

General Studies – 2; Topic: Issues relating to development and management of Social Sector/Services relating to Health

Privatising Public Hospitals

1) Introduction

- The NITI Aayog has recently unveiled a grand plan to effectively privatise district hospitals in Tier-I and Tier-II towns.
- Provision of healthcare services for cardiac and pulmonary (lung) diseases and cancers.
- Private providers would be free to charge full treatment costs from patients not covered by government schemes (such as the Rashtriya Swasthya Bima Yojana)
- The providers would be reimbursed by the government for treating patients referred by the government.

2) Implications

- **Positive**
 - a. Attract private capital through equity and venture funds to build the required infrastructure to world class standards.
 - b. Private sector will bring best practices in government health care sector.
 - c. Access to advanced technology in terms of equipment, accessibility, quality of service.
 - d. Enhance the culture of professionalization in the government health care institutions.
- **Negative**
 - a. Private providers will concentrate on better-off districts, leaving the poor and remote districts for the public sector to manage.
 - b. This will further worsen inequity in access to healthcare services.
 - c. This will weaken the ability of public hospitals to attract and retain trained doctors and health workers.
 - d. Private providers increase demands on reimbursements and fees
 - e. This implies that public services are inherently inefficient.
 - f. Handing over of public assets to for-profit companies represents an abdication of duty by the government.

3) Need for the involvement of private sector

- Highly inadequate spending and an acute paucity of trained manpower.
- Funds to address the various infrastructural and technological deficiencies are urgently needed.
- A privatised system can also provide better nursing and allied services.
- Public healthcare systems across rural and urban areas remain poorly monitored and inadequately standardised.
- To strengthen rural health care systems.

4) Concerns / Challenges

- Free care for those covered by government schemes needs to be seen in the context of recent surveys which show that just 12-13% of people are covered by public-funded insurance.
- India spends slightly more than 1% of GDP on healthcare. Countries like Canada and UK spend 8% of their GDP
- India has set itself an unambitious target of 2.5% of GDP for distant 2025.

- Low spending on health is because of governments and their employees being shielded from policies meant for the common people. Countries that have done well in providing quality care have one system for all.
- The national health policy notes "expenditure due to healthcare costs, is one of the major contributors to poverty".
- High healthcare costs combined with low insurance penetration have resulted in greater out-of-pocket expenditure
- In most of rural India, medical doctors are untrained, with healthcare providers prescribing high rates of antibiotics
- The existing healthcare infrastructure is not enough to meet the needs of the population.

5) Way Forward

- Enhance investment in public healthcare services, including in the training of health workers.
- India needs to learn from the success stories of public health, in countries such as U.K., France, Cuba, Thailand and Sri Lanka
- Need for independent quality control checks on medical licenses and treatment practices.
- Collecting data on prices of similar treatments in public and private facilities to identify and address the exact reasons for the price divergence
- Ensuring cheaper, effective diagnostic facilities at affordable cost for people in accessible distance from clinics/hospitals
- Complimenting healthcare systems with municipal services like good pest control, sewage systems, water purification systems and treatment of waste
- Giving equal investment weightage to education incorporating healthcare awareness to inculcate habits of proper hygiene, basic nutritional requirements etc.
- A balanced approach between public and private healthcare network remains vital for transforming the socio-economic trajectory of India.