

BROOKINGS INDIA

HEALTH AND MORBIDITY IN INDIA (2004-2014)

Executive Summary

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- **The NSSO data from round 60 (2004) and round 71 (2014) make it possible for us to compare healthcare in India over the ten years.** The decade from 2004 to 2014 saw sweeping policy initiatives in Indian healthcare sector. One of the overarching initiatives was the National Rural Health Mission which later expanded into the National Health Mission. The main investments in NRHM were for reproductive, maternal, new-born, child and adolescent health. The other significant policy intervention was the launch of several publicly funded health insurance schemes in India. In particular, we analyse changes in health-seeking behaviour of Indian households, changes in their out of pocket health expenditures and changes in their major sources of healthcare financing, over time.
- **Our main results for health seeking behaviour shows that households still overwhelmingly depend on private providers for healthcare services.** While as much as 75% of outpatient (OPD) care is exclusively private, 55% of inpatient (IPD) care is from private hospitals in India. **The dependence on private healthcare is declining and more significantly for IPD.** Indian households' dependence on public care has risen by 6% for OPD care and by 7% for IPD care. Most of these increases are driven by rural women seeking more public healthcare, over last ten years.
- **Janani Suraksha Yojana led to a significant increase of 15% in institutional childbirth in India with a commensurate decline in deliveries at home.** The disaggregated data also shows that there was a large **increase of 22% in deliveries in government hospitals, which was mirrored by an 8% decline in childbirth at private hospitals and a 16% decline in childbirth at home.** Given that the fundamental objective of the JSY was to raise institutional deliveries, the NSSO data shows that the scheme performed well over the ten years.
- **Health insurance coverage is associated with a 17% increase in probability of being hospitalized in a government hospital and an 8% increase in probability of being hospitalized in a private hospital.**
- **Overall out of pocket spending has risen significantly, and this is mostly from a rise in IPD spending. OPD spending of households did not see any significant change during these ten years.**
- **There are large disparities across rural and urban households in terms of real OOP expenses for IPD such as doctor's fees, medicines and diagnostics.** Compared to a rural household, an urban household spends **5 times more on diagnostics, 2.6 times more on medicines and 2.4 times more on doctors' fees.** It is also important to note that the rural-urban differences were very small in

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2004 with absolutely no difference in the average real expenditures on medicine per inpatient case.

- **Households with catastrophic health expenditures have risen significantly over time**, for all three threshold levels (health expenditure exceeding 10%, 25% and 40% of usual consumption expenditure), and across both rural and urban India. Once again, this increase was much larger for urban households than for rural households.
- **Impoverishment caused due to poor health has remained unchanged over the ten years.** We estimate that overall the percentage of Indian households that fell below the poverty line due to OOP health expenditures has remained unchanged at approximately **7%** of the population.
- **Healthcare financing data shows that households are increasingly relying on their own income and drawing down their own savings to finance their healthcare expenses.** Reliance on borrowing, contributions from friends and relatives and all other major sources have come down steadily over the ten years. This holds for both rural and urban households in India.
- **Data for health insurance coverage shows that while private health insurance is largely limited to the richer urban households, in contrast, public insurance coverage is evenly distributed across all quintile groups.**
- **Overall, the different regression analyses show that having public health insurance coverage in India has not been associated with lower health burden as measured by (i) total real OOP expenditure, (ii) probability of catastrophic health expenditures or (iii) impoverishment caused by health expenditures.** However, we do find an increase in use of services associated with insurance, and in particular a significant increase in hospitalization. This could mean that people suffering from ailments are more likely to be treated if they are covered by insurance. So on the whole, it appears that the public health insurance programs have been ineffective in lowering health expenditures of Indian households, but have improved access to IPD care on average.
- The study also shows **significant variations across states** in terms of healthcare spending, private OOP burden, insurance coverage and exclusive dependence on private healthcare services.