Contributory Price: Rs. 40/-
Government Funded Health Insurance: promises and reality

Health Policy Primer - 3

Published by Jan Swasthya Abhiyan and Public Health Resource Network

On the occasion of the Third National Health Assembly; Fourth International Peoples Health Assembly.
5 lakhs is a lot of money! But what is insurance?

Ayushman Bharat! insurance coverage up to 5 lakh for hospitalization.

Hi Ruhana! How are you beta?

I'm good, Chacha! Please put my phone to charge!

Ruhana, what do you think, health insurance is good for us? We get free care in the private sector. Seems to be a great deal!
1. 5 lakhs is a lot of money! But what is insurance?

2. Deepu Bhai, this is not a totally new scheme. Many states run their insurance schemes! Have you heard of Rashtriya Swastha Bima Yojana? It's the old wine in a new bottle!

3. Let me narrate what happened to Meera's family when she had to be hospitalized. She was taken to a private hospital, was promised free care, and ended up paying a lot of money even though they have a smart card!

4. Meera, her son Nandu, and daughter-in-law Kanta work at a construction site. You know how bad the work conditions in construction sites are! There is hardly any safety measure!
Women carry heavy bricks through steep and unstable ladders without any protections, risking their lives...

Meera falls down while climbing up the stairs

She might have fractured her leg. She needs to be taken to the hospital! Call Ambulance!

Supervisor calls the ambulance.
Women carry heavy bricks through steep and unstable ladders without any protections, risking their lives…

Meera falls down while climbing up the stairs. Workers gather around her immediately. She might have fractured her leg. She needs to be taken to the hospital! Call Ambulance!

Supervisor calls the ambulance.
Ambulance arrives after an hour

She is having lot of pain! Hurry up!

Careful please!

Where do we take her? She needs treatment immediately!

Sahoo, the ambulance driver asks

What about the Taluk hospital?

That doesn't have a senior doctor.....

The Civil Hospital is also 70 km away, it would take two hours to reach there! Why don't we take her to Agarwal nursing home! It's good, close by also...

Whatever you suggest....
If you have smart card its free in private hospitals. Do you have it?

But it would cost a lot of money in private hospital! We don't have much...

Yes! we do have!
1. Hello Mr Sahoo! What brings you here?
2. Hi Ruby! It's an accident case! She needs emergency admission!
3. Where is the patient?
4. In the ambulance
5. What's her name? Age?
6. Rsby empanelled (smart card accepted here)
7. Are you carrying the card?
8. Yes Madam
9. Then fill up the form and sign
10. Sahoo Ji. Please help
1. You have to deposit Rs 4000 for treatment!

2. Why money? We have the card. Here it is.

3. Lots of tests and X-ray have to be done!

4. If you want to save your mother and want good service, you need to spend money!

5. We don't have the money now.

6. Ok. But you have to deposit the money tonight! Otherwise no treatment!

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Nandu heads home worried

1. Calm down Nandu! Go home and get the money!

2. Where do I get so much money from?!

3. Do something! Sell whatever you have, borrow or mortgage! After all it's a matter of your mother's life!

4. Hmm... let me try.

5. How do I arrange 4000 Rupees? It's more than our monthly income!
Nandu reaches home. Kanta is waiting eagerly

1. What happened? Where is Mother-in-law?

2. She has been admitted to Agarwal Nursing home. We need to deposit money.

1. How much money?

2. 4000 Rupees

3. We have 500 cash. How do we arrange rest of 3500?

4. Shall we deposit my gold earrings and bangles?

22. They go to the munshi to sell Kanta's last pair of bangles

1. How much do you need?

2. We need 5000.

3. These would fetch 3500 max.

4. Give us at least 4000

5. OK, 4000, done!
People at Mobile shop are listening to Ruhana’s narration

Health expenses is the second highest reason for indebtedness in India. Nowhere in the world so many people need to borrow for meeting health expenditure!

Did Meera get good treatment?
Ruhana, what happened next?

Their ordeal did not end there. Later at night, when they reach the hospital to deposit the money, the nurse gives a long list of medicines and consumables

Doctor says she will need an operation, she has fractured her bone.

You have to pay 25,000 for operation

Oh no! more money!

Yes, do whatever is needed for her treatment.

What! 25000! We don’t have so much money!
Where do we get so much money from?

We can't afford this! No way! We should get her discharged and take her to the Civil Hospital.

Let me talk to Jeevan Bhai!

Jeevan is their neighbour! He works with the Civil hospital. Nandu calls Jeevan for advice!

Jeevan Bhai, Maa fell down the ladder. We brought her to Agarwal Nursing home. They are charging a lot of money. We have smart card, but it is of no use. What do we do?

Get her discharged tomorrow and bring her to the civil hospital. I'll arrange for a bed. But first bring her reports tomorrow morning. We will show it to doctor sahab.

Next morning at the hospital Nandu meets the doctor at Agarwal hospital and asks him to discharge Meera

Doctor Saab! We want to discharge Maa. We don't have the money. Please give us all the reports, X-rays.

Ok, pay 10000 rupees and get your mother discharged!

What! 10,000 Rs!! For no treatment!!! (angrily) Give us back our smart card and we'll go from here, we do not want to get treatment here.

Why not! You'll get all those, once you pay 10,000!
Nandu calls Jeevan for advice

Call 104 and lodge a complaint!

Furious Nandu calls 104 to complain about this incidence.

Hello! 104? This is Nandu, I am calling from Kumartala village. My mother was admitted in Agarwal Nursing Home! We have smart card, yet they are charging money for operation and not letting us take Maa to Civil Hospital. please help

Complaint noted. We will enquire and take legal action

When Nandu reaches the hospital, he realises, to his surprise, that the doctor already knows about his complaint.

So Nandu, I see you have already complained. Do you not trust us? Now we cannot offer you any discount on the surgery. Either you pay 25,000 for surgery or 10,000 for her discharge

I'm sorry Doctor saab! Please have some mercy on us!
Free care is only available in public hospitals—and average payment for insured is about Rs. 2800. Those who get lured and go to private hospitals end up spending a lot of money—average of more than Rs. 18000 for people who are insured!

You people are all same. You want everything to be free! If you did not have money, why did you come to my hospital? You should have gone to the government hospital!

I have decided. Get her operated here and pay 18000. I cannot reduce any more. Deposit it by tomorrow morning if you want Meera to get treatment.

18000 Rupees! How do we arrange so much money?

At home, Nandu and Kanta try to find a way out.

The only option is to sell Seeta! It is for your mother's life.
Free care is only available in public hospitals - and average payment for insured is about Rs. 2800. Those who get cured and go to private hospitals end up spending a lot of money - average of more than Rs. 18000 for people who are insured!
Data of 2014 shows private hospitals rob us even if we have smartcard- on an average hospital admission costs 18000 rupees in private hospitals if you have smart card!

Tell me is you don’t have smart card where would you prefer to go when you need to go to hospital? Public or private?

We would choose public hospital, what else!

Irrespective of whether you have card or not public sector is always cheaper- with card average expenditure is only

Sadly there is no law that regulated private sector hospitals in India. The Clinical Establishment Act is not implemented by most states. On top private sector gets free land, electricity and other subsidies.

But then why does the government not punish private hospitals? If they get money from the government, they should give us free care?

Even if they promise to provide free care under insurance schemes, they actually don’t. Even the Supreme Court has pulled them, with no effects!
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People fail to show up at the right time because they don’t get the correct information or may be travelling for work.

Enrolment has to be done every year. Most people are under the impression that once the card is made, it’s valid for years. That’s not the case.

Then, there are instances of fraud. The insurance companies inflate enrolment numbers creating false enrolment. They get more money and grab government money while denying poor the care they need.
In developing countries, governments spend 3% of GDP on health. Our government spends only 1.2%, among the lowest in the world. Despite promises, public spending remains low.

Better public hospitals are the only way out. We also need more government doctors, nurses, good quality medicines. But all this costs money. All of these need more money. How can these happen if the Union Government cuts the health budget every year!

What we understand is there is no other alternative than public hospitals! But they are in such bad quality! What do we do?

More public investment! Better public health system! Greater accountability and participation! We need Health For All!
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Health for all Now!
Let us now try to understand the new insurance scheme Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY)

Central Government has brought a new scheme called Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana. It is a government funded health insurance (GFHI) scheme like Rashtriya Swasthya Bima Yojana, Arogyasri (Andhra Pradesh), Chief Minister Comprehensive Health Insurance Scheme (Tamil Nadu). Media sometimes calls it 'Modicare'.

What are the main provisions promised in Pradhan Mantri Jan Arogya Yojana (PMJAY)
1. The covered family can get free hospital care upto 5 lakh Rupees in a year
2. Families will be identified as per the Socio-Economic Caste Census
3. Private and public sector hospitals will be empanelled to provide services under this scheme

What all will be free under PMJAY?
If a person gets admitted to a hospital, all the services - tests before admission, everything during admission including all tests, drugs, consumables, hospital bed, any operation, blood transfusion, care after surgery and even transportation and food for patient is free. Like RSBY, the scheme promises 'cashless' services i.e. no money will have to be paid by the patient. The hospitals sign a written contract saying that they cannot charge even a single rupee from any patient under this scheme.

Did previous GFHIs actually provide free services?
NO. That is the sad reality.

Studies show that most of the patients had to pay substantial amounts for getting hospital care under GFHIs. At best, what people get in actual practice is like a 'discount' and not free care.

For example, when a person without insurance got admitted in a government hospital, they spent Rs. 4560. But when a person with insurance got admitted in a private hospital, they ended up paying Rs. 18081 on an average. This means that how much the patient had to pay did not depend upon whether they had insurance or not. The patient's expenditure was higher when they went to private hospitals. GFHIs pushed patients towards private hospitals with false promise of free care and people end up spending more money.

Half of the patients who have insurance & seeking care in private hospital need to spend more than INR 10000 from their pocket.

One third of those with insurance and seek care in public hospitals need to spend less than INR 500.

This means public hospitals are near free!

Figure: Percent of people incurring various range of hospitalization expenses: public and private providers
Source: NSSO 71st round Unit records
Is GFHI a cheaper mechanism to provide care, rather than investing money on building and running public hospitals?

Currently, NITI Aayog and the Government are going for a premium of INR1100 for a family of five for annual coverage of INR5lakh. RSBY, with a cover of INR30000 had a premium ranging from INR350 to more than INR900. If we look at market rates, a package of INR5lakh would come with a minimum premium of INR 30000 per family. Even though these schemes are for large numbers and the premium should be less, this cannot be as less as INR1100. Proposed coverage of GFHIs also includes existing diseases and all age groups that may further lead to much higher premium. As hospitals start claiming more and more funds under GFHI, the reimbursements would increase and so would premiums. This is already being seen in states like Chhattisgarh and Kerala where premium prices have shot up considerably over the years.

Will PMJAY be any different from previous schemes?

The simple answer is NO!

The scheme has not been formulated using the existing evidence of health insurance. The design of how it will function is similar to earlier schemes. It will have the same problems as in previous schemes.

Why is the free care promised in insurance-schemes not getting realized in practice?

Because hospitals, especially private ones keep charging patients even when they bring their insurance cards. Government does not regulate them. Many hospitals have a lot of influence. Patients are scared to file a complaint because the hospital can harass them. Even when they file a complaint, many a time action does not get taken against the corrupt hospitals.

Many private hospitals also misguide patients. They carry out un-necessary procedures or tests to make maximum money. They tend to charge as much as the patient has capacity to pay. Many patients have to borrow money or sell assets to pay the hospitals. Apart from losing money, patients suffer due to un-necessary procedures done. You might have heard about thousands of women having to undergo hysterectomies (removal of uterus) un-necessarily, because the hospitals wanted to make money.

Source: Translated article of Swapna Majumdar published by Chhattisgarh newspaper, 2013
**Will all the services we need be available in this new scheme (PMJAY)?**

The scheme is not universal. The scheme says that it will select families based on the Socio Economic Caste Census. Like BPL-based targeting in RSBY, it can lead to a lot of poor people getting left out. Also, it is possible that Aadhaar will be made mandatory for this scheme and that will further lead to exclusion and inconvenience.

Secondly, many private hospitals favour services in which the profit margin is higher. They sometimes deny services that are low in profit and turn away patients. Often these are the services people actually need the most. They do not cover all the needs that people have. They concentrate on a narrow selective set of services. This is called 'cherry-picking'.

Also in remote and rural areas, there are very few hospitals available to provide services. Private hospitals like to be located in cities. This insurance scheme will help them to make enough profit in cities itself. When people in rural areas ask for services, Government will tell them that it has fulfilled its duty as insurance has been given free.

**What if we go to Government hospitals? Will they give us more services because of insurance?**

Going to government hospitals may be a better option. But, whether insurance will help is unlikely. One danger is that government hospitals may also start turning away people who do not have insurance card. Otherwise, even without insurance scheme, services in government hospitals were always meant to be universal.

Also, government hospitals will get damaged due to involvement of private hospitals in the scheme. A government doctor or health staff can get enticed to refer patients to private hospitals rather than treating them in government hospitals.

Thirdly, a lot of Government's resources will go in paying the premium, leaving less funds to strengthen government hospitals. Then, we will be told that government hospital is no good and private care is high quality. Further we will hear, 'good quality does not come cheap, you should not mind paying'. The private hospitals will be the biggest gainers and all of us will be the losers.

Source: Global Health Watch 5
**Will it improve access to care in areas where there are no public hospitals as private hospitals are included?**

The reality of our country is most of the private hospitals have either grown where there are public hospitals or in metro cities, state capitals and other big cities where there is greater purchasing power. Almost half of the private hospitals and two third of the corporate hospitals are in few five million-plus cities, where bigger government hospitals and medical colleges are also available. There are hardly any private hospitals in rural areas and remote parts of the country. So the arguments to improve access for the people in remote areas through private hospitals do not really hold ground.

Further, there are already some disturbing trends in the way private sector is getting reorganized. From earlier model of doctor owned hospitals and nursing homes, we now see penetration of corporate and completely commercial private sector. Big corporate hospital chains are acquiring smaller nursing homes, MNCs are having increasing presence in the market. A large part of the funding is coming from share markets, Engel investments and other forms of 'hot money', where fast and higher returns is the only consideration and medical ethics are being increasingly ignored. This is leading to a lot unethical practices, over charging, unnecessary care and as a result patients are suffering. This calls for stricter forms of regulation of clinical standards.

Source: Global Health Watch 3
Why is Government then bringing in such a scheme?

This health insurance scheme is meant to further expand the private sector's dominance over health services, and that too at public expense. Government will use resources to pay premium and patients will also pay from pocket. Slowly, the bigger private hospitals and their chains will gain ground with the use of public funds. Such insurance schemes are meant to provide more business and more profit-making opportunity to private sector.

What is the experience with Health Insurance in other countries?

Apart from India, experience is available on health insurance schemes in other countries. Many studies show that the experience was similar to India with healthcare becoming more expensive and not free. People had to pay large amounts from their pocket, often for un-necessary procedures. It did not improve the overall health of the people. You do not become healthy by getting an insurance card!

Countries like China, where GFHI is being rolled out has very strong regulatory mechanisms in place. Though we have a Clinical Establishment Act most states have not ratified the Act. Furthermore the Act, in the current from is very weak. It is important that we strengthen our regulatory mechanism for health care providers and also health insurance market. One of the crucial component of regulation would be to regulate prices of medical services, which the current Act does not include. The danger of not regulating prices in open market is, private sector would charge higher prices from the patients who are not covered by the GFHIs, from mostly lower middle class families, who are already finding it very difficult to bear health care expenses. As private sector gets more organized, which is inevitable without regulation and expansion of government services, they would lobby for higher prices under GFHIs and also charge higher prices in open market and government and patients would have little choice but to accept their demand. This is already happening in many states and with PMJAY where we see the private hospitals coming together to negotiate higher package rates.

What should be our demands, then?

Let us demand to make our Government hospitals better. After National Rural Health Mission came, we saw a few more services becoming available in government health centres and hospitals. We should demand that Government services be strengthened much further by putting in more effort and resources. We should demand more healthcare staff in government hospitals, free dugs and free tests there.

We should demand that the Government should absorb, over a period, existing publicly funded health insurance schemes into an expanded public health system. All entitlements available under these schemes would be made available through the public health system, suitably expanded and adequately resourced.

We should oppose expansion of private services and demand that government should regulate them by designing and implementing Clinical Establishment Acts properly.
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They need soon.  

How much do you need?  

They recite the treatment.  

Let us do it!  

The doctor feels if you can pay.  

Why not? You'll get all these, once you pay!  

The doctor agrees.  

What is the cost?  

The doctor calculates the cost.  

Good care of our child, inquired. My  

Nandu is standing with Seeta, their beloved cow, receiving money from a man.