

**General Studies-3; Topic: Investment models**

**PPP in Healthcare Delivery in India**

**1) Introduction**

- The highest attainable standard of health is a fundamental right of every human being.
- However, healthcare delivery poses a significant challenge for policymakers in India.
- The news of how much a private hospital charged for dengue treatment, despite not being able to save the patient's life, was met with an outrage.

**2) Need for PPP model in healthcare**

- To provide universal healthcare
- The government alone cannot meet the healthcare infrastructure and capacity gaps in Tier II and Tier III cities as well as rural areas.
- PPPs can ensure that government services are delivered in an economical, effective and efficient manner.
- To provide Health insurance. Successful examples are Karnataka's Yeshasvini Cooperative Farmer's Healthcare Scheme and Andhra Pradesh's Arogya Raksha Scheme
- The government's spending on healthcare is around 1.15% of its GDP.
- Private healthcare providers have done well in providing healthcare services as compared to their government counterparts
- States have already experimented with PPP in healthcare delivery in a limited way.

**3) Issues in Public Healthcare**

- Severe lack of resources like one doctor per 1,700 citizens in India, well below the minimum ratio of 1:1,000 stipulated by WHO.
- In rural areas and smaller towns of India, even basic health services remain inaccessible.
- Inadequate government spending on healthcare and lack of access to health insurance
- The quality of public health services in India continue to remain below expectations
- Government's inability to build sufficient capacity and infrastructure
- Difficulty in reaching out to poor and vulnerable groups
- An undersized skilled workforce; and the absence of upgraded technology.

**4) Issues in PPP framework**

- There are asymmetries in how the government and the private sector share revenue and risks.
- The private sector partner wants to maximize profit, which is not compatible with providing universal access to quality services.
- Lack of a proper regulatory framework
- Levy of user charges which remains unregulated which has serious implications for society.
- Some PPP projects attempted earlier have failed.

**5) Way Forward**

- India needs a universal healthcare programme that hinges on affordability and access.
- McKinsey, World Bank and the World Economic Forum have stressed on PPP model as the way ahead, but with clear policy guidelines to ensure the successful implementation of PPP models

- There should be transparency and accountability with suitable policies and commitment to public good.
- Setting up of independent regulators
- The government should develop working guidelines based on successful experiences of different states
- Proper oversight that will prevent unnecessary medical interventions as well as corruption.
- Public health spending must be raised to at least 2.5% of GDP
- Smart business models need to be put in place for private players to achieve reasonable returns on investment.
- Utilising CSR spending for improving healthcare delivery
- India must produce more doctors, whether for the public or private sector to improve healthcare delivery
- Recently Karnataka passed a law that would allow it to cap the rates of certain private healthcare services. More states may follow suit.
- Policymakers must aim for convergence of commercial and social interests to make a large on-ground impact.

### 6) **Conclusion**

- Given India is on track to become the most populous nation in the world, it is important for the government to provide efficient healthcare services to the largest section of people across the country.

