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AYUSHMAN BHARAT –NATIONAL HEALTH PROTECTION MISSION A WAY TOWARDS UNIVERSAL HEALTH COVER BY REACHING THE BOTTOM OF THE PYRAMID – TO BE A GAME CHANGER OR NON-STARTER

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Abstract: Affordable and quality healthcare has not reached to majority of Indians after 70 years of independence. Only 25 % of Indian population is insured under both private health insurance and government run insurance schemes. To address this issue the government had set up High Level Expert group in year 2010 under 12 Th Five Year plan, which submitted its report with focus on Universal Health cover as basic component for social security. Recently Union Budget 2018 came up with Ayushman Bharat Programme that plans to cover 10 crore BPL families under a health Insurance scheme. The paper attempts looking at various challenges to be faced in implementation of this scheme and role of various stakeholders required for its success.

Keywords: Ayushman Bharat, Health Insurance, Healthcare, National Health Protection Mission, NHPM

Introduction

Government's world over commit to look after health of its people, to protect the real wealth of their nation and ensure healthcare is accessible and affordable to all citizens alike. India too announced the biggest ever government funded scheme of its kind in the world on1 st Feb 2018, which seeks to covers nearly 40% of its population called Ayushman Bharat- National Health Protection Mission on Feb 1 2018.

Table A: Ayushman Bharat Scheme - Timeline of Key Announcements until date

Subject	Press Release	Date
Ayushman Bharat Scheme announced in Budget 2018-19	pib.nic.in/newsite/PrintRelease.aspx?relid=176049	**Feb 1, 2018**
Cabinet approves Ayushman Bharat – NHPM	pib.nic.in/newsite/PrintRelease.aspx?relid=177816	**Mar 21, 2018**
20 States sign MoU for implementing Ayushman Bharat	pib.nic.in/PressRelease.aspx?PRID=1535533	**Jun 14, 2018**

Launch of empanelment process for hospitals	Through Web portal http://www.abnhpm.gov.in	**July 4 ,2018**
Use of Aadhar Desirable not Must in Ayushman Bharat	pib.nic.in/newsite/PrintRelease.aspx?relid=180528	**July 12, 2018**

The key stakeholders in the scheme besides the consumer or beneficiary are the Healthcare Providers, State Governments and Insurance companies without whose support and involvement the execution of this scheme cannot happen.

The basis of inclusion in the scheme would those householders falling under deprivation criteria as per Socio Economic Caste Census of 2011 (SECC database 2011). It offers the benefits as under to its consumers.

TABLE B: Coverages for Beneficiaries

Coverages for Beneficiaries
A. Cashless Treatment at Public/Private Healthcare Providers
B. Secondary and Tertiary care hospitalisation treatments Coverage
C. 5 Lakhs cover per family
D. No cap on size of family or age of family members
E. Pre Existing Diseases covered from Day 1 of enrolment of the scheme
F. Pre and Post hospitalisation expenses covered
G. Portable across India at all empanelled healthcare Providers
H. Fixed Transportation Allowance payable from place of residence to Hospital
I. AYUSH (Alternative Medicine Systems other than Allopathy) covered

Besides the objective of providing financial security through Universal health, cover. The government also plans to set up 1.5 lakh Health and Wellness centres to provide primary healthcare facilities accessible to its citizens under AB-NHPM programme.

Meeting the objectives and Issues in implementation

Low Public Spending on Healthcare and High Out of Pocket Expenses

Public spending on health in India (centre and state governments put together) has been in the range of 1.01- 1.3% of the GDP between 2008 and 2015, and was 1.4% in 2016-17 against the average of

6%.globally. Out of the total expenditure done by citizens themselves in India is nearly 70%, which is very high in comparison with countries world over.

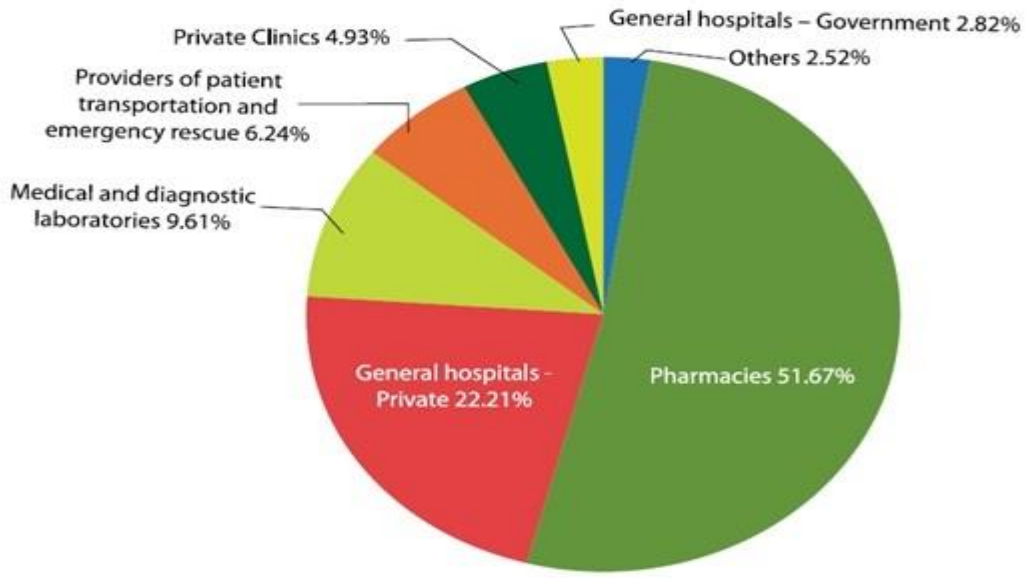

Figure 1: Out of Pocket Expenditure on Healthcare by Providers (2013-2014) percentage

Source: Household Health Expenditures in India, (2013-14) December | 2016 National Health Accounts, Technical Secretariat. National Health Systems Resource Centre, Ministry of Health and Family Welfare, Government of India

As is clear from an analysis of the bifurcation of expenses above 51% of the healthcare expenses, which are out of packet, go towards OPD (Out Patient Treatment). Therefore, reduction in OOPE, which is an objective of the scheme, cannot only be met by Health Insurance, which covers In Patient Treatment or hospitalisation expenses.

Dependence on Private Healthcare

It is clear from Table C: majority of Indian Population relies and prefers Private health care providers.

TABLE C: Hospitalisation and type of Hospitals

Type of Hospital	Rural Area			Urban Area		
	1995-96	2004	2016	1995-96	2004	2014
Public	42	42	42	43	38	32
Private	56	58	58	57	62	68
	100	100	100	100	100	100

Source 71st National Sample Survey (NSS) January-June 2014. Since under the scheme public hospitals are deemed to be considered empanelled automatically. The beneficiaries would not like to opt for public hospitals for their treatments.

Further private hospitals will be happier to treat customers from outside the scheme as they can charge more than fixed package rates from them. The poor might remain second priority or second class citizens for private health providers under the scheme.

Poor Existing Healthcare infrastructure In India

India has just over one million allopathic doctors to treat its population of 1.3 billion
India has bed to patient ratio of 0.9 i.e. 0.9 beds per population.

We are creating demand for healthcare services by this scheme but there is not enough supply in terms of health infrastructure to cope with the demand.

Position of States as financier to the scheme

AB – NHPM scheme is to be implemented as partnership with central government with 40% of the scheme to be funded states own funds.

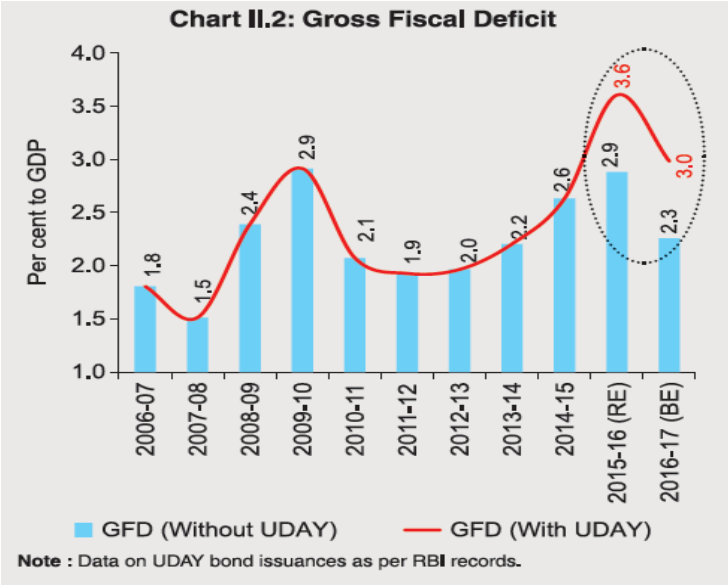

Figure 2: Gross Fiscal Deficit Indian States 2006-2017

Source: STATE FINANCES A STUDY OF BUDGETS OF 2016-17, Reserve Bank of India .Ujwal Discom Assurance Yojana (UDAY) scheme. Under the scheme, states took over75 per cent of Discom debt between 2015-17

As per Reserve Bank of India (RBI) "The Gross Fiscal Deficit GFD-GDP ratio in 2015-16 went above the 3 % ceiling of fiscal prudence for the first time since 2004-05."States are resorting to large-scale borrowings Farm loan waivers in number of states, states own pay commissions and uncertainty over GST revenues pose further downside risk as per RBI.

Inadequate Funds allocated for setting up Health and Wellness Centres (HWC's)

The scheme envisages setting up and upgrading 1.5 lakh, HWC's centres to cater to medical treatment need of its centres. 1200 crores has been allocated under the scheme for the purpose. The amount is grossly inadequate for the number of centres it seeks to establish.

Rejection of the scheme by certain states

20 States have already signed up to administer the scheme in their states. States with existing schemes of their won will have either to converge their schemes into AB-NHPM or subsume the scheme.

West Bengal, Karnataka, Orrisa have kept out of the scheme and plan to have their own scheme. What is common among these states is the party at the centre does not rule them. Going forward there is possibility of opposition parties winning in other states and rejecting the scheme. This will hamper the success of the programme

Empanelment of Private Hospitals under the scheme

In a bid to standardise procedures for treatments government has come up with fixed package for 1350 procedures/ medical treatments and surgeries. Already the private healthcare providers have raised concern about these being very low. This according to them are unsustainable in short and long term and would compromise on quality of services for recipients. High medical inflation of 15% will make these packages unviable in times to come if not revised regularly.

Enrolling private hospitals in the scheme would be challenge for the government However, government's argument is this package rates are for treatment in General Ward Category rooms only so are adequate to cover the procedure .

Besides this government is offering incentive to increase the cost by certain percentage in the following cases

TABLE D : Incentives to Raise Fixed Package Rates

Cause	Incentive %
NABH Accredited Hospitals (Entry Level)	10%
NABH Accredited Hospitals (Advanced)	15%
Location 115 identified backward/rural districts	10%
Healthcare Providers with Training colleges	10%

States have been given further flexibility of increasing this by 10 %.

Private hospitals to succeed profitably under the scheme have to change their business model or strategy model from low or modest volume of business with high margins of profit to high volumes of business and low margins. Will the private be willing to change their existing business models is to be seen? In addition, most of the big private hospitals chains are corporatized and publically held with shareholders influencing the decisions, to migrate to a new business model of doing business will be difficult**.**

Discovery of Premium through Tendering Process

Though government has also clarified that there will be no limit on premiums and it will be discovered through the tender process. The selected insurer will run the scheme. The Insurer with lowest bid will win the bid. Further, each state will have a different premium depending on total population of the state and profile of the population. State of Chhattisgarh is the first state to release the tender.

This might lead to unhealthy competition and there might be price discovery at unhealthy rates leading to non-continuation by the insurer after a year. . It is to be seen how the private and public insurers respond to the tenders.

Faulty Coverages proposed in the scheme

By covering pre-existing diseases from Day one and putting no cap on age of beneficificiaries, government through the scheme features has prepared a dangerous cocktail to swallow for the insurance companies. This will be a high-risk pool of participants, which are bound to increase the loss ratios of private insurers affecting

their profitability. Considering the fact, the earlier schemes Pradhan Mantri Jeevan Jyoti and Suraksha Bima Yojna have an upper age limit of 55 years and 70 years respectively.

High Loss Ratios of government sponsored Schemes

Government sponsored schemes plagued by very high loss ratios and high claims. Net Incurred Claims Ratio (ICR), is the ratio of net claims incurred to the net premium earned. The numbers for different insurers paint a sorry picture, which will not enthuse many private insurers to participate initially. Even if they participate initially to test, the waters there is danger of withdrawal in case they are unable to contain the loss ratios in future.

TABLE E: Class wise Health Insurance -Net Incurred Claims Ratio – (2013-17)

CLASS OF BUSINESS	2012-13	2013-14	2014-15	2015-16	2016-17
Government Sponsored Schemes including RSBY	**87%**	**93%**	**108%**	**109%**	**122%**

Source: IRDA Annual Report 2016-17

TABLE F: Health Insurance (Excluding Travel-Domestic/Overseas & Personal Accident Insurance) Incurred Claims Ratio (2016-17) - Non-Life Insurers

INSURER	**Government Run Schemes including RSBY**		
	Net Earned Premium	**Claims Incurred (Net)**	**Incurred Claims Ratio (Net) 2016-17**
Bajaj Allianz	1666	1607	96%
Bharti AXA			
CHOLA MS	0.00	-0.53	0%
Future Generali	1022	437	43%
HDFC ERGO			
ICICI Lombard	23939	32284	135%
IFFCO Tokio	7939	6016	76%
Kotak General			
Liberty Videocon			
L&T General	-0.5	0.0	0%
Magma HDI			
Raheja QBE			
Reliance	3075	2666	87%
Royal Sundaram			
SBI General			
Shriram General			

Tata AIG	167	418	250%
Universal Sompo			
Private Total	**37808**	**43428**	**115%**
National	80046	101305	127%
New India	84626	110243	130%
Oriental	3333	1820	55%
United India	62761	72535	116%
Public Total	**230766**	**285903**	**124%**
Aditya Birla			
Apollo Munich	0.00	1.90	0%
Cigna TTK			
Max Bupa	213	445	210%
Religare	483	873	181%
Star Health	1773	35	2%
Stand-alone Health Insurers Total	**2469**	**1355**	**55%**
Grand Total	**271043**	**330686**	**122%**

Source: IRDAI - HANDBOOK ON INDIAN INSURANCE STATISTICS – TABLE No. 79

Experience of Rashtriya Swasthya Bima Yojna (RSBY)

RSBY has been the only scheme in India launched on a Pan India, which aimed at Universal Health Coverage. RSBY offered a paltry sum insured of Rs. 30000/- for family of 5 people. It involved participation of centre and states, use of technology for administration of the scheme involving participation private sector hospitals and insurers. The centre and rest by states funded 75% of the insurance premium. Ayushman Bharat is somewhat comparable on a number of features though the amount of coverage and number of beneficiaries cannot be compared .The experience with unscrupulous private hospitals has not been good under RSBY. Private hospitals did systemic fraud by showing fake records of patient admission under the scheme and claiming the amount. These patients never received any treatment except on paper. Further giving unnecessary and unwanted treatment to patients to utilise. With the level of corruption in India there is no guarantee the unscrupulous private operators will not do the same this time with Ayushman Bharat –Scheme. Only action has been to de empanel the hospital. However, the question is this is not enough to stops frauds. Unless a long deterrent of cancelling the license of such wrong doers and framing criminal cases against the promoters of such healthcare providers is brought, such operators will abuse the scheme. There is no agency set up under the scheme to monitor such wrong doings.

Conclusion

This ambitious programme will disrupt the existing ways of working of the healthcare Industry and create demand for healthcare services at an unprecedented level than the nation has seen before. The government has provided no answers on how the resources for the scheme will be generated. The budgetary impact of the scheme will increase the fiscal deficit in case revenues to meet the increased expenditure are not found. The scheme looks only at the demand of healthcare services, the supply side needs to looked by government by providing the same through upgrading existing set up and opening up new government hospitals, PHc's,Sc's and CHc's for the scheme to be truly successful.

By depending only on funding healthcare expenditure through health Insurance may not be a very good idea in long term unless the government spends more on Public hospitals and improving healthcare infrastructure in the country. Health Insurance financing is important tool of health care financing but should not be the only tool for developing country like India. In addition, total subsidisation of the scheme with zero contribution from the beneficiaries burdens the finances of the government unnecessarily. A small token payment would have brought sense of ownership of participants in the scheme. Even the poor are willing to pay if they see value in any scheme. The impact of the scheme can only be evaluated post roll out of the scheme when all variables constraints would come into play, learnings can be had and improvement areas will discovered by the government.

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