



**General Studies-2; Topic: Issues relating to development and management of Social Sector/Services relating to Health, Education, Human Resources.**

**Government Spending on the Healthcare Sector**

**Introduction**

- There has been a consistent increase in government spending, along with declining out-of-pocket expenditure by people on their healthcare needs, shows the National Health Account Estimates 2019-20.

**Government Expenditure**

- The government spent 1.35% of the country's GDP on healthcare during 2019-20.
- This has increased from 1.13% in FY 2015.
- The number is still far from the target of 2.5% investment in healthcare by 2025.
- There has been a consistent increase in social security expenditure by the government.

**Primary Healthcare Expenditure**

- **A major chunk of the government's health expenditure was in the primary sector.**
- This is important because it forms the **basis for preventive healthcare.**
- National Health Policy articulated that there will be more spending on primary healthcare which is the backbone.

**Health and Wellness Centres**

- Health and Wellness Centres ensuring preventive care and Ayushman Bharat insurance scheme offering free treatment is the way to go.
- 1.5 lakh health and wellness centres across the country also screen people for cancers, diabetes, and eye disease.

## Out of Pocket Expenditure

- Out of Pocket Expenditure on healthcare has been going down.
- The aim is to bring this down as low as possible by investing in public health and insurance among others.

## Health insurance

- There has been an **increase in spending on privately purchased health insurance**.
- This indicates that people accepted health insurance as a way forward, supplementing the government's spending on healthcare.
- The government financed health insurance spending also went up.

## Concerns / Challenges

- The increase in government health expenditure as a percentage of GDP also takes into account capital spending.
- Other countries look at only the current health expenditure, which for India stands at 1.04%.
- This puts India in 164th place out of 184 countries in terms of government health spending.

## Way Forward

- Health and Wellness Centres has to be strengthened so the poor people can actually access care.
- The out-of-pocket expenditure can be reduced by improvement in procurement of medicines that make a significant proportion of health costs and improving services in the public sector hospitals.
- **There is a need for the states to increase their healthcare expenditure and achieve the target set by the National Health Policy 2017, that is 8% of states' budget should go towards healthcare.**
- If a state decides to implement a scheme, they need to be supported by Centre.
- For example, Rajasthan trying to implement the right to health bill, the Centre should encourage such efforts and give them additional funds.