

## Health-care Costs in India

### Why in news?

Recently, seeing the dynamic landscape of Indian healthcare, cost considerations are increasingly shaping service delivery and patient care.

#### Status of health care cost in India

- India has one of the *highest medical inflation rates in Asia*, reaching 14 percent.
- Urban India accounted for **42.3%** of the total healthcare-related expenditure in this period, while the remaining **57.7%** of the expenditure came from rural India.
- Indian households spent an estimated INR 120 billion on health and healthcare-related services in 2022. *India has a large privately managed healthcare system.*
  - On average, a rural household spent INR 309 on healthcare while an urban household spent INR 460 in the month.
- Medicines and health enhancement services comprise a bulk of healthcare expenditure.
- People in *Uttar Pradesh (96%) and Rajasthan (93%)* are particularly likely to say that the government should be responsible for providing healthcare services.
- People in urban areas are more likely to say that public hospitals need improvement than people in rural areas (43% vs. 32%).

### What are the major challenges faced by India in healthcare costs?

- **Medical inflation-** The cost of medical services, pharmaceuticals, and medical devices is rising faster than general inflation, making healthcare increasingly unaffordable for many.
- **Technological advances-** While technology improves care, it also raises costs due to the high investment required for advanced medical equipment and procedures.
- **Regional disparity-** There is a significant disparity in healthcare access between urban and rural areas. Rural regions often lack adequate healthcare facilities, skilled professionals, and essential medicines.
- **Socioeconomic inequities-** Lower-income groups struggle to afford quality healthcare, leading to poorer health outcomes and increased financial strain.
- **Lack of quality-** Supreme Court's standardizing medical procedure rates could drastically slow the development of new treatments and technologies, especially in fields like cancer research and robotic surgery, where significant investment is crucial.
- **Limited insurance coverage-** A significant portion of the population lacks health insurance, leading to high out-of-pocket expenses for medical treatments.
- **Infrastructure gaps-** Many public healthcare facilities lack the necessary infrastructure, equipment, and staff to provide quality care.
- **Price caps-** One-size-fits-all price caps could undermine healthcare quality.
  - A Health Care Management Review study shows hospitals facing price caps report a 15% increase in patient dissatisfaction.

## What should be done?

- **Invest in infrastructure-** The need of the hour is to invest in top-tier infrastructure and advanced technologies, seamlessly integrating telemedicine and remote care to broaden access and build patient trust.
- **Private hospitals-** Private hospitals in India, particularly those accredited by the Joint Commission International (JCI) and the National Accreditation Board for Hospitals (NABH), have emerged as hubs of innovation.
- **Enhance patient outcomes-** These institutions invest in advanced technologies and top-tier infrastructure, enhancing patient outcomes in complex procedures.
- **Value-based pricing-** This could be the ultimate solution where payments reflect health outcomes rather than service volume.
- **Inclusivity-** Broader Internet access and improving digital literacy will empower more people to benefit from these advancements, setting the stage for India to lead globally in health-care innovation.
- **Holistic approach-** Engaging all stakeholders including private healthcare providers, is essential for crafting effective, sustainable policies.
- **Legislative reforms-** States like Rajasthan and Tamil Nadu highlight gaps in rate provisions, advocating for strong legal frameworks to address these issues.
- **Technology intervention-** It has revolutionized health care, making diagnostics faster and more accurate with artificial intelligence and improving care coordination through electronic health records.
  - Telemedicine initiatives in Karnataka have slashed hospital visits by 40%.
- **Utilize big data-** Data analytics can shed light on patient outcomes, treatment efficacy, and cost-efficiency, informing more nuanced rate-setting frameworks.
- **Implement pilot projects-** This can be done in selected districts to assess the impact of rate caps, allocate government subsidies for private hospital R&D, and establish public-private partnerships to integrate advanced technologies in public hospitals.
- **Thailand model-** Thailand's tiered system considers income and necessity, balances cost and care and could model India's diverse economy.

## Reference

[The Hindu | Delicate balancing of Healthcare](#)