People Power

Public Hospitals – Choice and Competition

One of the challenges facing us today is providing reasonable quality healthcare to all people, irrespective of birth, caste, status and wealth. We are one of the most poorly served countries in terms of health care. And yet we have an impressive infrastructure of medical institutions.

We have over 3,100 Community Health Centres in the public sector - each having 30 - 50 beds, three or four doctors along with the necessary paramedical and other staff. We have about 23,000 primary health centers (PHC) all over the country each having one or two doctors, four to six beds, and 14 paramedical staff. Under each PHC, there are usually six sub-centres, and two qualified multipurpose health workers – one male and one female – to serve the community. We have over 137,000 such sub-centres!

Together in the private and public facilities, there are over 9 lakh beds and 5 lakh doctors. We have about 7.5 lakh nurses. Our hospital infrastructure is impressive and growing, with high level of capability for sophisticated medical interventions. The cost of many diagnostic, therapeutic and surgical procedures is only a fraction of that in advanced countries. Our pharmaceutical industry is mature and sophisticated, and has the capacity to produce drugs to meet our requirements at a relatively affordable cost. People too are willing to pay for medical care. About 83% of the health expenditure incurred in India comes from the people, and not from the government. And most of this private expenditure is out-of-pocket.

Despite these strengths, the travails of ordinary Indians who fall sick are unbelievably harsh. Most of the poor and middle classes have no health insurance. Modern medicine has seen spectacular advances, but medical care costs money.

As a result, the average Indian shudders at the prospect of sickness. Many studies reveal that on an average, s/he spends 60% of the annual income towards medical costs for a single episode of hospitalization - whether in private facility or in government hospital. Consequently, 40% of hospitalized Indians are forced to sell their properties or borrow at high interest rates. This results in a good 25% falling below the poverty line. Most of this burden is borne by the poor, unorganized sectors of population.

However, we should realize that 80% of disease burden is a consequence of failure of preventive and public health care. Therefore, without improving preventive and primary health care, we cannot improve the health of the people. Merely spending more money on hospitals and medical treatment will only waste resources without yielding results.

Yet we do need good hospital care for two important reasons. First, the credibility of a preventive and primary health system depends on the quality of hospital care it is supported by. Most ordinary people think of health only when they become sick. If the public hospital cannot help them in times of sickness, they will have no faith in the

preachings about prevention and good healthcare practices. Second, no matter how good preventive care is, some people are bound to fall sick and sickness has catastrophic consequences to the family's finances, reduces productivity of the individuals and impedes economic growth.

We need more than the current 3100 community health centers. Only about 15% of the out-patient care, and 40% of the inpatient care is provided by public facilities. We need at least one 30-50 bedded hospital for every one lakh population. That means we need to build 7,000 such hospitals in public sector as the first level of referral care. Supporting these, we need larger district hospitals, and teaching hospitals where specialized care would be available. But hospitals are not mere buildings. We need adequate doctors, nurses, paramedics, equipment, laboratories and medicines – all are necessary for proper patient care.

Where hospitals already exist, most of them function very badly. The doctors and staff are not accountable; corruption and harassment are rampant; hygiene standards are horrifying; equipment is badly maintained; and drugs are not available. As a result, even poor people are forced to go to private doctors and hospitals, and spend enormous sums. Even there, the treatment available is often substandard.

To get the millions of Indians out of the trap of poverty and disease, we need the following: good quality public hospitals; mechanisms to reduce the financial burden of sickness on the poor and make public hospitals function well. China is implementing a model in which the central government, local government and citizens pool 10 Yuans each (1 Yuan = Rs. 5.70); the public hospitals are reimbursed from the health fund created thus for the medical services rendered. This cooperative system of medical care has many advantages.

In India too we need to introduce a similar system. We need to build more community health centers at taluk level. At the same time we should create a health fund to manage these hospitals. For instance, the Union government, state government and individual citizens could contribute Rs 30 each, making it Rs 90 per capita per year. The individuals will pay their share to the panchayats or municipalities. Where they are poor, the government will subsidize their share. We will thus collect about Rs 9000 crore for all of India. This money will be kept at the district or subdistrict level with a local health authority, as health fund. The public hospitals will be built by the government and proper infrastructure and equipment provided. But no budget will be allocated for salaries or maintenance of the hospital and patient care. The patients will have the choice to go to any public hospital in their region. The hospitals will have to provide patient care, and the costs will be reimbursed from the health fund. This reimbursement will be based on standard costs decided by experts committees in advance. For instance, a cataract surgery may get Rs 600 to Rs 1000. Standards of care also will be prescribed. If the local public hospitals are not able to handle the caseload, the patients can go to approved private doctors and small nursing homes; they too will be reimbursed in the same manner. The government hospitals will then get patients by good quality care and reputation. Only then can they pay salaries of staff and maintain the hospitals.

We need such innovative methods to make health care available and accessible to the poor at low cost. We certainly need to enhance our public health expenditure from the present 0.9% GDP to 2% or more of GDP. But mere high expenditure does not guarantee better results. The Chinese model needs to be emulated to improve hospital care, promote health and productivity, and save millions of the poor from destitution and disability on account of illhealth. Choice to patients, competition among hospitals, better services, cost control and accountability are the keys to improving hospital care.

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