Burden of Disease- Economic Issues

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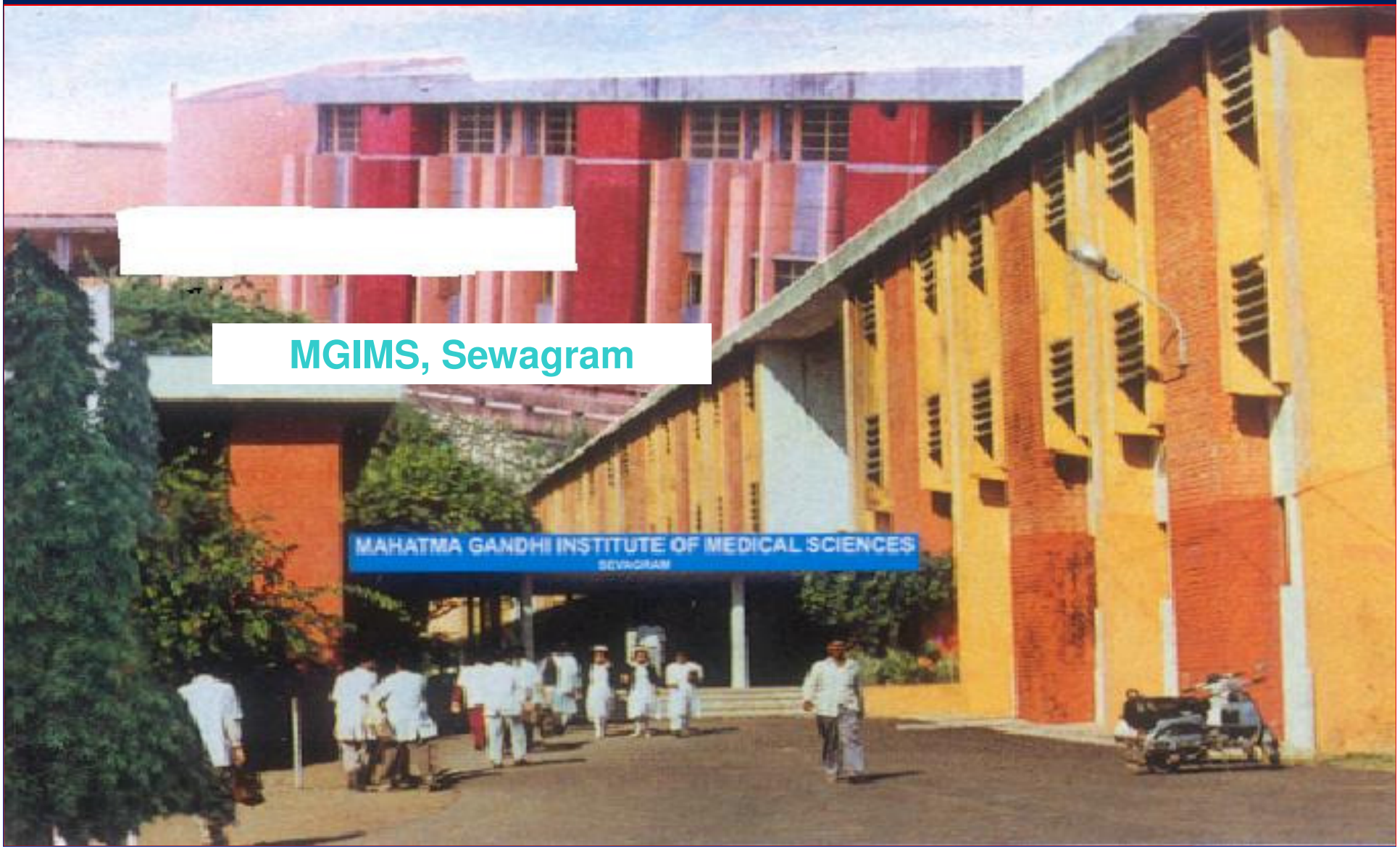
Bapu's home - Sewagram Ashram



MGIMS, Sewagram

India's Share of the World's Health Problems (Percent)

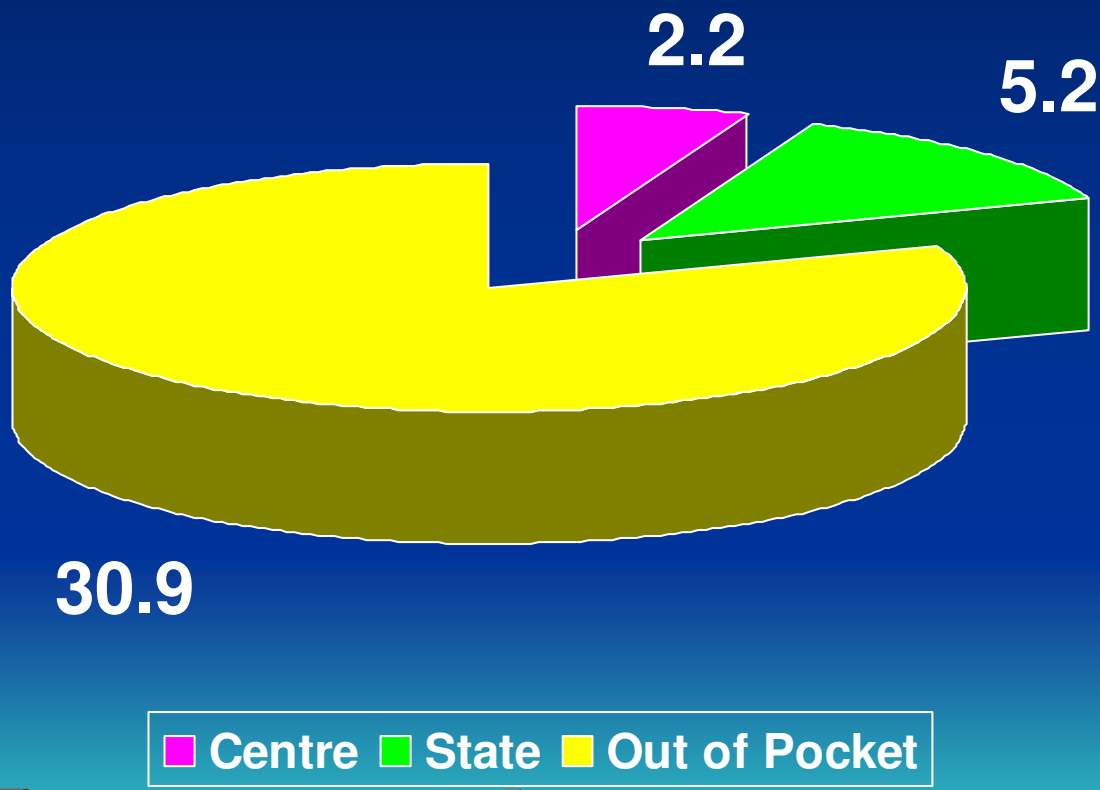
Population	17
People living in poverty (US $ 1/DAY)	36
Total deaths	17
Child deaths	23
Maternal deaths	20
Disability adjusted life years lost	20
Childhood vaccine preventable deaths	26
Persons with HIV	14
Tuberculosis cases	30
Leprosy Cases	68

Inequity

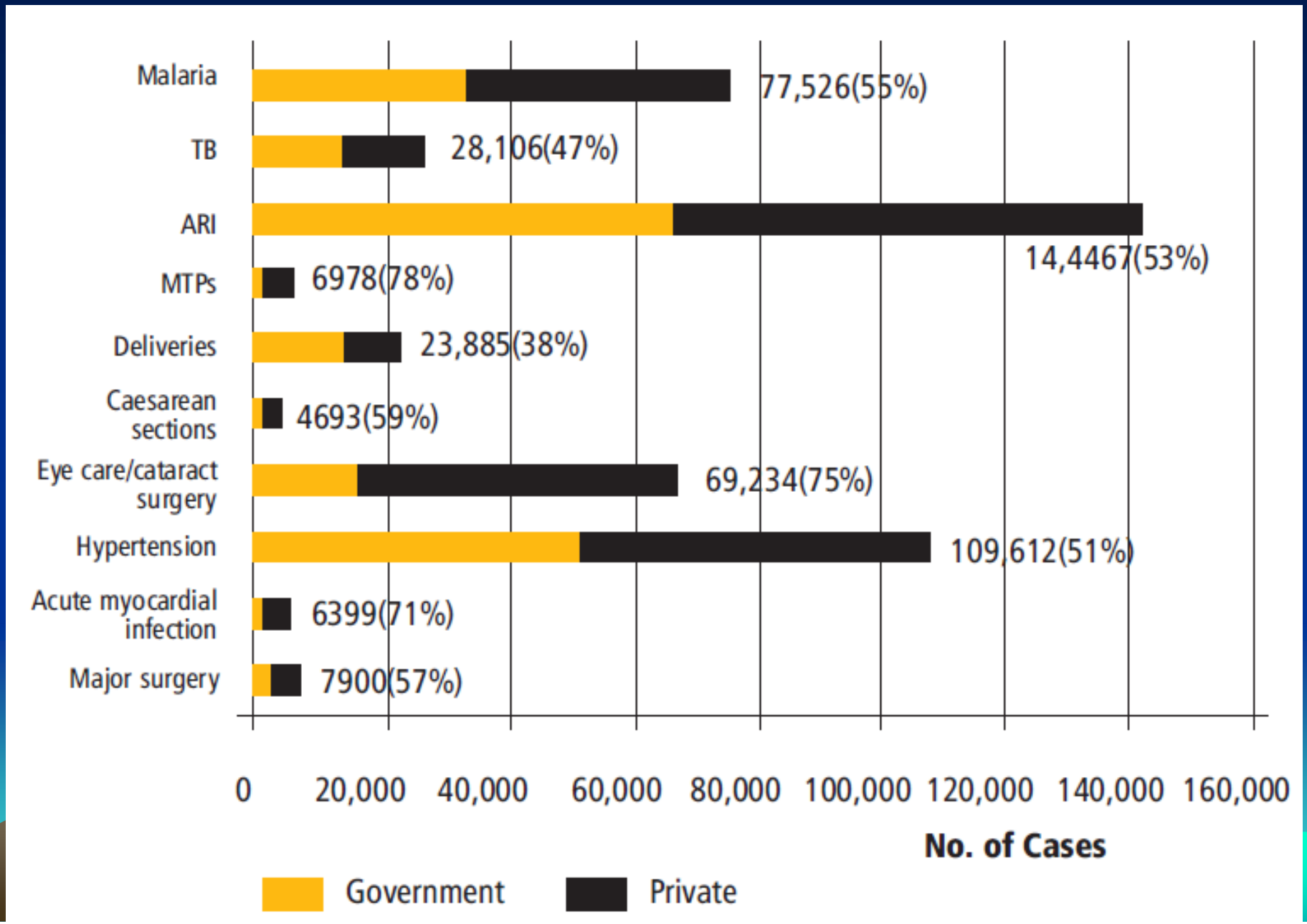
- 55% Inpatients and 80 % Outpatients use Private Sector
- 80% expenditure in private sector
- Poor pay 19 % of income on health and rich pay only 2% of income

How is the Healthcare Financed in India ?

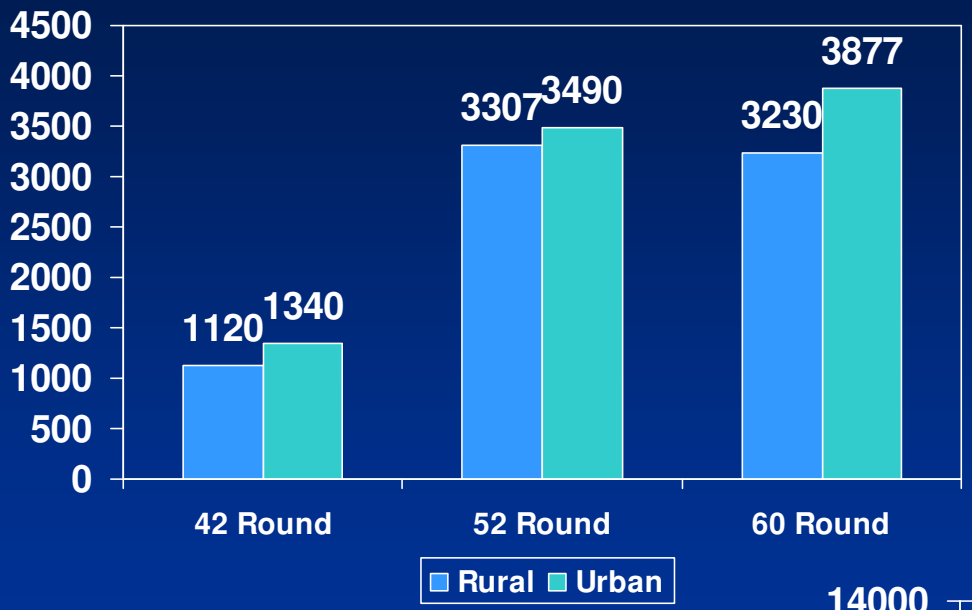
Per Capita Expenditure on Health (2005-06) : US$ 38.3



Public-private share in national health programmes

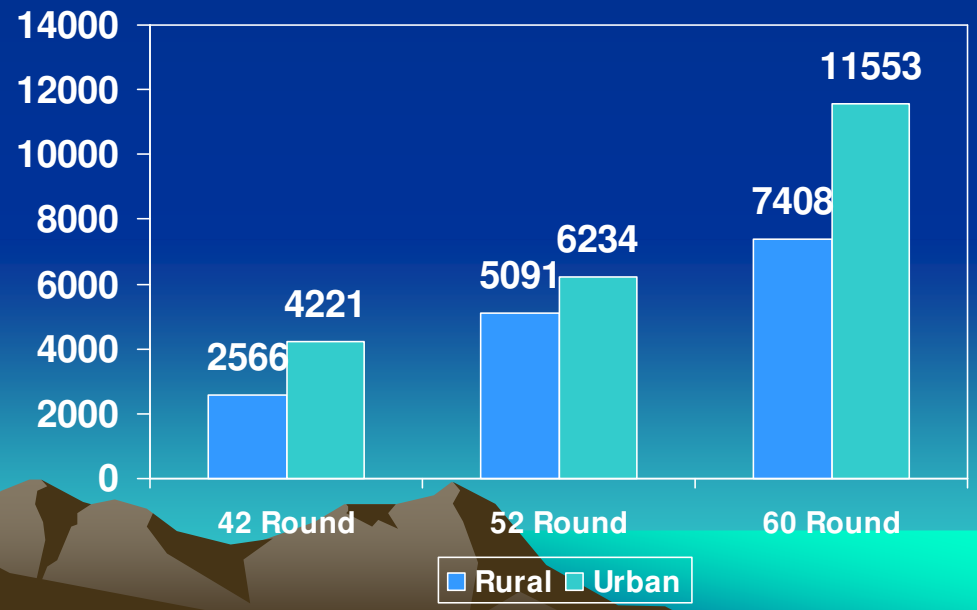


Hospitalization Costs are Steeply Increasing over the years



Public Hospitals

Private Hospitals



Current status of the private sector in India

1. A highly skewed distribution of resources — 88% of towns have a facility compared to 24% in rural areas, with 90% of the facilities manned by sole practitioners.

2. The private sector has 75% of specialists and 85% of technology in their facilities.

3. The private sector account for 49% beds and an occupancy ratio of 44% whereas the occupancy rate is 62% in the public sector.

4. Nearly two-thirds of these doctors are concentrated in urban areas.

5. 75% of service delivery for dental health, mental health, orthopaedics, vascular and cancer diseases and about 40% of communicable diseases and deliveries are provided by the private sector.

An overview of the private sector

1. Serious supply gaps and distributional inequities;

2. Need for uniform standards and treatment protocols;

3. Need for cost controls and quality assurance mechanisms;

4. Regulations to protect consumer interests and enforcement systems;

5. Supporting the NGO/charitable or the third sector which has the capability to provide reasonable quality care at affordable rates and the potential to serve the poor in under-served areas if appropriately incentivized and supported.

Access to essential drugs and medicines

India's pharmaceutical market, both bulk drugs and formulations, is valued at Rs 35,000 crore in 2003-04 as against Rs 10 crore in 1950. The annual compound growth rate of production during the past three decades has been quite high. The production of bulk drugs registered a 12.38% growth; formulations 11.05% and total production 11.17% (in current prices). Ten of the top 25 drugs sold in India are non-essential, irrational or hazardous. The market for drugs is highly concentrated with implications on price setting.

Price of drugs

Indian households spend 50% of their total health expenditures on drugs and medicines. Reducing this burden and ensuring access can be achieved by:

(i)bringing all drugs under price control to ensure lower prices for the households;

(ii)streamlining and putting in place a system of centralized pooled procurement of drugs so that the public health system can save almost 30% to 40% on costs;

(iii)weeding out irrational drugs and irrational combination drugs; and

(iv)encouraging ISM drugs for treating diseases for which efficacious and low-cost drugs are available.

Margins between producer and consumer prices in the public and private sectors (*percentage*)

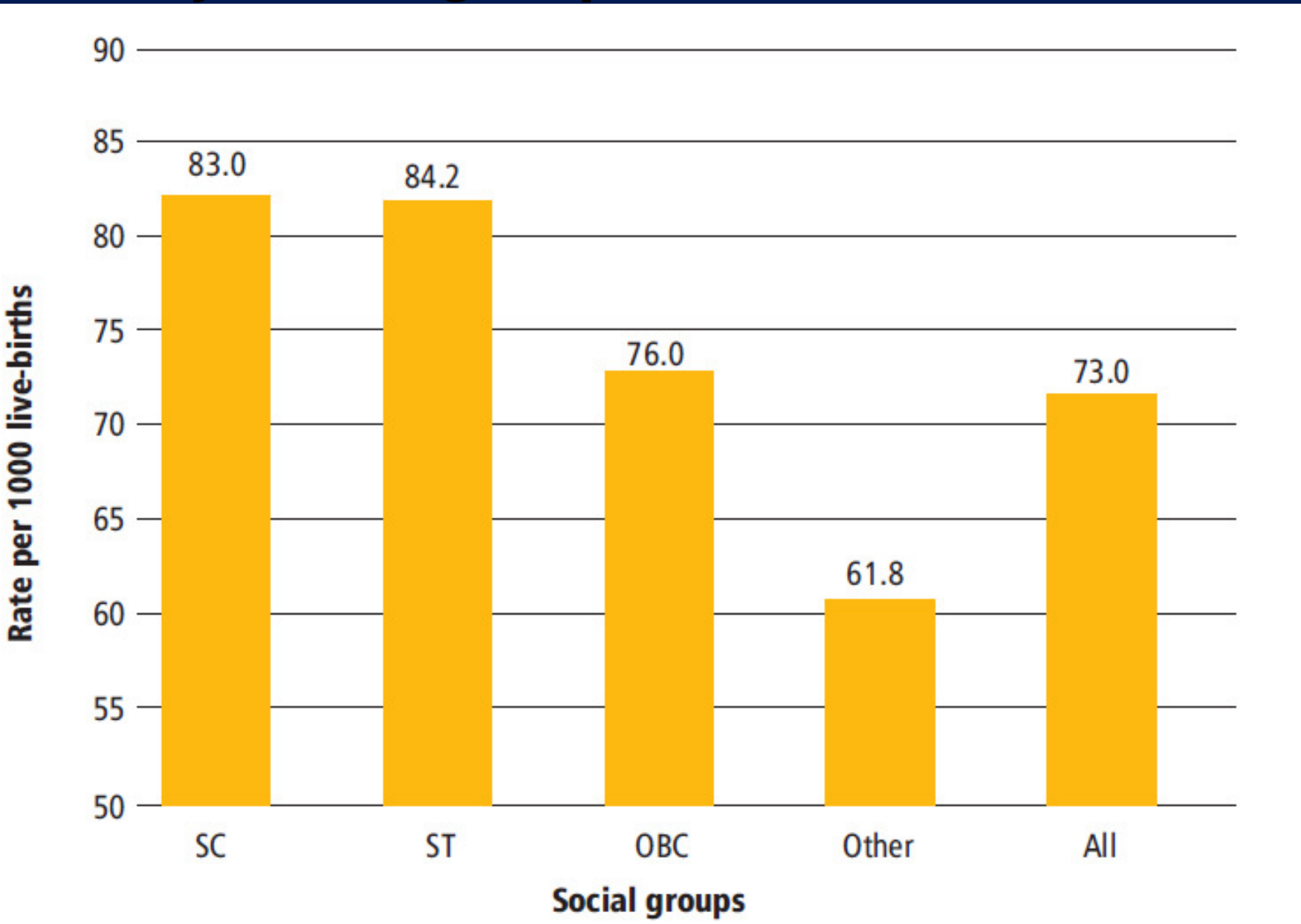
Country	Public sector markup	Private sector markup
China	24-35	11-33
El Salvador		165-6 894
Ethiopia	79-83	76-148
India		29-694
Malaysia	19-46	65-149
Mali	77-84	87-118
Mongolia	32	68-98
Morocco		53-93
Pakistan		28-35
Uganda	30-66	100-358
United Republic of Tanzania	17	56

The Challenges for Public Financing:

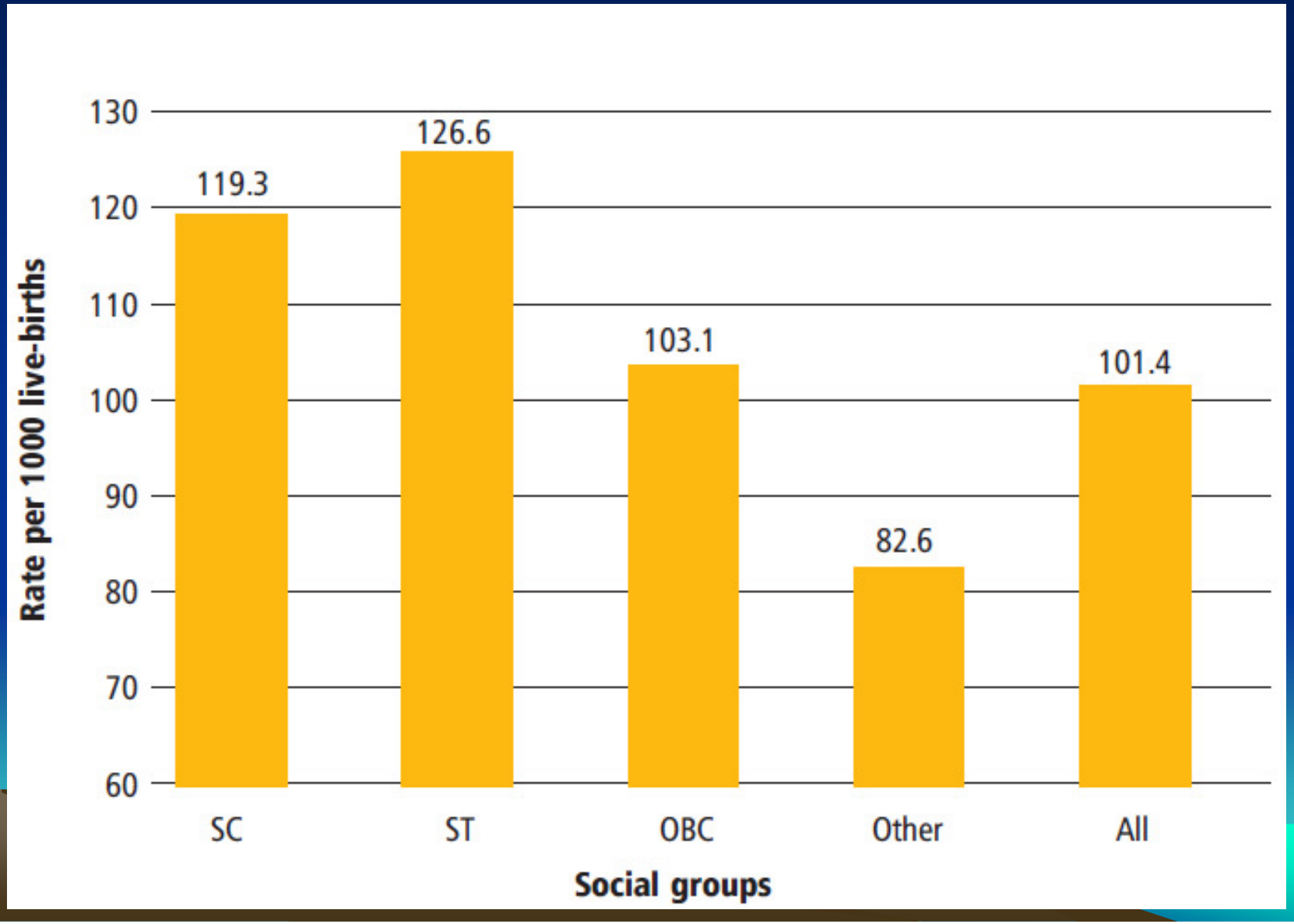
1. How to ensure Equity?
2. How to enhance the efficiency?

Why Equitable Health Services ?

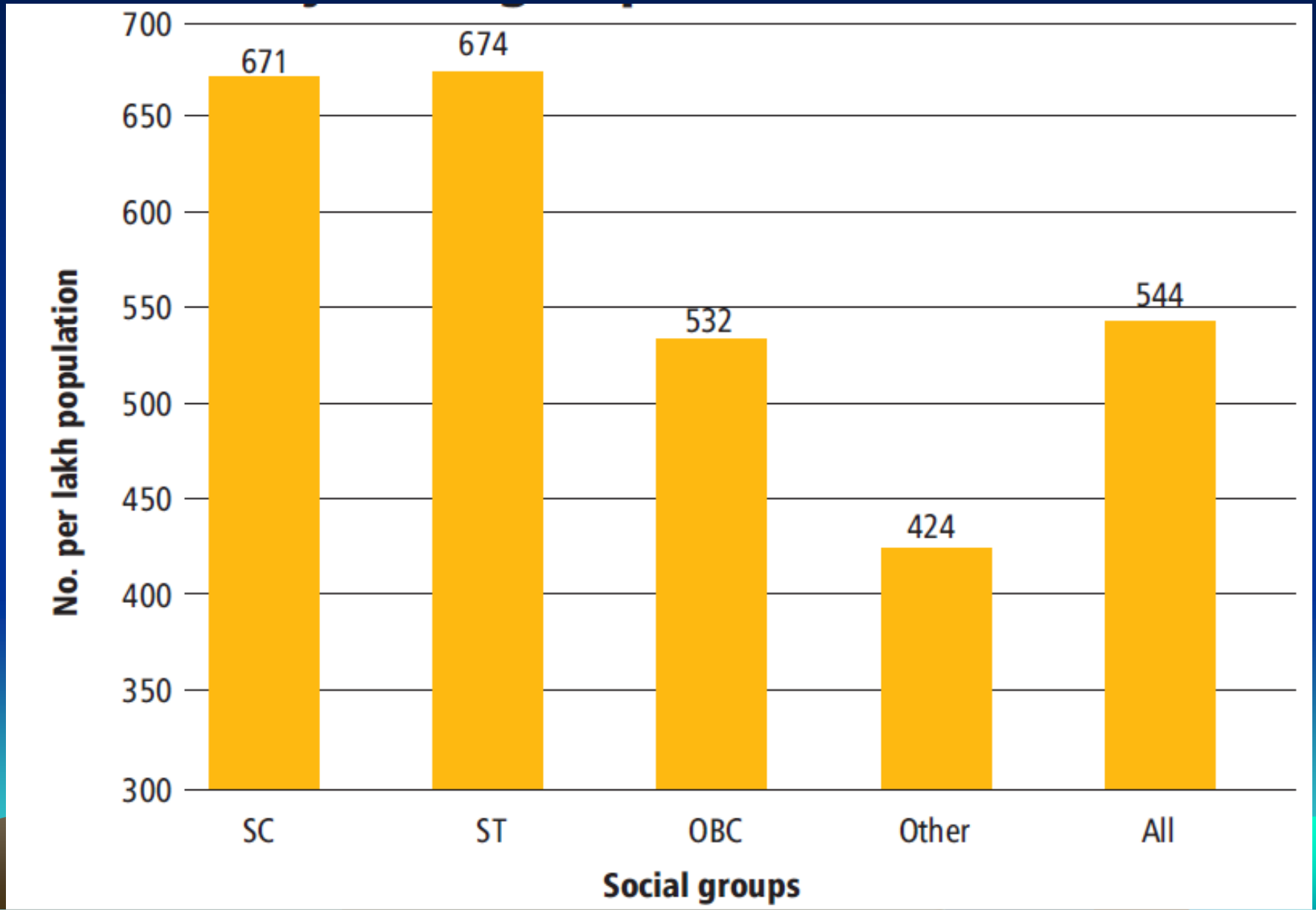
IMR by social groups in India



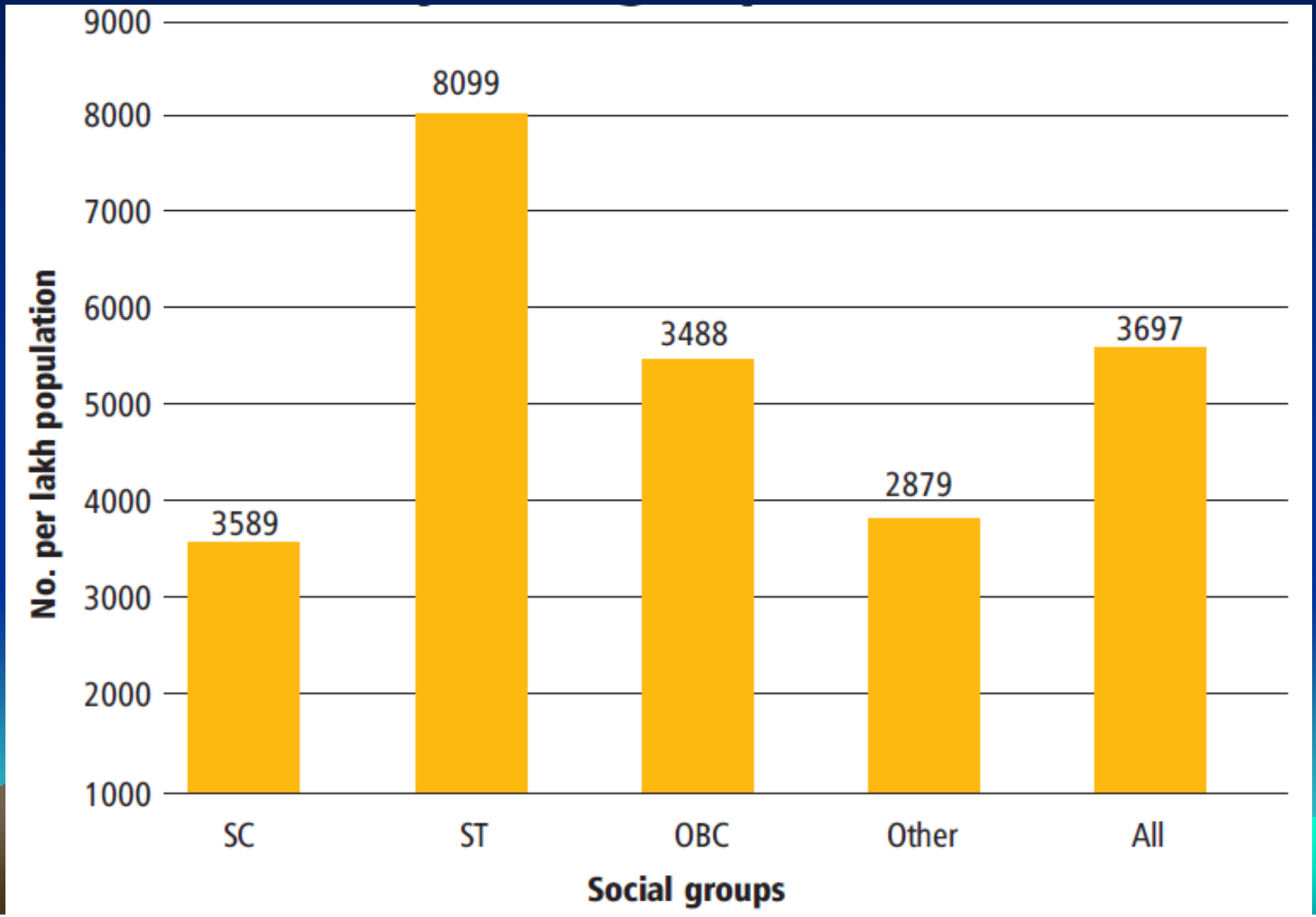
Under-five mortality by social groups in India



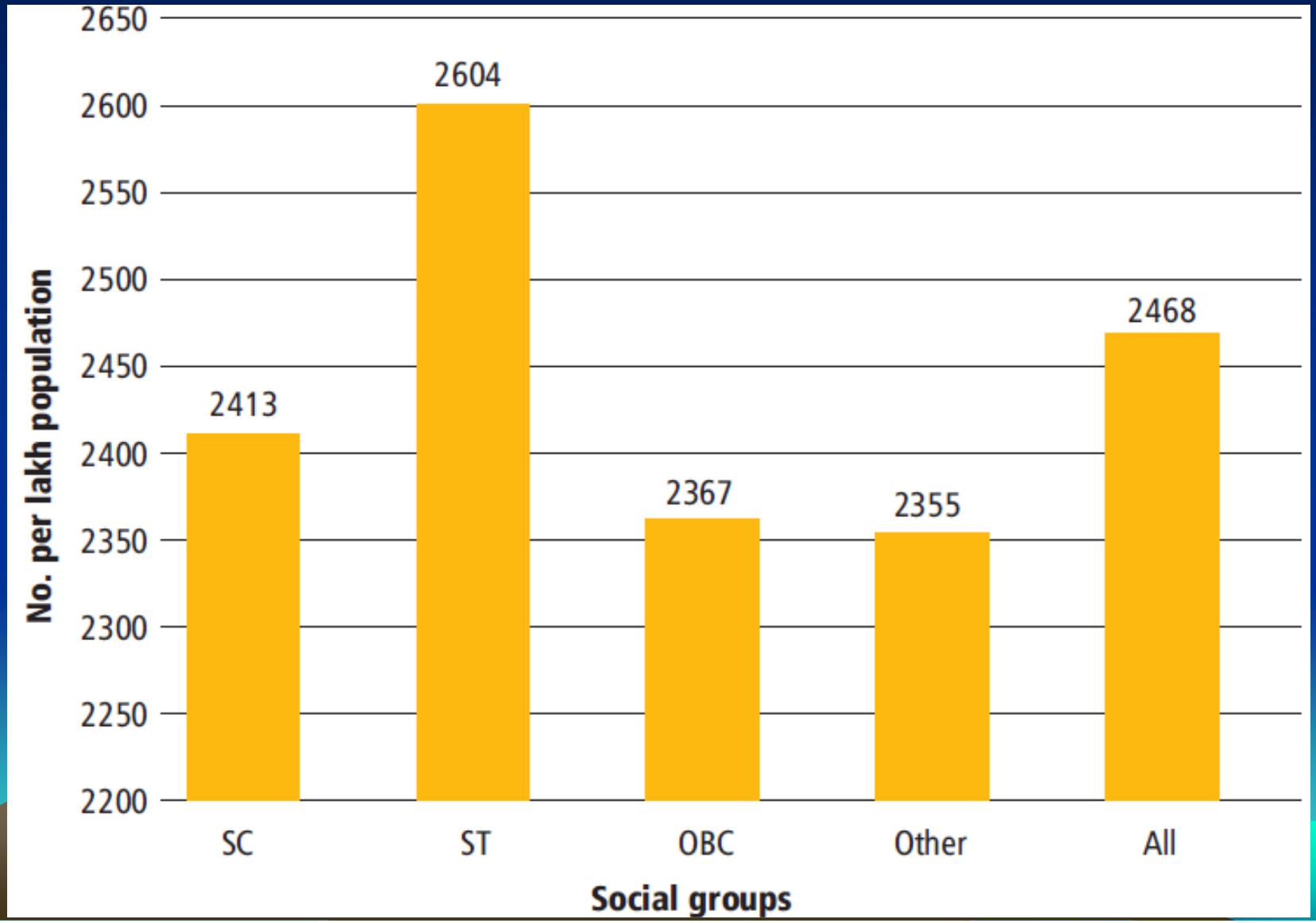
No. of persons per 1,00,000 population suffering from TB by social group in India



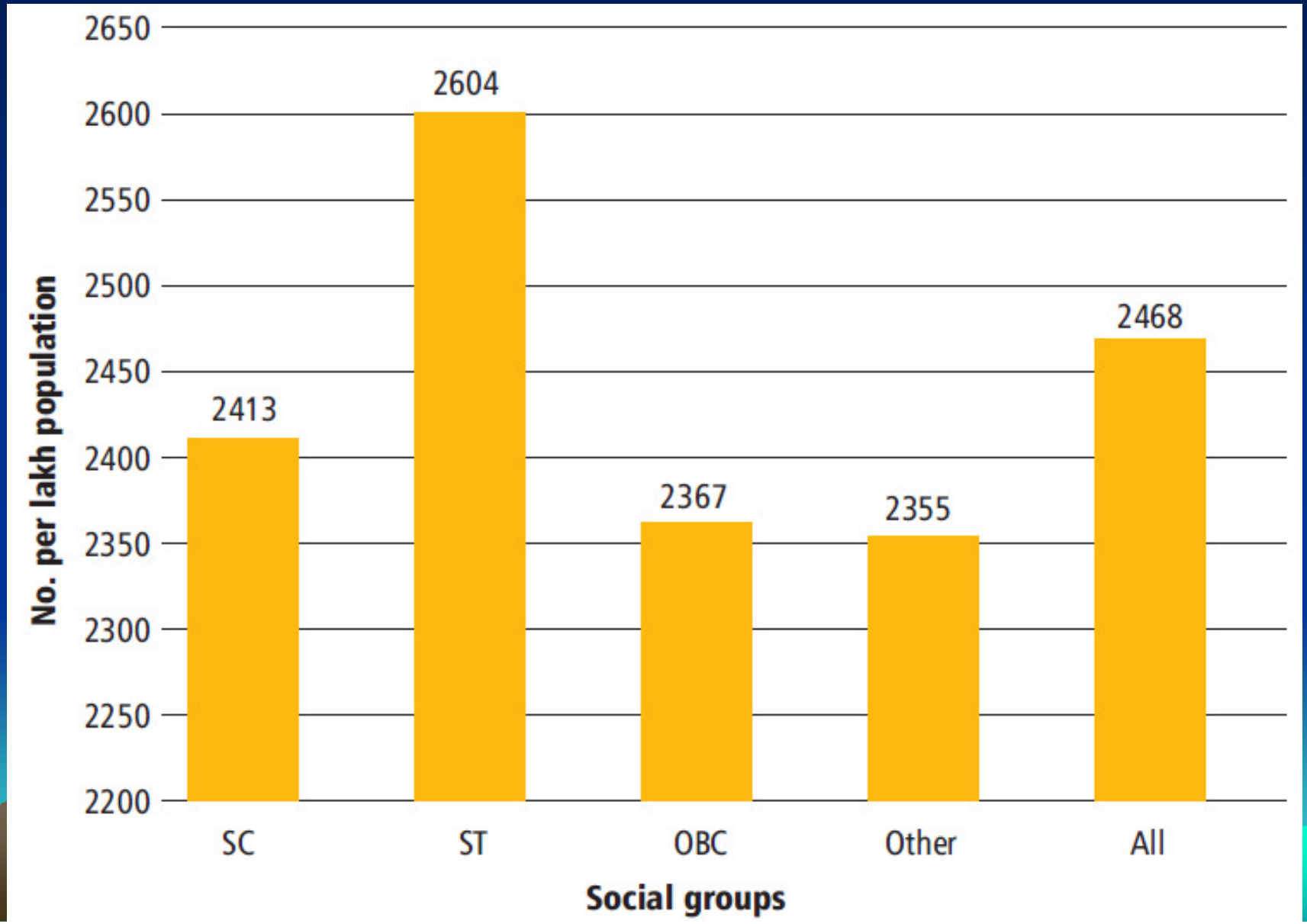
No. of persons per 1,00,000 population suffering from Malaria by social group in India



No. of persons per lakh population suffering from asthma by social group in India

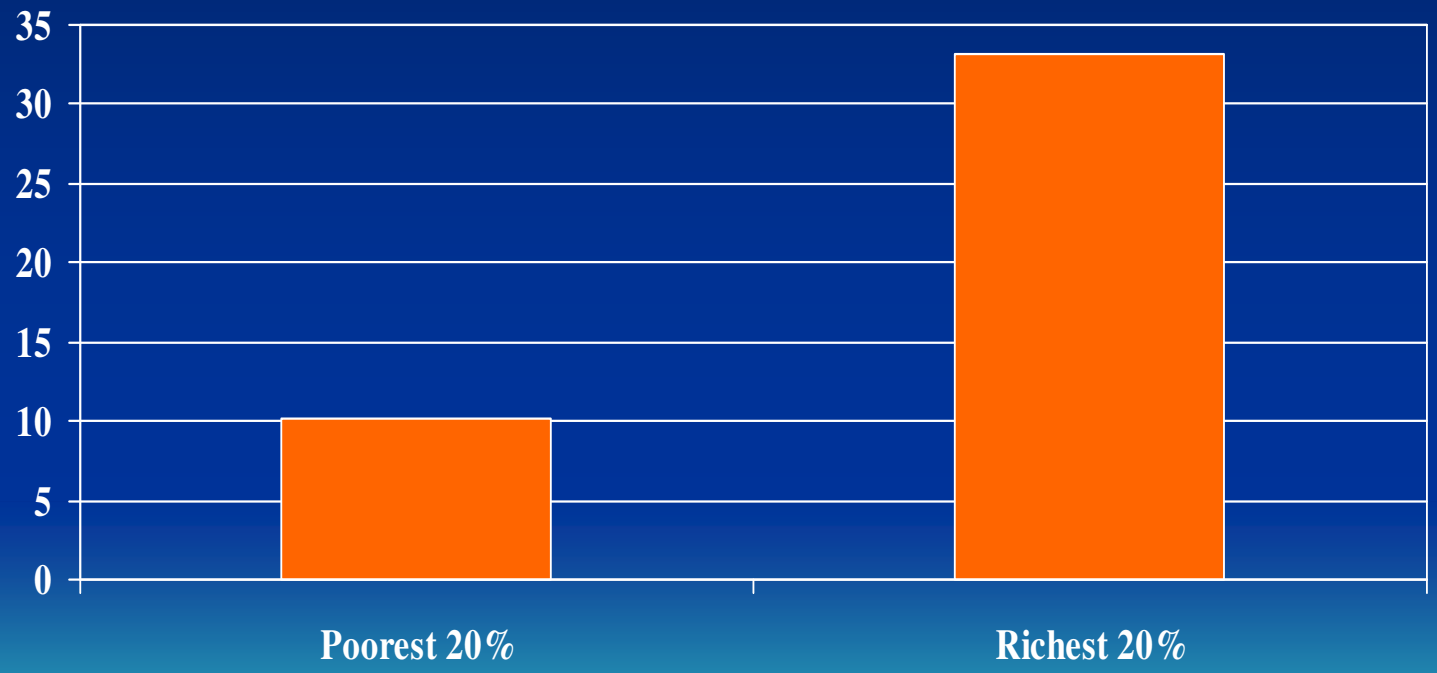


Prevalence of disease

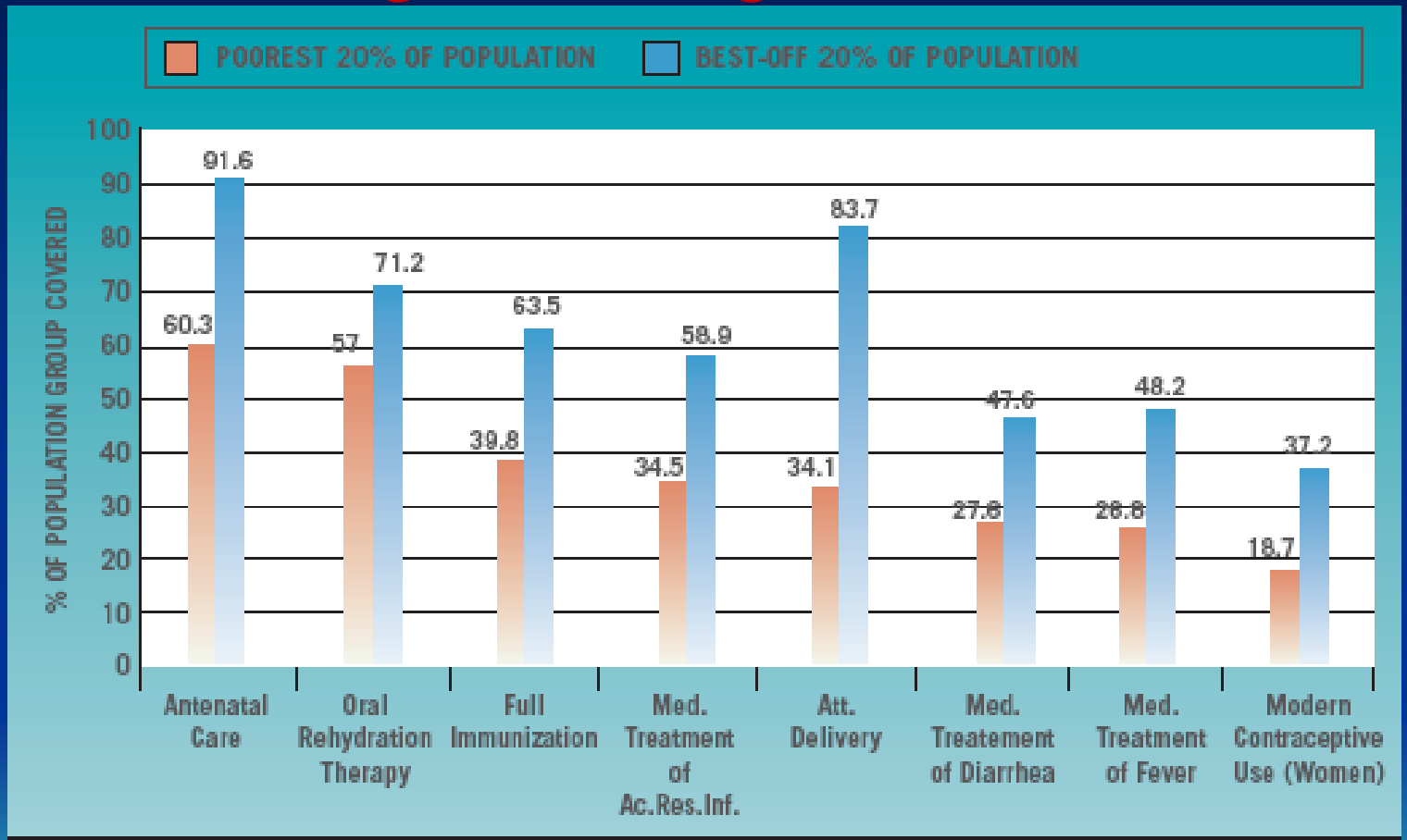


Share of the Pubic Subsidy for curative care in India by income groups

Ajay Mohal et al 2001



Coverage of basic Maternal & Health Services is higher among the Best-off



Source: Gwatkin D., Rutstein S., Johnson K., Pande R., Wagstaff A., Socio-economic differences in health, nutrition, and population.

NOTE: Number of countries varies from 51 to 56, depending upon service.

Why improve Efficiency ?

Availability of health workers save lives !

High

Probability of survival

Low

Maternal Survival

Child Survival

Infant Survival

Low

Proportion of health workers per population

High

Are there enough health workers ?

- WHO estimates a shortage of more than 4 million doctors, nurses, midwives and others

- In absolute terms, the greatest shortage occurs in South-East Asia dominated by the needs of Bangladesh, India and Indonesia

Public Health Managers

Requirement 10,445

- One each at CHC (6000)
- One each at Sub divisional Hospital (1200)
- Five each with District Health Mission (3000)
- Seven each with State Health Mission (245)

- Shortfall 8445
- Training capacity 900 per annum

Addressing the shortage – How much will it cost ?

- Making up the shortfall requires a significant investment

- The extent of required increase is difficult to determine but there is clearly a need for the international community to actively support the process of strengthening human resources for health

- Annual training cost are estimated to be US$ 2 billion per year in a large country like India

Improving Equity & Efficiency through strengthening Short Route of Accountability :

1. Strengthening local accountability mechanisms

2. Enhancing Client Power

Strengthening Local Accountability

Empowering the Users to monitor and discipline

- Flexible funds to Rogi Kalayan Samitis and Village Health & Sanitation Committees under NRHM
- Citizen's Report Cards in Bangalore

Co-producing health and nutrition services

- Mid Day Meal Program in Tamil Nadu
- User associations hire and pay health staff in Mali
- Co-operative Pharmacies in Haiti, Singapore.

Enhancing the Client Power

Demand side financing

- Janani Suraksha Yojana in India
- Educational scholarships for Girls in Bangladesh
- Conditional Cash Transfers in PROGRESSA, Mexico

Publicizing Performance

- Public disclosure of health service use, availability of essential supplies, hospital bed occupancy

Improving Equity & Efficiency through strengthening Long Route of Accountability :

1. **Buying Results:** *Performance Based Contracts*

2. **Enhancing Efficiency of Public Health Services:** *Bihar Health Society; Tamil Nadu Health Services Corporation*

Improving Efficiency of Public Sector

The Bihar Health Society:

1. Strategic focus on making block PHCs functional
2. Outsourcing other services including laboratory, call centre for reporting service statistics
3. Essential Drug list and commitment to supply them
4. Transparent bidding to ensure supply of limited number of pharmaceuticals
5. Professional managers for bigger hospitals
6. Daily monitoring of Block PHC use by the call centre suggest steep increase in use.

Improving Efficiency of Public Sector

The Tamil Nadu Medical Services Corp. :

1. 90% of pharmaceutical procurement in the state
2. Centralized Procurement : Better Price & Quality
3. Flexibility to draw supplies to end users: Pass Books
4. Transparent Bidding as per the TN transparency act. Winning bidder disclosed on the day of bid opening
5. Networked logistic & distribution system with warehouses in each district.
6. Significant impact on price as well as quality

The Way Forward

Improving health in India will require strengthening the health system in the next ten to twenty years.

Five core concerns emerge when facing the challenge of improving health in India:

(i) promoting equity by reducing household expenditure on total health spending and experimenting with alternate models of health financing;

(ii) restructuring the existing primary health care system to make it more accountable;

(iii) reducing disease burden and the level of risk;

(iv) establishing institutional frameworks for improved quality of governance of health;

(v) investing in technology and human resources for a more professional and skilled workforce and better monitoring.

THANK YOU