

Key Trends in Healthcare Expenditure

The **National Health Accounts (NHA)** Estimates, which have tracked healthcare spending for nearly a decade, offer insightful data on healthcare trends in India. These estimates provide a clear understanding of how much the country spends on healthcare, how much the government contributes, and where the money is spent.

1. **Increase in Government Health Expenditure:** One of the most important trends observed is the consistent increase in government spending on healthcare. Between 2017-18 and 2021-22, the government's share of total health expenditure jumped from 40.8% to 48%. This marks a 5.2 percentage point increase in just one year (2021-22), underscoring the government's focus on improving healthcare access.

Furthermore, the **per capita government health expenditure** has nearly doubled during this period, rising from ₹1,753 in 2017-18 to ₹3,169 in 2021-22. This indicates the government's growing commitment to improving healthcare services and expanding access to a larger segment of the population.

2. **Decline in Out-of-Pocket Expenditure:** One of the key goals of increasing government healthcare expenditure is to reduce the burden of out-of-pocket expenses that citizens incur while accessing healthcare services. According to the NHA estimates, the percentage of total healthcare spending borne by individuals has decreased from 48.8% in 2017-18 to 39.4% in 2021-22. This decline of nearly 10 percentage points over five years is a significant achievement, as high out-of-pocket expenditures are often a major barrier to accessing healthcare, especially for low-income families.
3. **Healthcare Expenditure as a Percentage of GDP:** While the government has set a target of spending 2.5% of GDP on healthcare by 2025, it has made gradual progress toward this goal. Government healthcare expenditure as a proportion of GDP increased from 1.35% in 2017-18 to 1.8% in 2021-22. This trend demonstrates the government's commitment to enhancing healthcare services, although there is still room for improvement in meeting the 2025 target.

Public Welfare and Healthcare Access

Government healthcare spending is directly linked to improving public welfare. By increasing its share of healthcare expenditure, the government ensures that more citizens can access healthcare without incurring catastrophic costs. This is especially important in a country like India, where a significant portion of the population lives below or near the poverty line.

The reduction in out-of-pocket expenditure, as mentioned earlier, is an important measure of how public welfare is being enhanced. When people are not forced to deplete their savings or take on debt to afford healthcare, it reduces financial stress and improves overall well-being. Moreover, it allows families to spend on other critical needs such as education, housing, and nutrition, thereby contributing to overall development.

The increase in government spending also leads to better healthcare infrastructure and services. A rise in funding allows the government to invest in building hospitals, upgrading equipment, and recruiting healthcare professionals. This, in turn, improves the quality of healthcare services available to the public, especially in rural and remote areas where access to healthcare has traditionally been limited.

The Role of Ayushman Bharat

A significant portion of the government's healthcare expenditure is directed toward the **Ayushman Bharat** scheme, which was launched in 2018 to provide healthcare coverage to the economically vulnerable sections of the population. The scheme has two main components: **Health and Wellness Centres (HWCs)** and the **Pradhan Mantri Jan Arogya Yojana (PMJAY)**.

1. **Health and Wellness Centres:** The HWCs aim to provide comprehensive primary healthcare services, especially for rural populations. These centers focus on preventive care, screenings, and early detection of diseases, thereby reducing the need for more expensive secondary and tertiary care. Preventive care is a cost-effective way of managing public health and has long-term benefits for the nation's healthcare system.

2. **Pradhan Mantri Jan Arogya Yojana (PMJAY):** PMJAY, which is the insurance component of Ayushman Bharat, provides coverage of up to ₹5 lakh per family per year for secondary and tertiary care hospitalization. This scheme has been a game-changer for many low-income families who previously lacked access to quality healthcare services.

According to the NHA estimates, government spending on health insurance schemes, including Ayushman Bharat, CGHS (Central Government Health Scheme), and ECHS (Ex-servicemen Contributory Health Scheme), increased significantly in 2021-22. Expenditure rose from approximately ₹13,000 crore in the previous years to ₹20,808 crore in 2021-22. This sharp increase highlights the government's focus on expanding insurance coverage and reducing the financial burden on citizens.

The growth in private insurance coverage also indicates the rising demand for comprehensive healthcare coverage. Private insurance now accounts for 7.4% of total healthcare spending, up from 5.8% in 2017-18. However, the government must ensure that private insurers operate transparently and that people receive the promised benefits without excessive out-of-pocket costs.

Suggestions for Further Improvement

1. **Increase Public Health Spending:** Although government health spending has increased significantly in recent years, there is still a need for further growth to reach the 2.5% of GDP target. Increased spending should be directed toward improving rural healthcare infrastructure, expanding health insurance coverage, and enhancing preventive care services.
2. **Strengthen Preventive Care:** The government should invest more in preventive healthcare measures, such as regular screenings, vaccination programs, and public health campaigns. Preventive care not only reduces the overall cost of treatment but also ensures that diseases are detected early, improving patient outcomes.
3. **Improve Access in Remote Areas:** There remains a significant urban-rural divide in healthcare access. The government should focus on strengthening the healthcare

infrastructure in rural and remote areas by building more health and wellness centers, recruiting qualified healthcare professionals, and improving telemedicine services.

4. **Promote Public-Private Partnerships:** Public-private partnerships (PPPs) can play a crucial role in improving healthcare delivery. Collaborations between the government and private healthcare providers can enhance access to advanced medical technologies, improve service delivery, and reduce the burden on public hospitals.

Conclusion

The Indian government's increased healthcare expenditure has led to notable improvements in public welfare, reducing the financial burden on individuals and expanding access to healthcare services. The Ayushman Bharat scheme, in particular, has played a critical role in providing insurance coverage to millions of vulnerable citizens. However, there is still much to be done to meet the country's healthcare needs. By increasing spending further, focusing on preventive care, and improving access in rural areas, the government can continue to build a robust healthcare system that benefits all citizens.

Main Practice questions

1."Critically analyze the significance of increased government healthcare expenditure in India, with special reference to its impact on reducing out-of-pocket healthcare costs and improving public welfare. Discuss the role of the Ayushman Bharat scheme in enhancing healthcare access, and suggest additional measures the government can undertake to strengthen healthcare infrastructure, particularly in rural areas."

Answering Guidelines:

1. **Introduction (Brief Overview of Government Healthcare Expenditure):**
 - Begin with a concise introduction to the significance of government healthcare expenditure in India.
 - Mention the increasing trend of government spending on healthcare, referencing the rise from 40.8% to 48% of total health expenditure over the last five years.
 - Briefly highlight the objective of reducing out-of-pocket (OOP) expenses.

2. **Impact of Increased Government Healthcare Expenditure:**

- Explain how increased government healthcare expenditure has helped reduce the burden of OOP costs for individuals, citing the decrease from 48.8% to 39.4% in the last five years.
- Discuss how reduced OOP costs prevent financial distress for vulnerable populations and contribute to public welfare by improving access to healthcare.
- Mention how better healthcare access contributes to overall social and economic development, particularly for marginalized groups.

3. **Role of Ayushman Bharat Scheme:**

- Elaborate on the Ayushman Bharat scheme and its two main components: Health and Wellness Centres (HWCs) and the Pradhan Mantri Jan Arogya Yojana (PMJAY).
- Explain the significance of PMJAY in providing healthcare coverage of up to ₹5 lakh per family per year for secondary and tertiary hospitalization.
- Highlight the increase in government spending on insurance schemes, including Ayushman Bharat, and how it has expanded healthcare access to low-income families.

4. **Suggestions for Further Improvement:**

- Provide suggestions such as increasing public health spending to meet the target of 2.5% of GDP by 2025.
- Discuss the importance of focusing on preventive care (e.g., screenings, vaccinations) to reduce the overall healthcare burden.
- Emphasize the need for strengthening healthcare infrastructure, particularly in rural areas, through building more health centers, recruiting healthcare professionals, and improving telemedicine services.
- Suggest fostering public-private partnerships to enhance healthcare delivery and service quality.

5. **Conclusion:**

- Summarize the importance of continued government investment in healthcare to improve public welfare, reduce financial burdens on individuals, and achieve universal health coverage.

- Reiterate the role of Ayushman Bharat as a critical component of this effort, while also highlighting the need for further improvements to the system.