

Opinion

States that spend more on healthcare less affected by Covid impact

Ravi Duggal | Updated on June 03, 2020 | Published on June 03, 2020



They are mainly the smaller States of Kerala, Goa, Himachal and those in the North-East. The more affluent Gujarat, Maharashtra and Punjab are struggling to manage the pandemic

India's public healthcare expenditure is a mere ₹1,765 per capita, which is 2.5 times less than the cost of a single Covid-19 test which the government has notified. However, there are a number of States which spend substantially more than the national average. These States are Arunachal Pradesh, Goa, Kerala, Himachal Pradesh, Jammu and Kashmir, Mizoram, Sikkim and the union territory of Puducherry, and most them spend over twice the national average — that is, ₹3,500 to ₹10,000 (see Table 1). These States consequently also have robust primary healthcare facilities and the health outcomes of these States are also one of the best in the country. It's no surprise that these States are also the least affected by Covid-19 as they have managed to handle its impact effectively and in a timely manner.

Table 1

Public health expenditure across States

State	₹ crore			₹ per capita		
	2019-20 (B)	2018-19 (R)	2017-18 (A)	2019-20	2018-19	2017-18
Andhra Pradesh	11,610	7,398	6,388	2,150	1,396	1,228
Arunachal	1,489	1,426	936	10,869	10,563	6,985
Assam	7,050	7,259	4,441	2,086	2,167	1,342
Bihar	9,156	8,025	6,151	845	748	579
Chhattisgarh	4,933	5,127	4,007	1,820	1,913	1,512
Goa	1,340	1,030	921	6,091	4,905	4,605
Gujarat	10,754	10,373	8,515	1,642	1,598	1,326
Haryana	5,016	4,475	3,377	1,730	1,565	1,198
Himachal	2,751	2,644	2,006	3,768	3,622	2,786
J&K	4,448	4,580	3,078	3,448	3,578	2,443
Jharkhand	4,147	4,009	2,858	1,175	1,152	831
Karnataka	9,692	9,856	8,117	1,505	1,542	1,280
Kerala	7,227	7,065	6,481	1,985	1,952	1,800
Madhya Pradesh	10,498	7,785	7,449	1,279	960	931
Maharashtra	15,919	16,126	12,174	1,266	1,297	995
Manipur	745	768	580	2,680	2,844	2,231
Meghalaya	1,142	972	702	3,938	3,411	2,507
Mizoram	566	663	554	5,145	6,027	5,540
Nagaland	816	789	609	3,200	3,156	2,538
Odisha	6,803	6,132	4,927	1,557	1,413	1,143
Punjab	4,157	3,469	2,748	1,381	1,164	928
Rajasthan	13,039	12,163	10,000	1,700	1,605	1,335
Sikkim	418	449	461	5,971	7,483	7,683
Tamil Nadu	12,398	12,365	10,436	1,756	1,759	1,491
Telangana	5,148	6,836	5,030	1,320	1,799	1,359
Tripura	1,027	1,025	785	2,568	2,575	2013
Uttarakhand	2,642	2,209	1,619	2,380	2,008	1,499
Uttar Pradesh	23,884	20,735	16,884	1,032	909	751
West Bengal	9,727	9,399	8,856	975	951	906
Delhi	7,485	5,968	4,734	3,145	2,584	2,123
Puducherry	694	597	504	3,653	3,317	2,965
All States	1,96,659	1,81,713	1,46,382	1,490	1,387	1,135

Union Govt	36,339	28,011	25,762	275	214	200
All India	2,32,998	2,09,724	1,72,144	1,765	1,601	1,335

Source: Compiled from RBI, State Finances 2019, RBI, Mumbai

B= Budget Estimate; R=Revised Estimate; A=Actuals

The lowest spenders are Bihar, Uttar Pradesh, Jharkhand, Madhya Pradesh, Odisha, West Bengal, Karnataka, Gujarat, Maharashtra and Punjab, and they also have the weakest primary healthcare system, despite the fact that the last four States are also the richest in the country. No surprise that they are struggling to manage the Covid attack.

The level of spending gets reflected in availability of public health services. Two indicators reflect this sharply — the number of government doctors per lakh population and number of persons per PHC (Table 2). Again Arunachal, Mizoram, Himachal, J&K, Sikkim, Goa and Puducherry do very well with 20-40 government doctors per lakh persons, and less than 25,000 persons per PHC. With adequate doctors in place, the district hospitals and teaching hospitals in these States also function much better. And States like Bihar, UP, Maharashtra, Karnataka, and West Bengal have the lowest access to such public healthcare facilities. They have more than 30,000 persons per PHC and less than the national average of nine government doctors per lakh population.

Health services indicators across States 2017

Table 2

State	Govt doctors per lakh population	Population per PHC*
Andhra Pradesh	10	45,336
Arunachal Pradesh	41	9,371
Assam	18	34,989
Bihar	3	55,924
Chhattisgarh	6	33,417
Goa	32	80,000
Gujarat	9	43,555
Haryana	9	76,630
Himachal	21	12,500
J&K	32	19,780
Jharkhand	5	1,15,436

Karnataka	8	26,876
Kerala	15	42,403
Madhya Pradesh	6	68,318
Maharashtra	6	67,087
Manipur	42	28,571
Meghalaya	21	25,926
Mizoram	44	17,544
Nagaland	14	19,048
Odisha	10	33,463
Punjab	11	68,519
Rajasthan	10	36,044
Sikkim	45	25,000
Tamil Nadu	10	49,964
Telengana	11	57,543
Tripura	32	36,111
Uttarakhand	12	42,023
Uttar Pradesh	5	62,082

West Bengal	9	1,07,119
Delhi	41	—
Puducherry	41	70,833
All States	9	50,111

Source: Compiled from MoHFW National Health Profile 2019

*Denominator used is total State population, and not rural population

In these latter States, the private health sector dominates and hence these States also have the largest out-of-pocket expenditures in the country and in Covid times we have seen how the private hospitals are exploiting both Covid and non-Covid patients and overcharging them. It is a pity that the NITI Aayog is recommending handing over of district hospitals to the private sector under PPP arrangements and it has been unfortunately reiterating this during the Covid crisis as a solution to improving the healthcare system. This will further destroy the already fledgling public health system. On the contrary, it is a politically opportune moment for the state to take over private hospitals as an emergency measure for public benefit.

The 2017 National Health Policy recommends 2.5 per cent of GDP or ₹3,800 per capita (at 2017 prices) as the appropriate spending for delivering reasonably good health care predominantly through public health facilities. This translates into ₹5 lakh crore public health spending for the country or 2.5 per cent of GDP or 8.3 per cent of total

government budgets. The data provides clear evidence to support this policy mandate through the States which have realised that level of public health spending.

So, learning from the smaller States which already have reasonably robust primary healthcare, India's restructuring of the healthcare system should first focus on strengthening primary healthcare through the health and wellness centre concept under Ayushman Bharat, which Kerala and Tamil Nadu as also now Chhattisgarh are adopting effectively. Also, district hospitals must be strengthened by converting them into teaching hospitals under public domain so that they become referral centres for the primary healthcare system.

The second pillar of Ayushman Bharat under the PMJAY should be seen as only an interim measure until the district hospitals become robust to deliver secondary and tertiary care. This entire restructuring can easily be managed within 3 per cent of GDP given the economies of scale in India and the low cost of inputs. This is the only way to realise universal access to healthcare for India.

The Covid context

The Covid-19 attack has created an unprecedented public health crisis which, because of poor planning and lack of forward thinking, has precipitated into economic and humanitarian crises due to the policy of a long-drawn lockdown beginning on March 24 and still continuing . This has disrupted people's livelihoods and businesses, and given the informal character of the main workforce and its migratory nature we have seen an unprecedented population exodus similar to one witnessed during the partition.

The widespread migration carries the risk of community spread of Covid and we are already seeing this in Bihar, Odisha and Uttar Pradesh, among others, which are also the States to where most of the

migrants are returning to. These States, which have the weakest public health systems and lowest spending on healthcare, will just collapse under the burden of the Covid attack.

The Central government has not provided any significant fiscal support for dealing with the Covid crisis. The ₹15,000 crore additional allocation over the next 3-4 years (which is a mere ₹28 per capita per year), with half the amount for immediate use, is a shallow response as this would have anyway happened as part of the revised estimates of the current Budget.

As the government has not told us where this money will come from, we fear this may come at the cost of some other health programme like the National Health Mission. Maybe it would come from the PM CARES fund. But this fund is shrouded in secrecy as its receipts and disbursements are not available in public domain.

At the level of States, there is huge fiscal distress because their tax dues from the Centre have been delayed and with the lockdown their own tax revenues from excise duties on alcohol, fuel taxes, etc., have fallen drastically. As a consequence, the States are unable to allocate additional resources to deal with the public health crises.

Further, many States have taken decisions to curtail various development projects so that resources can be diverted to deal with the health crisis. States are also being forced to resort to borrowings to even pay salaries.

Relief package

Recently, the Prime Minister announced a ₹20 lakh crore economic relief package under Aatmanirbhar Bharat Abhiyan. Most of this package involves liquidity relief. The actual fiscal burden to the exchequer is only about ₹2.17 lakh crore or 1.1 per cent of GDP and a lot of this is perhaps repackaging of existing welfare

measures/programmes like the ₹3,950 crore for building construction workers, ₹35,925 of the District Mineral Foundation, ₹16,394 crore for PM Kisan, etc.

So given the health and livelihood impact caused by Covid and the lockdown that followed, such allocations in the fiscal package at most is only ₹1,600 per capita. Given the disruptions caused by the lockdown and the exodus that followed, a large part of this amount may not actually get delivered to those needing it. The saving grace has been the response of civil society which has delivered rations, cooked meals and other essentials like soap, masks and even cash, apart from facilitating travel arrangements for those wanting to return to their homes. The value of such civil society response is not known but is likely to be manifold times the fiscal package of the Union Government.

For example, just one NGO initiative in Mumbai has spent ₹50 lakh over two months to support 10,000-12,000 families. There are thousands of such initiatives as well as lakhs of individuals and resident groups across the country who are supporting people whose livelihoods are impacted — the migrants, the homeless and others. It is such charity and good-Samaritan support which has largely prevented the catastrophe of hunger and saved the honour of the government.

Nearly a billion citizens of India have suffered unprecedented disruptions and suffered indignities because those governing failed to respond adequately and in a timely manner to the crisis and were unable to mobilise the needed resources to provide succour and support to those uprooted from their very existence. If the governments, both Central and States, care for the health and well-being of the people, then it is a good political opportunity for them to build a strong welfare state by raising and allocating budgetary resources that provide universal access to social security, including

healthcare, education, housing, employment guarantee, retirement benefits and pension. For this to happen, we need a tax-GDP ratio of 25-30 per cent and commitment of at least 15 per cent of GDP for the aforesaid social security benefits.

The writer is an independent public health researcher and activist

Published on June 03, 2020

A letter from the Editor

Dear Readers,

The coronavirus crisis has changed the world completely in the last few months. All of us have been locked into our homes, economic activity has come to a near standstill. Everyone has been impacted.

Including your favourite business and financial newspaper. Our printing and distribution chains have been severely disrupted across the country, leaving readers without access to newspapers. Newspaper delivery agents have also been unable to service their customers because of multiple restrictions.

In these difficult times, we, at BusinessLine have been working continuously every day so that you are informed about all the developments – whether on the pandemic, on policy responses, or the impact on the world of business and finance. Our team has been working round the clock to keep track of developments so that you – the reader – gets accurate information and actionable insights so that you can protect your jobs, businesses, finances and investments.

We are trying our best to ensure the newspaper reaches your hands every day. We have also ensured that even if your paper is not delivered, you can access BusinessLine in the e-paper format – just as it appears in print. Our website and apps too, are updated every minute, so that you can access the information you want anywhere, anytime.

But all this comes at a heavy cost. As you are aware, the lockdowns have wiped out almost all our entire revenue stream. Sustaining our quality journalism has become extremely challenging. That we have managed so far is thanks to your support. I thank all our subscribers – print and digital – for your support.

I appeal to all our readers to help us navigate these challenging times and help sustain one of the truly independent and credible voices in the world of Indian journalism. Doing so is easy. You can help us enormously simply by subscribing to our digital or e-paper editions. We offer several affordable subscription plans for our website, which includes Portfolio, our investment advisory section that offers rich investment advice from our highly qualified, in-house Research Bureau, the only such team in the Indian newspaper industry.

A little help from you can make a huge difference to the cause of quality journalism!

SUPPORT QUALITY JOURNALISM

coronavirus



0