



Press Release

Implications of the Union Budget 2020-21 for Health

Issued by Jan Swasthya Abhiyan (JSA)

Introduction:

At a time when Indian economy is going through prolonged stagflation, with historically high levels of unemployment, absolute slump in rural consumption and sky-rocketing food prices, it was expected that the Union Budget for the year 2020-21 would provide the necessary impetus to boost the economy, provide the social support for the needy and create jobs.

Jan Swasthya Abhiyan notes with utter disappointment that the Budget has failed miserably on all the macro-economic and fiscal fronts as well as in crucial sectors such as employment, health, food and nutrition. Furthermore, the revenue and deficit predictions and revised estimates provided in the budget are highly questionable.

For the health sector the Budget has deepened this Government's agenda of private provisioning of health care, which comes at a huge and disastrous cost of public services for health and peoples' access to healthcare. The budget also demonstrates the continued lack of serious commitment of this Government towards health for all.

2. Cuts in public investment on Health:

The apathy of this government towards health of people is clearly depicted by reduced allocations towards Ministry of Health and Family Welfare and Ministry of AYUSH. Although budget allocations have increased in nominal terms to INR 69234 crore in 2020-21 from INR 66466 crore promised in the previous budget, the additional INR 2768 crore does not compensate for rise in prices over the same period. Thus, in real terms, allocations have gone down by 4.3 percent.

Moreover, in terms of share of GDP, Union Government allocations on health have gone down from 0.33 percent to 0.31 percent depicting a further decline from an already low level of commitment from the Union Government.

The National Health Policy 2017 promises increasing public health spending to 2.5 per cent of GDP by 2025. This requires that the Union Government allocations towards health are increased every year by at least 30 per cent. Clearly the National Policy's promise is just another "jumla".



3. Systematic Stagnation and Cut-Back of Essential Public Services

Under this government, National Health Mission (NHM) has been continuously neglected. The allocation under NHM has gone down by INR 390 crore in 2020-21 BE. When adjusted for inflation, this means a seven percent decline in allocations. For National Rural Health Mission (NRHM) the nominal decline is nearly INR 800 crore. When adjusted for inflation this decline in NRHM allocations is nearly eight percent.

The Health and Wellness Centres (HWCs), another key component under Ayushman Bharat, meant to make primary care more comprehensive by expanding from very select services to 12 additional services including Non-Communicable Diseases has received an allocation of INR 1600 crore - the same as in previous year's budget. Most of this would go to the recurrent costs of already functioning HWCs which by government figures is less than 15% of the target of 1.5 lakh Sub-Centres upgraded into HWCs by 2022.

The allocations for RCH programs including immunization stagnate at nominal terms though 5 more vaccines are included into the program. Similarly even without adjusting for inflation, the allocations for communicable diseases and infrastructure maintenance declines. The entire budget for the national urban health mission also stagnates which means in real terms there is a decline in funding for all these essential public services. The allocations for AIDS and HIV program and for the autonomous centrally funded hospitals cum teaching centres declines even in nominal terms. What is an apparent increase under the PMSSY, which funds the expansion of new AIIMS, is largely due to repayment of loans.

Systematic undermining of government health system

The Government's indifference towards strengthening the public health system is apparent given that it has reduced the allocations on health systems strengthening component of the NHM, particularly for rural areas. One major area of concern is the sharp reduction in capital outlays, which are meant for building hospitals and health services and procure equipment. This has been cut by 45percent in current budget, compared to 2019-20 and reduced by 58 percent compared to the Actual Expenditure for 2018-19.

The latest round of NSSO data (75th round) on health shows that more and more people are moving towards public systems as there is a deep rooted recession in rural economy; they are going to hospitals less than earlier as people are finding it difficult to afford health care. In this context it is all the more important that public investment is channelized towards strengthening public systems.



These stagnant and declining allocations put us squarely on track to losing the gains that were achieved through NHM in its first decade. In that earlier period, concerted and increasing emphasis on public sector provisioning helped India improve access to select essential services and this helped us come close to achieving a number of Millennium Development Goals. In the Sustainable Development Goals era, when there is a need to improve access to a much larger range of services, the reduced allocation is a huge impediment.

These reductions need to be put in perspective with other initiatives undertaken by this government in recent past.

4. Using Public Expenditure for Boosting Private Sector Profits.

While both revenue and capital expenditure in public services decreases, the finance minister announces that district hospitals and medical colleges would be given over to private entities to run along commercial lines. Further the government promises to provide viability gap funding for commercial private agencies to set up such hospitals and medical colleges. Reading this in tandem with the NITI Aayog proposal in this regard, the aim is to convert these essential public services into corporate holdings on which revenue can be generated and dividends paid to share-holders with government itself becoming one such share-holder.

Though the finance minister's speech mentions aspirational districts as a priority for setting up such PPPs, the logic of this proposal is that such PPPs are more likely to come up where the district hospitals are doing very well on their own. The states of Chhattisgarh, Kerala and Madhya Pradesh have already rejected the NITI Aayog proposal.

The proposal to impose an increased import duty on medical devices and use this to finance these PPPs is equally perverse, since the increased costs will be completely passed on to consumers. Currently most of the medical device market is based on imports and this would be too small and incomplete a measure to expand domestic manufacture.

Even under education policy the concern is only private profits. Other than the support to private medical colleges, paragraph 39 has a section exclusively on bridge courses for skilled health human resources generated in India- so that they become suitable for migration. It does not occur to them that any quality improvements that bridge courses would deliver would be equally required for domestic population; nor does the contradiction between actively promoting migration and the justification provided for PPPs and viability gap funding for private college. Even the creation of more specialists is seen only as another opportunity for big hospitals in private sector, though the graduate from such institutions are not very likely to work in rural and under-serviced areas.



The other approach to boosting private sector profits through public expenditure is the PMJAY scheme.

5. PMJAY – private profits in the name of the poor

The only area where the government budget has gone up significantly as compared to revised estimates is the PMJAY which receives a 100 per cent increase from Rs 3200 crore to Rs 6400 crore. This is the same as the budget allocation as the preceding year - which the scheme was unable to spend. In a large number of heads relating to public services, the revised estimates were higher than budgetary allocation, but this did not lead to greater financial allocation. The contrasting treatment for PMJAY needs to be explained.

Prime Minister's Jan Arogya Yojana (PMJAY), which is a government funded scheme to cover secondary and tertiary level inpatient expenses for poor families. PMJAY essentially promotes earnings for private hospitals, many of which are otherwise under-utilized. Although it can potentially purchase from public hospitals also, the major value of the claims that are settled flows to the private sector.

There is a substantial and growing body of evidence that such insurance schemes while ineffective in providing free care, fail to reduce catastrophic health expenditure, and that can even increase out of pocket expenditure. These schemes are associated with inappropriate and unnecessary care and the pattern of claims is more reflective of provider preferences rather than people's needs. When insurance is scaled up in a context where there is a huge inadequacy and inequity in access and an almost complete absence of regulation, it would result largely in transfer of public funds into private hands without any matching health outcomes or financial protection. Despite this, the current government remains adamant on expanding the scheme.

6. Insensitive to the Needs of Women

The current government continues to neglect the health of women. Continuing the trend of previous budget, allocations towards Reproductive and Child Health (RCH) component under NHM, which also includes schemes like Janani Suraksha Yojana (JSY), immunisation programmes and various key disease control programmes, have experienced a cut. Total allocations across all sectors towards women specific schemes have also received lowered allocations.

The allocations for Pradhan Mantri Matru Vandana Yojana (PMMVY), a scheme for maternity entitlement and wage compensation for women, remain the same as in the last year at INR 2500 crore. These allocations are much lower compared to the actual requirements.



Stagnant allocations also mean that lesser number of women would benefit as in real terms there is considerable reduction in the allocations.

Ironically, such neglect of women's health programmes and schemes and undermining the needs of women work force comes just months after India hosted the Partner's Forum and launched its National Strategy on Women's, Adolescents' and Children's Health (I-WACH) - a document that acknowledged many of these issues which continue to remain unaddressed.

7. Reduction in all health related social sector expenditure.

We observe with deep concern that several schemes related to nutrition, such as Anganwadi services, mid-day meals have experienced considerable underspending in the previous year with stagnation or decline in absolute expenditure. This means people are being left out, coverage is low and shrinking and the benefits are irregular; field reports corroborate these observations.

Allocations for Mahatma Gandhi National Rural Employment Guarantee Yojana and Public Distribution System have declined at a time when more and more people are seeking work and need subsidised food

In conclusion:

Jan Swasthya Abhiyan strongly opposes these trends in the budget and calls for public protest against these moves. This budget has reduced health allocations in real terms which will lead to further collapse of public health services while strengthening the discredited 'insurance model' despite strong evidence against the effectiveness of such commercial insurance based schemes. The Jan Swasthya Abhiyan calls for allocations that would strengthen the public health system, especially the NHM, the HWC programs and strengthening tertiary care should be increased.

It calls for abandoning the moves to handover district hospitals and medical colleges to private sector in revenue generation models. These should remain under public ownership and serve the needs of universal health care and health equity.

The Jan Swasthya Abhiyan calls for increasing the budgetary spending to 2.5% of the GDP if not higher within the next 3 years, and the major part of this increase should come from the central government allocations. To achieve Health for All, this must be devoted to strengthening public provisioning of health care to ensure adequate supply of free medicines and diagnostics, upgrading of PHCs and CHCs, filling up all vacancies of health human resources as per IPHS standards, improving working conditions of the health workforce, community accountability of public health services, strengthened primary health care in rural and urban areas linked with District health systems.