



OUT-OF-POCKET FINANCIAL SPENDING ON HEALTH CARE AND THE IMPORTANCE OF GENERIC MEDICINES IN INDIA

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India though many schemes like RSBY (Rashtriya Swasthya BimaYojana) have been introduced to give inpatient health insurance to the BPL (Below Poverty Line) households, there are millions of households who are not covered. Perhaps this is due to the fact that in India healthcare falls in the state list of the constitution of India; where each individual state has discretionary power in formulating and implementing the health care programmes and policies. According to World Health Statistics (2007 & 08) of World Health Organization (WHO) the government spending in India on health as a percentage of total health expenditure was only 17.3 in 2004 and 19.0 in 2005. However, the percentage spending of government on health care in countries like Germany, France, UK, and even Sri Lanka and Bangladesh was higher than India with 76.9, 79.9, 87.1, 46.2 and 29.1 respectively. According to the WHO, India ranks 171 out of 175 nations in public health spending which is lower than some of the Sub-Saharan African countries. Most of the health care spending in India comes from the households (known as OOP). OOP or out-of-pocket has been defined by National Health Accounts (NHA) Estimation Methods as the gross level of direct spending, before taking into account reimbursements by third-party sources whether it is later adjusted for third-party payment or not. According to NHA, 2004-05, 71.13 percent of health care spending comes from households. Therefore, it is a grave concern and irony that a country which hosts substantial number of population of Below Poverty Line (BPL) spends less than 2 per cent of its Gross Domestic

Product (GDP) on health care, and thus, people have to bear the heavy burden of keeping the country's human capital as healthy. It is observed that India's public health infrastructure is well below the world standards. The availability of hospital beds, doctors, paramedics is below the Sub-Saharan and BRIC (Brazil, Russia, India and China) nations. It is very clear from extant literatures that OOP spending on health care push households into poverty and those who are already poor stay poor forever. The government's spending on health care is very minimal in India. According to the World Health Organization (WHO), India ranks 171 out of 175 nations in public health spending which is lower than some of the Sub-Saharan African countries.

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Further, comparing the per capita expenditure of India with its immediate neighbours like Bhutan, Bangladesh, China, Myanmar, Nepal, Pakistan, and Sri Lanka, India lacks behind China, Bhutan and Sri Lanka. Thus, as a consequence of this low spending by the government, the huge part of expenditure has to come from the private expenditure. In India the highest percentage of OOP spending on healthcare goes to medicines. The case is same both for the inpatient care public and inpatient care private. Moreover, both rural and urban areas also spend more on medicines in terms of OOP spending. This is followed by diagnostic tests. One of the reasons of high expenditures on

medicines could be that many government health centers especially the rural health care facilities are starved of medicines/drugs. It is an irony to see such a trend, despite India being one of the largest and leading manufacturer of generic medicines (supposed to be low cost medicines) that people have to spend huge amount of money on buying medicines. One of the reasons could be that most doctors still prescribe branded medicines to their patients with their vested interests. Thus, there is a twin problem; on the one side, doctors hardly prescribe generic medicines to their patients and

on the other side, generic medicine stores are not sufficiently available. So what is necessary is the strong political will and ethical practice from the doctors. For this the medical council of India (MCI) can have a strong regulatory framework to promote the generic medicines but at the same time ensuring strict quality control. Because till recently even though the government has been emphasizing on promoting generic medicines in India there has been no quality control for some of the lifesaving generic drugs.