

# Towards a healthy India

There is a 'missing middle' in terms of health insurance penetration. Universalisation has to be the ultimate goal

**ABINASH DASH &  
ASHWANI AGGARWAL**

Dash is joint director in the Department of Economic Affairs and Aggarwal is associate director at PwC. Views are personal

**BUDGET FY22 HAS** placed top-most priority on the healthcare sector in an unprecedented manner. More importantly, it recognised the interlinkages of health with nutrition, water and sanitation facilities that reinforce each other. Allocation for health and wellness sector increased mainly on account of increased allocation on water and sanitation that increased from ₹21,500 crore to ₹60,000 crore, Finance Commission grants and ₹35,000 crore for Covid-19 vaccination. However, the allocation to the core health sector including health research and AYUSH recorded only an increase of 11% in its allocation compared to 2020-21 BE.

The launch of the PM Atmanirbhar Swasth Bharat Yojana (PM-ANSBY), with an outlay of ₹64,180 crore over six years, which aims to develop capacities at various level of health system and create new institutions and strengthen existing ones, is a giant leap to strengthen the health system in the country. However, the budget allocation for the National Rural Health Mission (NRHM)—which is the core of the National Health Mission (NHM)—in 2021-22 BE recoded a growth of 11% compared to 2020-21 BE and remains unchanged compared to 2019-20 Actuals. A gradual introduction of the PM-ANSBY with increased allocation for the NHM in the initial years would ease the rollout of the programme as the existing health ecosystem has two operational flagship programmes—the NHM and the Ayushman Bharat—focusing on similar health dimensions.

In addition to the development of the health ecosystem, its regulation is equally important. Regulation of the health sector for quality, standard of care, assessment of service providers and hospitals and accountability is crucial for the health sector. Efficient and effective regulatory infrastructure is

urgently needed in the healthcare sector. The Budget FY22 mentions the introduction of the allied health services Bill that has been introduced and the nursing and midwifery Bill will be introduced soon. Apart from these Bills, there are several other medical services such as dentistry and pharmacists, etc, which come under the purview of different laws, rules and regulations. There is a multiplicity of Acts, rules and regulations and mushrooming of institutions, yet the regulation of the sector is far from adequate. As such, there is a need for rationalisation, standardisation of medical services and development of a complete Health Care Code (HCC) for the health ecosystem on similar lines as announced in the Budget for the securities markets (Securities Market Code). Also, to provide evidence-based guidance, develop quality standards and provide information to stakeholders involved in healthcare sector, a national institute needs to be established, similar to National Institute for Health and Care Excellence in the UK.

Furthermore, the 'missing middle' in terms of increasing insurance penetration has become prominent. While the PMJAY covers the bottom two income quintiles, commercial insurance largely covers top income quintile, thereby creating a 'missing middle' class in between. This refers to people in the middle two income quintiles, where the population is not rich enough to afford commercial insurance and not poor enough to be covered under government-sponsored health insurance schemes. Universalisation of the healthcare insurance is the ultimate goal that has no exclusion in terms of disease or category of persons.

Health infrastructure in tier-2 and tier-3 cities is a major bottleneck. Support to existing small hospitals to increase the size of hospitals needs to be provided, say, by giving them easy

credit line. Technical support to small hospitals to standardise and outsource backend functions like procurement, empanelment with insurance companies, finance activities, etc, is needed. Further, providing single-window clearance, as against numerous clearances required currently, would generate more investment and boost private-public partnership.

Additionally, the health sector is in dire need of a health developmental financial institution (DFI). Budget FY22 mentioned setting up a DFI to stimulate investments with an initial corpus of ₹20,000 crore. The need for a health-sector-specific DFI is much needed on the same lines as that of DFIs for other sectors like NABARD (agriculture), NHB (Housing) and TFCI (tourism). Such a health sector DFI would increase healthcare access in tier-2 and tier-3 cities and also come in with technical assistance that ensures proper usage of funds.

Ensuring effective monitoring and quality of healthcare services would require extensive use of information and communication technology (ICT). Availability of doctors needs to be tracked on a real-time basis to tackle absenteeism and use of patient feedback mechanism to improve the quality of care in public health facilities, particularly in rural areas. These could be done by leveraging mobile penetration in the country.

Increased health spending, creation of health sector DFI, reducing compliance burden, increased use of ICT and universal healthcare insurance along with adequate regulatory oversight through a national level health sector regulator/institute holds the key for building a robust healthcare ecosystem in India. Budget FY22 has made an optimistic beginning on this front that needs to be carried forward. The battle is won; the war needs to be won, too.