

'Misery tax prescription will have domino effect'

Malathy Iyer & Kounteya Sinha | TNN

New Delhi/ Mumbai: Cardiac surgeon Dr Devi Shetty calls it the "misery tax" and pathologist Dr Navin Dang says it is completely "unacceptable."

Pranab Mukherjee's proposal to impose a service tax on health checkups and treatment in all hospitals with more than 25 beds and diagnostic tests in AC diagnostic centres has the healthcare sector up in arms. A close look at the finance minister's prescription for the healthcare sector shows patients may end up paying more than just 5% extra to healthcare providers.

In fact, the patient will have to pay 5% extra at every level — to the private hospital consultant, to the laboratory conducting his tests and to the hospital, even if he needs to stay overnight. "This is going to have a domino effect on the patient's purse," doctor-administrator of a Mumbai hospital said.

Then, there is the sales tax that individual doctors will have to pay. "It can snowball into a big problem for the patient. It is said that if lawyers are brought under the purview of sales tax why not doctors? But doctors perform an emergency and life-saving job," Dr Arun Bal of Acash (Association for Consumers' Action on Safety & Health) said.

There is another hidden cost. "If hospitals, labs and doctors have to pay sales tax, they will have to hire people who can do it for them. More hiring means more salary. The only way of recovering it is by asking patients to pay more," a private hospital administrator said.

The government spends roughly 1% of the GDP on health, lower than sub-Saha-



The patient will have to pay 5% extra at every level — to the private hospital consultant, to the laboratory conducting his tests and to the hospital, even if he needs to stay overnight

ran Africa that spends around 2.5% of its GDP. Over 80% of Indians foot their health bills from their pocket.

"The government spends nothing on healthcare and will now tax patients who already pay from their pocket. This is a misery tax," Shetty told TOI. In a letter, he is sending the finance minister, the surgeon writes: "India needs at least 25 lakh heart surgeries annually. Unfortunately, less than 90,000 people undergo heart surgery, most of them using their lives' savings. Today, less than 5% of our population can afford to undergo treatment for heart, brain and kidney ailments and cancer. Unless the government supports the health sector by offering tax benefits, more than 90% of our population cannot afford it. Is the 5% service tax fair?"

Dang said patients with chronic illnesses like cancer and diabetes need constant blood tests. They will be burdened with extra costs every time they get a test done, sometimes thrice a day.

"The worst affected will be preventive health check ups. At present, the numbers are low because people think getting a preventive check up is futile. Now, they won't come forward even more because of the additional service tax," Dang said.

Bal of Acash added: "A preventive health checkup is like

a patient's fundamental right. The government has decided to tax this very right." Considering that a checkup could cost between Rs 3,000 and Rs 10,000 depending on the tests, patients will have to shell out Rs 150 to Rs 500 extra. They will also have to pay extra for the doctor overseeing the checkup.

Shetty added that the idea of service tax on AC hospitals was based on wrong assumptions. "You cannot legally perform any major surgeries in an operation theatre without AC. You cannot have an ICU without an AC, CT scans MRIs and cathlabs do not work without AC. Blood banks don't get licences unless they are air conditioned. Only the general wards and the toilets are not air conditioned in most hospitals. In short you cannot have tertiary hospital without AC."

The cardiac surgeon writes in his letter to Mukherjee: "...Poor people on the whole fall sick more often than the rich, they need major intervention most of the time because they come late nearly at the end stage for treatment. Any extra cost is only going to hurt them more."

Pervez Ahmed, CEO Max Healthcare said the decision was unfortunate. "We will pass this tax on to the patients. The government needs to re-examine the notion of a service," he said.