

India's Medical Poverty Trap

Mains: GSII - Health

Why in News?

The NSS 80th Round (2025) highlights rising reported morbidity, private healthcare dependence and high medical expenses, raising concerns about affordability and the medical poverty trap in India.

What is the Medical Poverty Trap?

- **Medical Poverty Trap** - It is a situation where illness pushes households into financial hardship due to high medical expenses, while poverty further limits their access to timely and quality healthcare.
- Families may borrow money, sell productive assets or reduce essential spending to meet medical costs.

Key Findings of the NSS 80th Round

1. **Rising Reported Morbidity** - Reported ailments rose from 6.8% to 12.2% in rural India and 9.1% to 14.9% in urban India (2017-18 to 2025), possibly due to ageing and greater health awareness.
2. **Dependence on Private Healthcare** - Private providers treated 65.4% of rural and 74.8% of urban non-hospitalised ailments.
 - Public healthcare use was higher in Odisha, Tamil Nadu and Chhattisgarh, but lower in Punjab, reflecting differences in accessibility and perceived quality.
3. **High Out-of-Pocket Expenditure (OOPE)** - For non-hospitalised ailments, average OOPE at private facilities was ₹1,541 (rural) and ₹1,343 (urban), compared with ₹304 and ₹257 at government facilities.
 - For hospitalisation, private hospital costs averaged ₹47,710 (rural) and ₹54,999 (urban), against ₹6,905 and ₹6,032 in government hospitals.
4. **Regional Inequalities** - Healthcare costs vary across States due to disparities in public infrastructure and reliance on private providers.
 - Lower-income States such as Bihar and Uttar Pradesh face greater affordability challenges.

Why is India Facing a Medical Poverty Trap?

- **High treatment costs** - Private healthcare imposes a substantial financial burden on low-income households.
- **Weak public healthcare delivery** - Shortages of doctors, medicines, diagnostic services and functional facilities encourage dependence on private providers.
- **Uneven access** - Regional disparities in healthcare infrastructure affect the

availability of affordable treatment.

- **Limited effective insurance protection** – Insurance coverage does not always translate into cashless treatment or protection from high medical expenses.
- **Income insecurity** – Medical emergencies force vulnerable families to borrow, sell assets or compromise essential household expenditure.

Why is Health Insurance Alone Not Enough?

- Schemes such as **Ayushman Bharat** improve financial protection, but insurance cannot compensate for the absence of functioning public health facilities.
- Health insurance coverage increased between 2017-18 and 2025:
 - Rural India –14.1% to 47.4%.
 - Urban India –19.1% to 44.3%.
- Despite this expansion, high OOPe persists, indicating that nominal insurance coverage does not necessarily ensure effective financial protection.
- Benefits depend on awareness, access to empanelled hospitals and the availability of services required by patients.

What Could be Done?

- **Strengthen public healthcare** – Improve facilities from Ayushman Arogya Mandirs to district hospitals, ensuring timely and quality treatment.
- **Improve healthcare infrastructure** – Address shortages of doctors, medicines, diagnostic facilities and essential equipment.
- **Enhance insurance effectiveness** – Ensure eligible households can access cashless treatment and that covered services meet their actual healthcare needs.
- **Reduce regional disparities** – Prioritise underserved and economically weaker States in healthcare investment and service delivery.
- **Improve primary healthcare** – Strengthen preventive care, early diagnosis and treatment to reduce avoidable hospitalisation and expenses.
- **Ensure coordinated financing and delivery** – Align health insurance expansion with improvements in public healthcare capacity.

What lies ahead?

- India must move beyond expanding health insurance coverage to ensuring accessible, reliable and affordable healthcare.
- Strengthening public health facilities and improving the quality of service delivery are essential to prevent medical emergencies from pushing vulnerable households into poverty.
- Universal health coverage must ensure that seeking treatment does not threaten a family's economic survival.

Reference

[Business Standard| Medical Poverty Trap](#)



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