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India's healthcare sector: Latest National Health Account figures

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Why in News: There has been a consistent increase in government spending, coupled with declining out-of-pocket expenditure by people on their healthcare needs, shows the National Health Account Estimates 2019-20, which was released recently

About National Health Account (NHA) estimates:

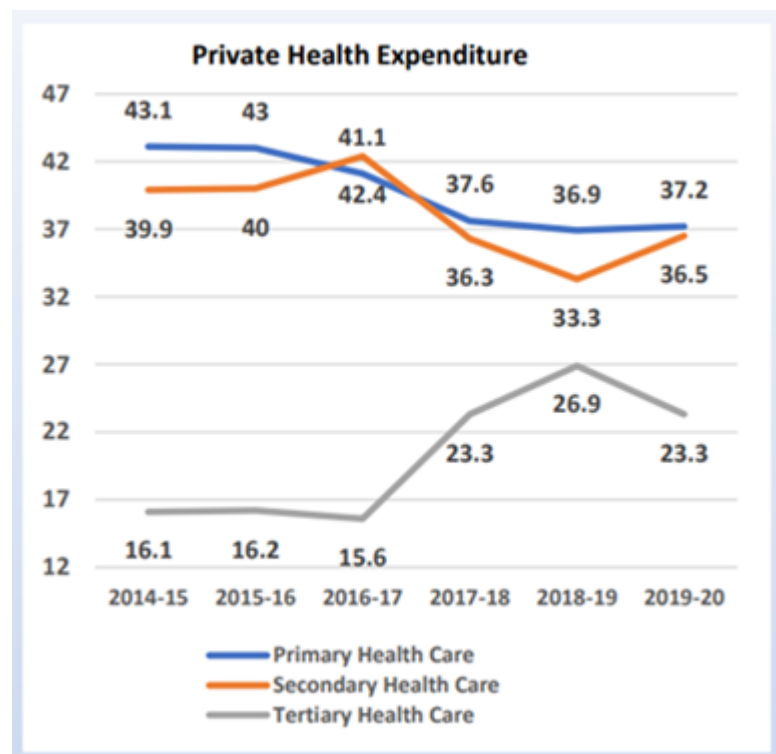
The National Health Account (NHA) estimates for India 2019-20 is the seventh consecutive NHA estimates report prepared by NHSRC, designated as National Health Accounts Technical Secretariat (NHATS) in 2014 by the Union Health Ministry.

The NHA estimates are prepared by using an accounting framework based on the internationally accepted standard of System of Health Accounts, 2011, developed by the World Health Organization (WHO).

With the present estimate of NHA, India now has a continuous series of NHA estimates for the country, from 2013-14 to 2019-20.

These estimates are not only comparable internationally, but also enable the policymakers to monitor the progress in different health financing indicators of the country

Main findings of the report



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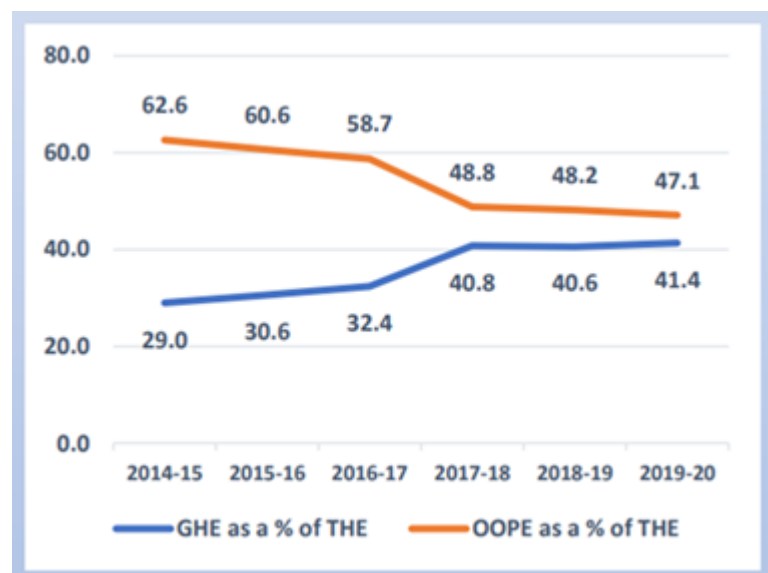
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There are four main findings of the report:

One, the government spending on healthcare has been on the rise. The money spent by the government on healthcare as a percentage of GDP has increased from 1.13% in FY 2015 to 1.35% in FY 2020. Even this small percentage increase in the government's health kitty has translated into nearly double the money spent on each person – the per capita health spend of the government in this period has increased from Rs 1,108 to Rs 2,014.

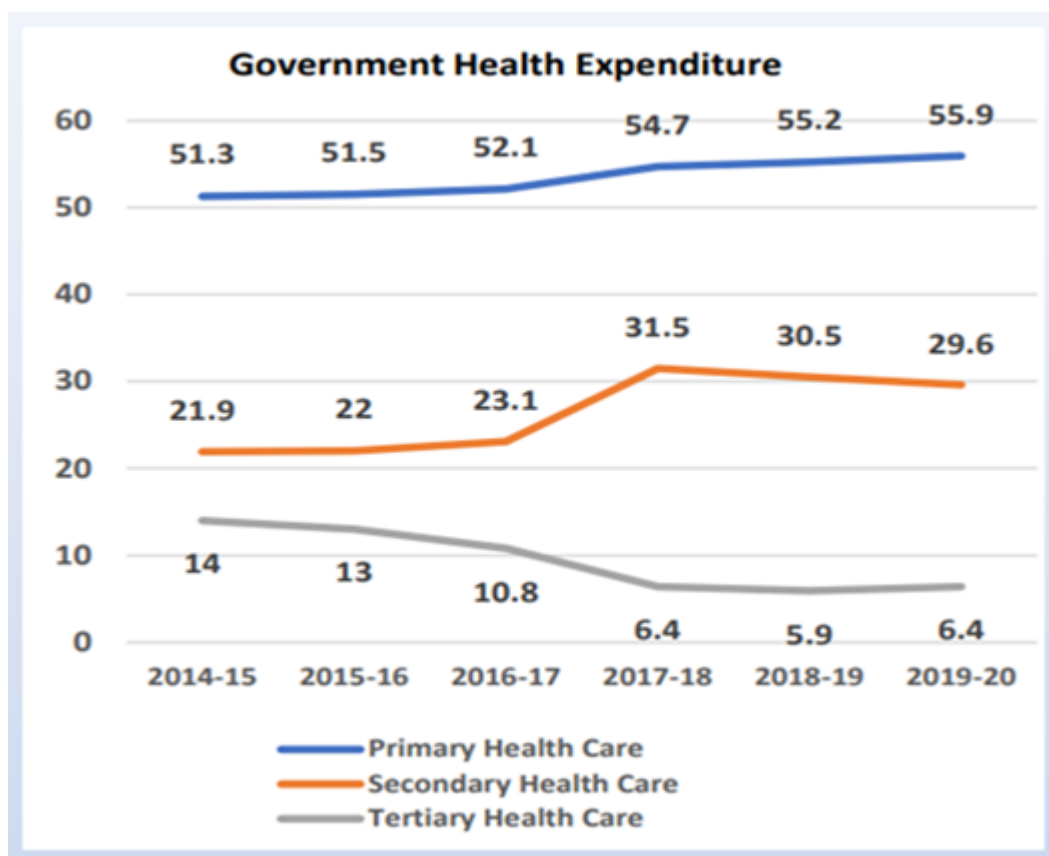
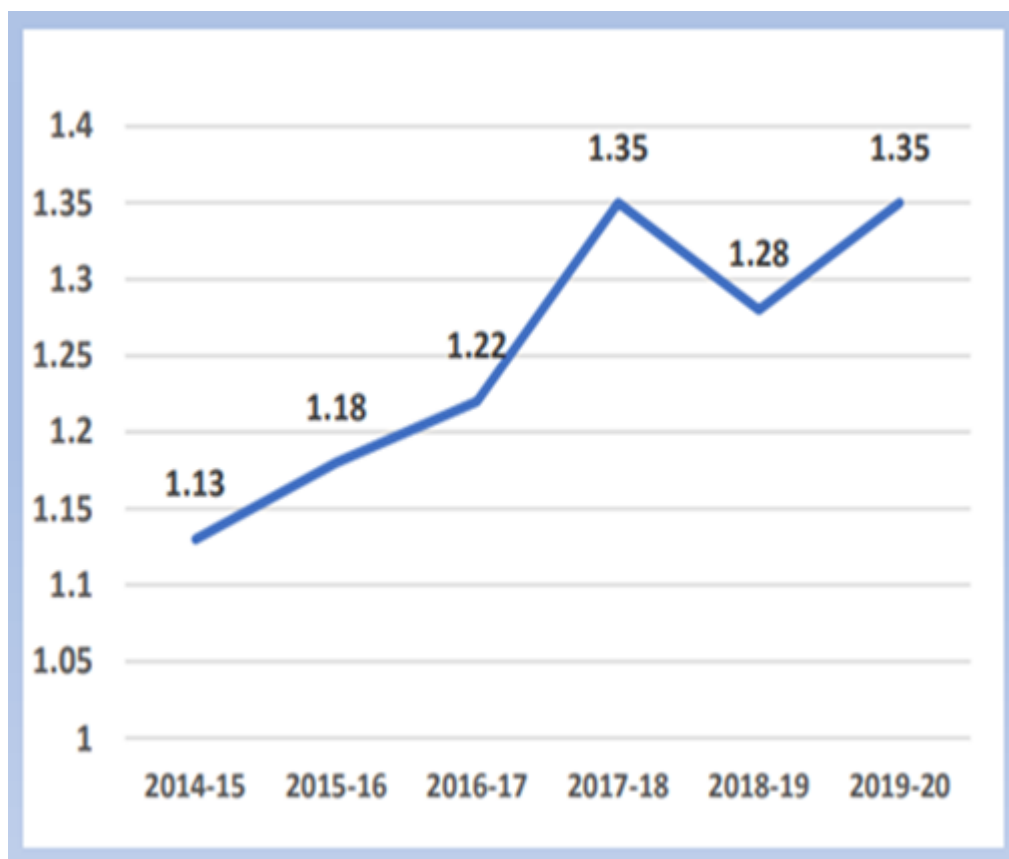
Although the number is still far from the target of 2.5% investment in healthcare by 2025, the number is likely to shoot up in next year's report, with the increased government spending during the pandemic getting reflected.



The government's share in the total money spent on healthcare in the country went up by a 12.4 percentage point between FY 2015 and FY 2020, increasing from 29% to 41.4%.

Two, money spent by people from their own pocket on healthcare has been going down. The report shows that 47.1% of the total spending on healthcare in FY2020 came directly out of people's pockets. But this is actually a 15.5 percentage point drop from 62.6% of the spend coming out-of-pocket in FY 2015. The aim is to bring this down as low as possible by investing in public health and insurance among others so that people don't have to shell out the money when they are sick.

Three, a major chunk of the government's health spend was in the primary sector. Out of the total spending by the government on healthcare in FY 2020, 55.9% went to primary care, 29.6% went to secondary care, and 6.4%



went to tertiary care. To compare, the government spent 51.3% in primary care, 21.9% in secondary care, and 14% on tertiary care in FY 2015.

Four, the union health secretary Rajesh Bhushan pointed out that there has been a consistent increase in social security expenditure by the government, which increased from 5.7% of the total spending on health in FY 2015 to

9.3% in FY 2020.

Increase in spending on insurance

Along with an increase in government spending, the report shows that there has been an increase in spending on privately purchased health insurance as well.

Privately purchased health insurance made up for only 3.9% of the total health expenditure in FY 2015, which increased to 7.72% in FY 2020.

The government financed health insurance spending also went up from 3.8% of the total money spent on healthcare in FY 2015 to 6.37% in FY 2020 as per the report.

Increase in purchase of private insurance was an encouraging trend indicating that people accepted this as a way forward, supplementing the government's spending on healthcare

Health Spending in States

There was a need for the states to increase their contribution towards healthcare and achieve the target set by the National Health Policy 2017, which says that 8% of states' budget should go towards healthcare.

Right now except for one or two states, the target of 8% hasn't been achieved. Most stand at 4.5% to 5% of their budget

Only two big states and three of the smaller ones have crossed the 8% target in FY 2020 – Delhi (contributing 18.7% of its total spending on health), Kerala (8%), Puducherry (10.5%), Meghalaya (8.9%), and Goa (8.7%), according to the report.

The Way Ahead

With health being a state subject, much of the government spending comes from the states. And, there is a need for the Centre to provide more support to states that demand it.

At present, the government schemes force the states to spend by giving them a percentage from the Centre for the implementation of a scheme.

However, if a state decides to implement a scheme, they need to be supported by Centre. Take for example, Rajasthan trying to implement the right to health bill, the Centre should encourage such efforts and give them additional funds