 per cent in urban areas were financed by “loans and sale of assets”. It said 28 per cent of ailments in rural areas and 20 per cent in urban areas went untreated due to financial reasons. “Only 10 per cent of households in the country had at least one member covered by medical insurance,” it said.

The medical insurance sector in the country is “weak and fragmented”, and benefits of insurance accrue only to a privileged few, the group said. “The government-sponsored catastrophic medical insurance for the poor is financially unviable, while the private medical insurance market is imperfect.”

The group warned against

adopting the US model of private insurance-backed healthcare, but was simultaneously critical of the Centre’s Rashtriya Swasthya Bima Yojana and Andhra Pradesh’s Arogyashri schemes, which it said appeared to be “financially unsustainable”. It pitched for reviving state-owned drug companies by infusing capital and providing them autonomy. It also wanted the government to revisit the FDI rules to bring down the share of foreign players to less than 49 per cent. It demanded pervasive price control on all essential drugs, especially in the post-patent regime, weeding out of “irrational drugs”, and strengthening the drug regulatory mechanism.