India Health Expenditure

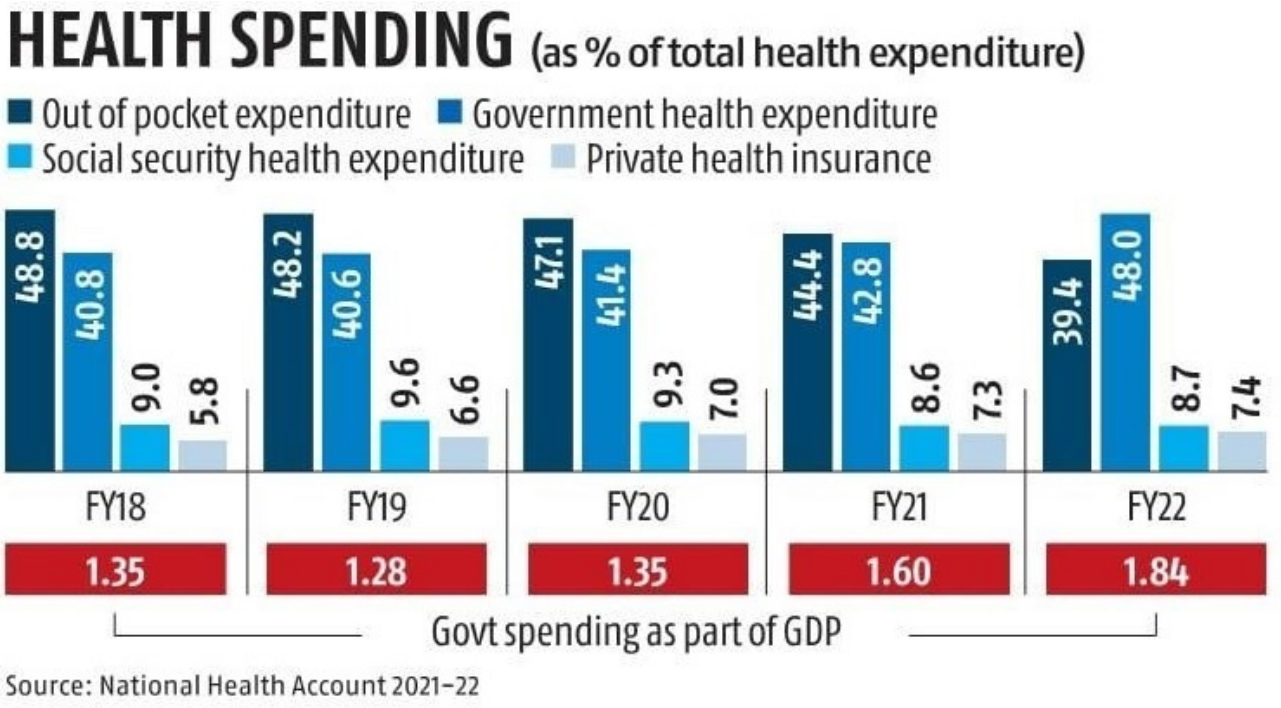
Why in News?

The National Health Accounts Estimates for 2020-21 and 2021-22 was released recently by the Union Health Ministry.

What is the status of Health Expenditure in India?

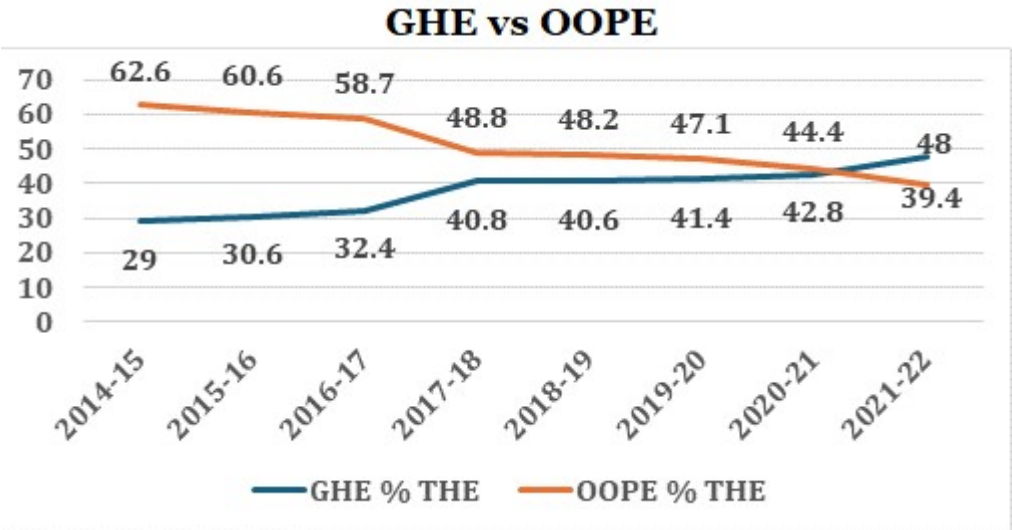
- The total health expenditure in India has risen to ***3.8 % of the GDP***.

Total Health Expenditure	
Government Health Expenditure (GHE)	Expenditures from Union Government, State Governments, Rural and Urban Local Bodies including quasi-governmental organisations and donors in case funds are channeled through Government organisations.
Out-of-pocket expenditure (OOPE)	Expenditures directly made by households at the point of receiving health care.
Social Security Expenditure (SSE)	It includes government-funded health insurance (both Center and State) and medical reimbursement to government employees.
Private Health Insurance (PHE)	Spending through health insurance companies where households or employers pay a premium to be covered under a specific health plan.



- **Decline in OOPE** - It declined to ***39.4 %*** of total health expenditure (THE) in 2021-22 from 48.8 % in 2017-18.

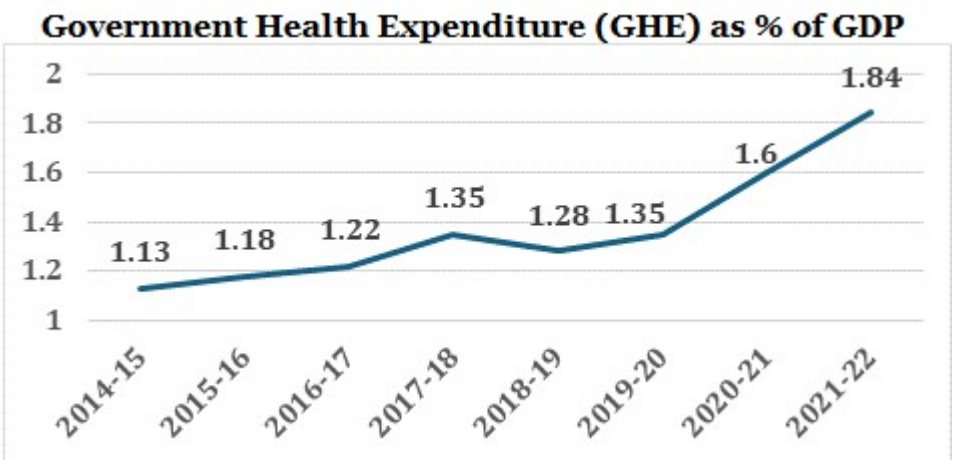
National Health Policy aims to reduce OOPE as a proportion of total health expenditure to 35 % by financial year 2025-26 (FY26).



National Health Account
• National Health Account provides a systematic description of the financial flows in India's health system by different sources. • Released by Ministry of Health and Family Welfare. • It shows how the money is spent, how healthcare is provided, and the nature of healthcare services that are used. • The NHA estimates are based on the globally accepted framework of 'A System of Health Accounts (SHA 2011), 2011' which facilitates inter-country comparisons. • SHA 2011 is developed by World Health Organization (WHO).

What are the reason for reduced OOPE?

- **Increased government contribution** - Government Health Expenditure (GHE) rose marginally from 1.35 % of GDP, in 2017-18 ***to 1.84 % in 2021-22.***



*National Health Policy has targeted **2.5 % of GDP** for public health expenditure by 2025.*

- Share of government health expenditures in total health expenditures has also shown a significant increase from 29.0 % in 2014-15 to ***48.0 % in 2021-22***.
- **Increased per capita GHE** - In per capita terms, GHE has tripled, from Rs. 1,108 to Rs. 3,169 between 2014-15 to 2021-22.
- **Expanded private health insurance** - Coverage of private health insurance rised from 5.8 % in 2017-18 to ***7.4 %*** in 2021-22.
- **Increased social security spending** – The proportion of total health expenditure allocated to social health insurance programs has increased from 5.7 % in 2014-15 to ***8.7 % in 2021-22***.
- **Government Health Schemes** - More than Rs 1 lakh crore savings have accrued from the Ayushman Bharat PMJAY.
- Free Dialysis scheme, launched in 2015-16 have benefited 25 lakh people.

What are the benefits of reduced OOPE?

- **Universal Health Coverage** - decrease in OOPE is a constructive sign of realising Universal Health Coverage (UHC) as postulated in the National Health Policy, 2017.
- **Prevents financial ruin** - Reduced OOP protects against Unexpected medical expenses can lead to bankruptcy or severe debt.
- **Enables savings** - With lower healthcare costs, individuals can allocate more of their income towards savings or other financial goals.
- **Increases access to care** - Lower costs can encourage people to seek preventive care and timely treatment, leading to better health outcomes.
- **Reduces delayed care** - Reduced OOPE can encourage people to seek treatment when needed without worrying about financial constraints.
- **Reduces poverty** - Reducing OOPE costs can help alleviate poverty and improve

overall societal well-being.

- **Increases productivity** - Reduced OOPE can contribute to a healthier workforce and a stronger economy thus improving the productivity.

What lies ahead?

- Expand health insurance programmes to cover outpatient and preventive health services.
- Include people above the poverty line also under the social security schemes to achieve universal coverage.
- Cover the whole household irrespective of the number of members living in the household.
- Enrol urban poor e in health insurance programmes without at the earliest.

References

1. Business Standard | Out-of-pocket health spend falls
2. PIB | National Health Accounts

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