Health-care Costs in India

Why in news?

Recently, seeing the dynamic landscape of Indian healthcare, cost considerations are increasingly shaping service delivery and patient care.

Status of health care cost in India
• India has one of the *highest medical inflation rates in Asia*, reaching 14 percent. • Urban India accounted for **42.3%** of the total healthcare-related expenditure in this period, while the remaining **57.7%** of the expenditure came from rural India. • Indian households spent an estimated INR 120 billion on health and healthcare-related services in 2022. *India has a large privately managed healthcare system.* - On average, a rural household spent INR 309 on healthcare while an urban household spent INR 460 in the month. • *Medicines and health enhancement services* comprise a bulk of healthcare expenditure. • People in *Uttar Pradesh (96%) and Rajasthan (93%)* are particularly likely to say that the government should be responsible for providing healthcare services. • People in urban areas are more likely to say that public hospitals need improvement than people in rural areas (43% vs. 32%).

What are the major challenges faced by India in healthcare costs?

- **Medical inflation-** The cost of medical services, pharmaceuticals, and medical devices is rising faster than general inflation, making healthcare increasingly unaffordable for many.
- **Technological advances-** While technology improves care, it also raises costs due to the high investment required for advanced medical equipment and procedures.
- **Regional disparity**- There is a significant disparity in healthcare access between urban and rural areas. Rural regions often lack adequate healthcare facilities, skilled professionals, and essential medicines.
- **Socioeconomic inequities-** Lower-income groups struggle to afford quality healthcare, leading to poorer health outcomes and increased financial strain.
- **Lack of quality**- Supreme Court's standardizing medical procedure rates could drastically slow the development of new treatments and technologies, especially in fields like cancer research and robotic surgery, where significant investment is crucial.
- **Limited insurance coverage-** A significant portion of the population lacks health insurance, leading to high out-of-pocket expenses for medical treatments.
- **Infrastructure gaps-** Many public healthcare facilities lack the necessary infrastructure, equipment, and staff to provide quality care.
- **Price caps-** One-size-fits-all price caps could undermine healthcare quality.
    - A Health Care Management Review study shows hospitals facing price caps report a 15% increase in patient dissatisfaction.

What should be done?

- **Invest in infrastructure-** The need of the hour is to invest in top-tier infrastructure and advanced technologies, seamlessly integrating telemedicine and remote care to broaden access and build patient trust.
- **Private hospitals**- Private hospitals in India, particularly those accredited by the Joint Commission International (JCI) and the National Accreditation Board for Hospitals (NABH), have emerged as hubs of innovation.
- **Enhance patient outcomes**- These institutions invest in advanced technologies and top-tier infrastructure, enhancing patient outcomes in complex procedures.
- **Value-based pricing-** This could be the ultimate solution where in payments reflect health outcomes rather than service volume.
- **Inclusivity-** Broader Internet access and improving digital literacy will empower more people to benefit from these advancements, setting the stage for India to lead globally in health-care innovation.
- **Holistic approach-**Engaging all stakeholders including private healthcare providers, is essential for crafting effective, sustainable policies.
- **Legislative reforms-** States like Rajasthan and Tamil Nadu highlight gaps in rate provisions, advocating for strong legal frameworks to address these issues.
- **Technology intervention-** It has revolutionized health care, making diagnostics faster and more accurate with artificial intelligence and improving care coordination through electronic health records.
    - Telemedicine initiatives in Karnataka have slashed hospital visits by 40%.
- **Utilize big data**- Data analytics can shed light on patient outcomes, treatment efficacy, and cost-efficiency, informing more nuanced rate-setting frameworks.
- **Implement pilot projects-** This can be done in selected districts to assess the impact of rate caps, allocate government subsidies for private hospital R&D, and establish public-private partnerships to integrate advanced technologies in public hospitals.
- **Thailand model-** Thailand’s tiered system considers income and necessity, balances cost and care and could model India's diverse economy.

Reference

[The Hindu | Delicate balancing of Healthcare]

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