Health Insurance Scheme – The Challenges

What is the issue?

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- The Union Budget has announced an ambitious “National Health Protection Scheme” (NHPS), which intends to provide health insurance to the masses.
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- The scheme sounds more like a fantasy due to ambiguities in funding and the lack of infrastructure to support the initiative.
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What is National Health Protection Scheme?

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- One of the most significant announcements made in the 2018-19 budget was the one relating to the “National Health Protection Scheme” (NHPS).
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- NHPS is touted as the world’s largest healthcare programme, and envisages providing the poor with a medical insurance cover of up to Rs. 5 lakh.
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- The scheme intends to cover 10 crore families, which roughly translates to around 50 crore people (nearly 40% of the entire population).
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- This is massive and the first near-universal welfare measure in the health sector since the 1980s, when fiscal constraints started straining budgets.
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- Notably, burgeoning populations and resource constrains in 1980s forced the government to prioritise health spending on only the most vulnerable sections.
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- Healthcare for the rest has since increasingly passed on to the private sector.
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- But the Finance Minister did not allocate any money for the scheme and rather just stated that resources will be raised when required.
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Why NHPS?

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- Out-of-pocket expenditure on healthcare is nearly 63% of the country's total healthcare expenditure.
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- This is one of the highest in the world, while it is "32% in China, 11% in the U.S. and the world average is 18.2%".
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- This expenditure is usually catastrophic for the poor and usually pushes millions into poverty every year in India.
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- In this context, the NHPS was conceived to protect the vulnerable.
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Why is the concept flawed?

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- Even if the insurance policy becomes live, whether this will significantly improve "Medicare for the masses" remains.
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- The proposers of the scheme seem to be oblivious to the crucial difference between "medical insurance and actual healthcare services".
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- The former is a financial product which focuses on enabling beneficiaries to access existing healthcare facilities through their insurance pool.
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- It does not naturally ensure the creation of healthcare infrastructure as somebody will have to build hospitals/clinics and procure equipments.
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- Also, doctors and nurses are to be staffed and the 'cost of medical services' much fall within the limits set by the insurance policy.
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What are the shortfalls in the current public health infrastructure?

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- **Infrastructure -** India had merely about 1,800 proper functional hospitals in rural areas, according to the government's rural health statistics for 2017.
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- There is a shortfall of "19% in sub-centres, 22% in Primary Health Centres (PHC) and 30% in terms of Community Health Centres (CHC)".
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- As of March 2017, the number of buildings required to be constructed to meet the current health requirement demands had crossed 40,000.
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- Even if the buildings exist, they are often just shells, without the requisite staff.
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- Also, a quarter of PHC in the country, do not have a reliable power supply and nearly a fifth don't have water supply.
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- **Medical Personals -** Even the best-performing States like Kerala and Tamil Nadu had 5.9% and 7.6% doctor vacancies in PHCs respectively.
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- Notably, the same for was over 40% in states like West Bengal, Chhattisgarh and Jharkhand and was 63.6% in Bihar.
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- About half the primary and community health centres in Rajasthan, Haryana and Bihar did not even have a staff nurse, which was 75% in Jharkhand.
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- The proportion of vacant specialist doctors is even higher and ranges from 16.7% in Tamil Nadu to a staggering 77.7% in Chhattisgarh as of 2015-16.
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What is desired?

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- The real challenge of creating the physical healthcare infrastructure on the ground, equip it, staff it, and run it remains very much intact.
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- NHPS will indeed create a 50 crore strong potential consumer base for private medical services, which might prod them to make investments.
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- But this will take time, and the age-old challenges of getting trained medical professionals to work in remote and rural locations still remains.

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- Hence, given the enormity of the scenario, merely allocating funds is not sufficient and rather a more direct government role is desired.
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Source: The Hindu

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