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From insurance-driven private health care to equity

Commitment to Universal Health Coverage

- India has long been dedicated to ensuring universal healthcare under the World Health Organization's (WHO) Universal Health Coverage (UHC) framework.
- The Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) was launched to reduce out-of-pocket expenditure (OOPE) by providing insurance for hospitalization, surgeries, and tertiary care.
- However, AB-PMJAY predominantly focuses on hospital-based care, overlooking the importance of primary healthcare (PHC), which is crucial for preventive and community-based health services.

Neglect of Primary Health Care (PHC)

- A robust PHC system helps reduce the burden on hospitals by focusing on prevention and primary treatment, making healthcare more affordable for citizens.
- The AB-PMJAY model tends to promote hospitalization rather than preventive care, leading to long-term higher healthcare costs.
- This approach contradicts the Bhore Committee's vision, which advocated for a pyramid-shaped system where primary healthcare forms the foundation of the healthcare system.
- Over 36 crore Ayushman cards have been issued, and more than 31,000 hospitals have been empaneled since the scheme's inception in 2018.
- Despite this, funds are increasingly diverted to private insurance companies, reducing the state's control over healthcare spending.
- The allocation for AB-PMJAY in the 2025 Budget has been increased to ₹9,406 crore, ₹2,000 crore higher than the previous year, signaling further privatization.

Privatization and Changes in the Insurance Sector

- The health budget for 2025 allocates ₹95,957.87 crore to the Department of Health and Family Welfare and ₹3,900.69 crore to the Department of Health Research.
- Greater focus is being placed on medical education and digital infrastructure, while funding for the National Health Mission, which supports rural healthcare, is being reduced.
- This shift indicates a gradual reduction in the government's role in healthcare, increasing reliance on private players.



- The insurance sector is being liberalized, with Foreign Direct Investment (FDI) being increased to 100%, aiming to expand insurance coverage, especially in rural areas.

Challenges for Informal and Marginalized Workers

- India's informal workforce and marginalized urban populations continue to lack adequate health security.
- Many people are unaware of health insurance options, forcing them to depend on middlemen, which increases their expenses.
- Regulations in the private sector remain weak, leading to higher medical costs and uncovered expenses.
- Essential healthcare workers, such as Accredited Social Health Activist (ASHA) workers, face uncertain coverage under health insurance schemes.
- The lack of updated data (with the last Census conducted in 2011 and the Periodic Labour Force Survey from 2020-21) hinders effective resource planning and allocation.

Lessons from Global Models

- Over-reliance on private insurance can lead to higher healthcare costs and increased inequality, as seen in some countries.
- Nations like Thailand and Costa Rica have successfully implemented public health insurance models funded by general tax revenue and regulated private insurance. These models prioritize primary and community-based healthcare while controlling costs.

The Need for Policy Reassessment

- India needs to reassess its healthcare priorities to ensure adequate funding and support for preventive and primary healthcare.
- The government should shift its focus from tertiary private healthcare to investing in community-based health services, making healthcare more affordable and accessible to all.
- Policies must address the unique healthcare needs of informal workers, migrants, and vulnerable groups, especially considering climate-related health risks.
- The government should implement measures to control rising healthcare costs and reduce out-of-pocket expenditure (OOPE), ensuring that India's commitment to "Health for All" becomes more effective and sustainable.

Source: <https://www.thehindu.com/opinion/op-ed/from-insurance-driven-private-health-care-to-equity/article69337645.ece>