Can a Welfare State Slash its Health budget?

The government must immediately initiate efforts towards universal health coverage with a legislation on 'Right to Health and Healthcare'. Health and Healthcare are basic human rights which must be treated as political priority by all governments, whether at central or state level, especially in the current situation.

India’s health system is characterised by lack of care, particularly for the vast majority of people who need it the most. It is organised to ensure hegemony of the powerful and privileged and the scream of deprived voices remain systematically unheard. Thus, people die avoidable deaths, delay their health needs, lack access to appropriate and good quality care, and submerge into deeper pauperisation or indebtedness in their desperate attempts to save lives of their near and dear ones. The COVID-19 pandemic exposed the fault lines of India’s healthcare system.

If one looks at the Union Budget allocations on health for the post-COVID years, it looks like things are unlikely to change. While the union government claims that “India has emerged a shining star”, “showing signs of robust viability”, we find that the union budget allocations for the health sector have declined further, making it the second year in a row to have witnessed sharp budgetary cuts in crucial health schemes. As we are being made to believe that Amrut Kaal has arrived, one wonders if we can achieve eternal glory without health security for the majority of its people. Can we become a vishwaguru without a more caring health system? In health what matters is care, care as a right; care when lives are at stake, taking care that lives are not at stake, not at least, prematurely.

Lessons from COVID-19 Pandemic:

COVID-19 had brought in unprecedented misery for millions of people in India. While the people were facing the worst health and humanitarian crisis, political leadership responded with little empathy and sensibility, remained busy in propaganda and displayed complete lack of foresight. The fault lines of the Indian health system have come out in the open, with people dying due to lack of basic services, oxygen, beds, and medicines. Thousands of bodies were found floating on the river Ganges, people were denied basic dignity in death, and a large part of the deaths remained uncounted.
It needs to be recognized that a major reason for the rapid spread of the pandemic is failure on part of the Union government to anticipate the gravity of the second wave. It systematically ignored the warnings raised by the 123rd report of the Parliamentary Standing Committee on Health and Family Welfare on "the outbreak of pandemic COVID-19 and its management". Allowing large gatherings in the Maha-kumbh and leading huge election rallies, without any concern for physical distancing, rapidly amplified and accelerated the pandemic curve.

Union government response has been largely that of evading responsibility by blaming it on non-observance of COVID-19 behaviour, and on the emergence of mutant strains, systematically under-counting of deaths, implying that this wave could neither have been anticipated nor dealt with. During the entire period, the response of the Centre and some states seemed more concerned about managing the media, weakening democratic spaces by shutting down free speech and dissent, and shifting responsibility to the people. Indeed, the restrictions accompanying COVID-19 enabled the government to push through policies of privatisation and profiteering.

While the fault lines of the health system have been exposed considerably, the Union Government has taken very little effort to strengthen the public system. It was pressure from states and mass movements that the government had to undertake a universal vaccination programme, however, there has been business as usual since then, so far as the Union Government’s attitude towards health is concerned.

Particularly disturbing has been the government’s attitude to under-report COVID-19 data and trying to bully those who have been critical of the government response to COVID-19 and its estimates of COVID-19 related mortality. A transparent data system is a prerequisite for more effective pandemic management, and for better research and understanding of the problem.

**Budget cuts on Health post-COVID**

Though there was some modest increase in allocations on health during the COVID-19 period, during the post COVID-19 phase we have seen continuous budget cuts over the last two years.

In nominal terms, there is some increase in the total allocation of the Ministry of Health and AYUSH taken together. Allocations have been increased from Rs 89,251 crores (2022-23 Budget Estimate) to Rs 92803 crores (2022-23 BE), an increase of Rs 3552 crores in nominal terms. If we adjust for the effect of inflation this means a decline of 2 per cent in real terms (figure 1). In the previous budget also there was a 7 per cent decline in real allocation. This means, the care that could be provided in 2019-20 cannot be ensured now, given that allocations have declined while prices have skyrocketed.
This also means that as percent of GDP, Union government allocation to health has declined from 0.37 per cent to 0.31 per cent between 2021-22 (Actual Expenditure and 2023-24 BE) (Figure 2).

It seems priority accorded to the health sector in the Union Budget has also declined. Share of health in the total budget has declined from 2.26 per cent to 2.06 per cent compared to previous year.

Source: indiabudget.gov.in, Union Budget various years. For price adjustment CPI has been used.
It is further worrying to note that whatever resources were allocated in the previous budget (BE 2022-23) has been cut further in the Revised Estimate of 2022-23. For instance, the Ministry of Health and Family Welfare’s allocation has been cut from INR 86200 crores (2022-23 BE) to INR 79145 crores (2022-23 RE)- a whopping 8 per cent decline in nominal terms. This shows lack of intent of the Union Government to spend on Health, while policy pronouncements and rhetoric going around in the political circles portray the incumbent as very committed to improving the health of the people.

But if we dissect the budget a bit and try to identify which schemes and programs have received cuts and which have not, it becomes apparent that schemes which contribute to strengthening the public system and protecting the health of most vulnerable sections of the society, like the National Health Mission, Pradhan Mantri Swasthya Suraksha Yojana (PMSSY), Schemes on nutrition and health research received severe cuts.

**Undue reliance on PMJAY:**

The flagship scheme for the government on health has been the Pradhan Mantri Jan Arogya Yojana (PMJAY). It has been clearly seen during the COVID-19 pandemic how PMJAY abysmally failed in providing access to healthcare services to the poor and deprived sections during COVID-19. Moreover, during COVID-19, a significant drop in insurance claims was seen. This has led to lukewarm response from people in terms of getting enrolled under the schemes. It is significant to note that 75 per cent of payments under PMJAY have been made to the private sector. This proves that schemes like PMJAY divert government money to the private sector, systematically excluding marginalised communities from coverage under the scheme. Moreover, there have been reports of massive corruption under the scheme, as reported recently by the CAG. Blind obsessions to promote commercial interest needs to be replaced with serious introspection – why the uptake remains low, despite all the promotion and hype and repeated increase in package rates and premiums. It is common knowledge that people do not receive free care under PMJAY. They only get partial relief and in this process, end up paying a lot from their pockets.

**Strengthening Public System: Role of NHM**

The National Health Mission is the key program through which the Union Government intervenes in improving primary and secondary maternal and child health, disease control programs and non-communicable diseases. Despite limitations, NHM has been of considerable success in bringing up the institutional deliveries. Much of these services suffered during the lockdown.
However, since 2018-19, NHM allocations have declined in real terms. This means that essential services like safe deliveries, vaccination for children, treatment of TB provided earlier cannot be provided anymore with current limited resources.

NHM money also goes into paying remunerations for frontline health workers like ASHAs, mostly women, who received global recognition for their stellar role during the pandemic. Cuts in NHM budget means reduced budget for paying these workers, who have been demanding minimum wages for a long time. As the NHM agenda needs to gradually shift towards non-communicable diseases it needs more Union allocation and greater

Like last year, one of the biggest gains in allocations has been received by the Digital Health Mission – from INR 200 crores allocated in the previous year, the Ayushman Bharat Digital Mission budget has increased to INR 341 crores for 2023-24, an increase of almost 70 per cent in one year, even though a large part of the budget allocated last year is unlikely to be spent.

Neglect of Health Research and Mental Health:

The allocation for the Department of Health Research has been a meagre 3 per cent of the total budget of health. Actual expenditure on health research in the year 2020-21 was 3.8 per cent of the health budget, which declined to 3.1% in the current budget. Furthermore, ICMR, which has led several research initiatives during the pandemic including vaccines, has received a cut. In the 2021-22 Budget, ICMR had been allocated INR 2358 crores. Previous year (2022-23BE) allocation has been cut to INR 2198 crores – a 17 per cent decline in real terms. This is going to affect funding of several health research institutes who depend on ICMR funding.

The existing National Mental Health Programs (NMHP) and various Union Government funded institutions continue to face neglect, even though the finance minister has announced a special National Tele Mental Health Program. The NMHP has received a measly allocation of INR 40 crores- which continues to be the same since 2019-20. This amounts to spending just 30 paise per person per year, for the NMHP! Furthermore, even these allotted funds remain largely underspent; Actual Expenditure in 2021-22 was just Rs. 20.46 crores. In absence of adequate support for the Mental health programme on the ground tele-mental health initiatives remain limited to better off sections of the society.

Privatisation overdrive:

The COVID-19 pandemic has also brought out the exploitative nature of the private sector – numerous instances of over-charging, denial of care, including emergency care, unethical practices – all of which show complete insensitivity and profiteering by the private sector, while
lack of regulatory architecture. While there have been some efforts from the state and judiciary to implement COVID-19 specific regulations, in the absence of a comprehensive regulation, these have had limited success. Government must urgently regulate the irrational prescriptions and rates by both private and public hospitals for all medicines, curb black marketing and take punitive actions for violation of such regulations. There is an urgent need for the implementation of the ‘Patients’ Rights Charter’ as advised by the NHRC – ensure with full operationalisation of Clinical Establishments Act by Central government, and ensuring implementation of similar legislations in context of states which have not adopted Central CEA would be crucial. In the middle of the pandemic government undertook a series of measures to privatise healthcare, including the entire set of recommendations provided by NITI Aayog to handover district hospitals to private providers.

A completely unregulated and commercially driven healthcare industry finds multiple ways to fleece the patients and, in this process, push healthcare towards further super-specialization and tertiarization. It is high time to recognize that trust and social solidarity cannot go hand in hand with unbridled profits.

**Demands for health sector:**

The Union government must immediately initiate efforts towards universal health coverage (UHC) with a legislation on “Right to Health and Healthcare”. Health and Healthcare are basic human rights which must be treated as topmost political priority by all governments, whether at Central or State level, especially in the current situation.

These must be done in larger context of major expansion and strengthening of Public health services, including regular recruitment of staff, filling all vacant posts, upgrading honorarium, urgently paying the pending honorarium and working conditions of ASHAs and other frontline health workers, democratic and participatory governance etc. supported by massively expanded public health budget.

The government must undertake special efforts to ensure safe motherhood, universal vaccination and expand various disease control programs, ensure appropriate nutrition to catch up with the loss during the pandemic. NHM budget cuts should be revised immediately and more resources should be devolved towards Non-communicable diseases.

The government should immediately scrap PMJAY and instead use these resources to strengthen the public health system.

Even after many years of its inception of NMHP there remain huge gaps in human resources. Trying to fill those major gaps in services just by relying on a tele-medicine program will invariably
mean that a large section of the society would continue to be deprived of quality mental health care.

The government must step up domestic manufacturing production of all essential medicines, diagnostics, vaccines and adopt a policy of compulsory licensing and ensure that price control mechanisms comprehensively cover all essential medicines.

The central government must unequivocally reject all policy proposals for privatisation of Healthcare, including the entire set of recommendations provided by NITI Aayog in its recent document, along with reversing all decisions regarding privatisation and handing over of public health facilities like district hospitals to private providers, at either central or state government levels.

Government must urgently regulate the irrational prescriptions and rates by both private and public hospitals for all medicines, curb black marketing and take punitive actions for violations.

These should go hand in hand with implementation of Patients’ Rights Charter as advised by the NHRC; ensure full operationalisation of Clinical Establishments Act (CEA) and ensure implementation of similar legislations in the context of states which have not adopted Central CEA.

Lastly, what is also needed is a strengthening of the death reporting system; ensuring rights of records and certificates; and, ensuring public dissemination of gender, caste disaggregated data on morbidity, mortality and utilisation.

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