AN EVALUATION OF HEALTHCARE EXPENDITURE IN HIMACHAL PRADESH

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ABSTRACT

Healthcare expenditure is widely considered as inevitable for the improvement of health status of the people of any country. The present study aims to assess the recent growth in public healthcare expenditure and to overview the private healthcare spending in the State of Himachal Pradesh. There has been a massive increase in the outlay of and expenditure on health services since the inception of five-year plans in India. At the state level, revenue expenditure, non-plan expenditure, and curative care expenditure have increased substantially, while the share of capital expenditure, plan expenditure and preventive care expenditure has remained low and fairly stagnant. An overview of the private healthcare spending reveals a huge jump in the average expenditure on out-patient and in-patient care in the last 10-year period. In order to ensure universal and affordable access to healthcare, efforts should be made to increase public healthcare expenditure.

1. Introduction

Total healthcare expenditure encompasses both public and private spending. Public healthcare expenditure in India is incurred at three levels of the Government: The Central Government, the State Governments and the local bodies. The Central Government spends directly on health and also provides grants-in-aid to State Governments. The State Governments, in addition to spending out of the grants-in-aid received from the Centre, incurs health

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expenditure directly out of the resources available with them. Additionally, the local bodies incur healthcare expenditure from the resources at their disposal. The sum total of healthcare expenditure by each of these three tiers of the government provides an estimate of public spending on healthcare in India. Private healthcare expenditure includes private insurance premiums and prepaid schemes, mandated enterprise healthcare expenditure, expenditure on health through non-profit healthcare services and direct or out-of-pocket (OOP) expenditure on healthcare goods, which includes co-payments as well as direct payments by uninsured individuals.

Adequate and efficient healthcare-related spending is widely considered as inevitable in the improvement of health status of the people of any country. Although both public and private healthcare spending are incurred on improving health of the population in general, it is argued that public healthcare expenditure is one of the prerequisites for providing universal and affordable healthcare facilities. This is because of the "merit goods" nature of healthcare services. Since the market will be inefficient in the supply of such goods and services, it becomes the duty of the state and more so a modern welfare state to promote the wellbeing of its people.

Since healthcare expenditure has an important bearing on the health status of the population and on the overall development of a nation, researchers have tried to assess its adequacy at different levels. Kutty (2000) found that health sector spending continued to grow in Kerala and in recent years, its expansion had been limited to revenue expenditure rather than capital. Sharma (2002) pointed out that though the performance of India on development indicators had been better when compared to some of the sub-Saharan Africa and South Asian countries, the major causes of concern had been the low expenditure on health vis-a-vis the developed nations. Bhat and Jain (2004) presented similar findings and pointed out the low healthcare spending at the state level in India. Tandon (2004) while studying the healthcare expenditure in Himachal Pradesh found that real healthcare expenditure had a positive and significant impact on real per capita income. Ghuman and Mehta (2009) and Gill et al. (2010) observed that public healthcare expenditure as a per cent of GDP in India was low and adversely affected both the access and quality of health services. The studies emphasised on increasing the role of public healthcare expenditure if affordable healthcare is to be achieved.

In India, the financing of healthcare at the state level is primarily the responsibility of the state government with some overlapping responsibilities of centrally sponsored schemes. It has been estimated that state governments account for about two-thirds and the Centre about one-third of the total public healthcare spending. The state of Himachal Pradesh is considered as a frontrunner among other Indian states when it comes to performance on health indicators. However, changing demographics, increased burden of diseases, etc., are

presenting new challenges to healthcare in the state. To encounter these challenges, more investments in healthcare are required. It thus becomes important to analyse the growth and nature of healthcare expenditure at the state level.

Objectives

In light of the arguments above, the present study aims to examine the following:

1. To analyse the intra-sectoral allocations within the health sector and determine the changing healthcare priorities of the state of Himachal Pradesh
2. To examine the public healthcare spending in the state of Himachal Pradesh
3. To identify the problems of healthcare expenditure in Himachal Pradesh and to suggest measures to overcome the same

Research Design

For the current study, the state of Himachal Pradesh has been selected purposely. Himachal Pradesh is one of the better-off states in India when it comes to the general health status of its population. This has been made possible by the constant efforts of the state government over the years. An analysis of healthcare expenditure of the state is essential to assess the direction of healthcare expenditure and to point out problems, if any. In order to understand the recent trends, data for the time period 2001-02 to 2016-2017 was considered.

To achieve the objectives of the present study, secondary data have been used which was procured from various published sources. These include Finance Accounts of the State Government, RBI-State Finances, World Health Statistics, and other international, national and state-level surveys, reports, books, journals, etc.

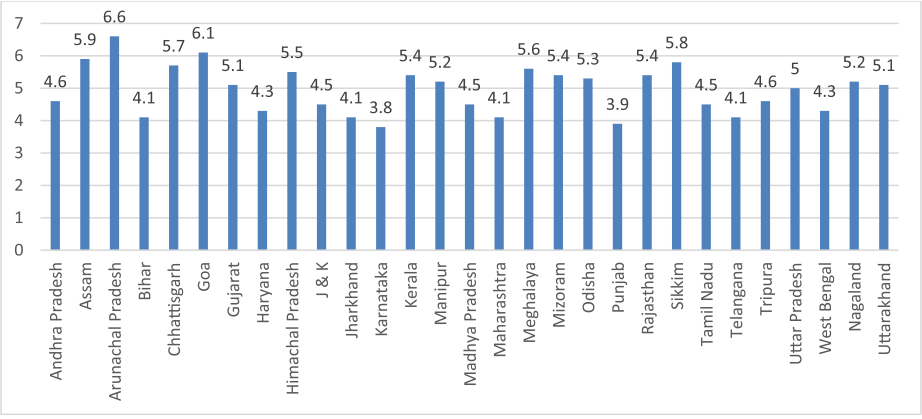
Mathematical and statistical tools including percentages, averages, standard deviations and growth rates were used to for analysing and interpreting the information. Compound Annual Growth Rate (CAGR) has been used to calculate the annual growth rate of each variable over the given time period. For interpretation of data, graphs, pie charts and simple bar diagrams have been used.

Public Healthcare Expenditure in Himachal Pradesh

Public healthcare expenditure forms the backbone of an accessible, efficient and equitable healthcare system. The financing of healthcare at the state level is primarily the responsibility of the state government with some overlapping responsibilities of centrally sponsored schemes. If an interstate comparison of

expenditure on Medical and Public Health (MPH) and Family Welfare (FW) as a ratio to aggregate healthcare expenditure is made (see Figure 1), it is observed that there are significant variations in the healthcare expenditure across states. The state of Himachal Pradesh evidently fares well in comparison to other states when a comparison of expenditure is made.

Figure 1: Interstate comparisons of Expenditure on MPH and FW – As a Ratio to Aggregate Healthcare Expenditure (%) (2017-18)



Source: State Finances: A Study of Budgets 2017-18, RBI

Public Healthcare Expenditure in Himachal Pradesh during the Planning Period

At the time of the formation of Himachal Pradesh, medical and healthcare facilities were very poor. The government has been making continuous efforts since the 1st FYP (1951-56) to provide medical care to its residents at affordable prices. The main focus of the early years of planning was to provide increased access to healthcare services to the people by increasing the number of healthcare institutions. In the later plans, measures were taken to strengthen rural healthcare and reduce the existing regional disparities in this area. The 10th Plan (2002-2007) aimed at improving the quality of the healthcare services in the country. Universalisation of healthcare services was taken up as a primary goal in the 11th (2007-2012) and 12th plan (2012-2017).

Table 1 shows the increase in public healthcare expenditure through different plans. The percentage share of MPH to the total outlay has fluctuated during the various five-year and annual plans. It has declined sharply from the 3rd Plan and fluctuated between 2 and 4 per cent of the total allocations up to 8th Plan. After this, the share has been increasing and reached highest in the 11th plan at a little above 10 per cent. On the other hand, the share of MPH as a percentage of total social sector expenditure has remained between 11 and 31 per cent.

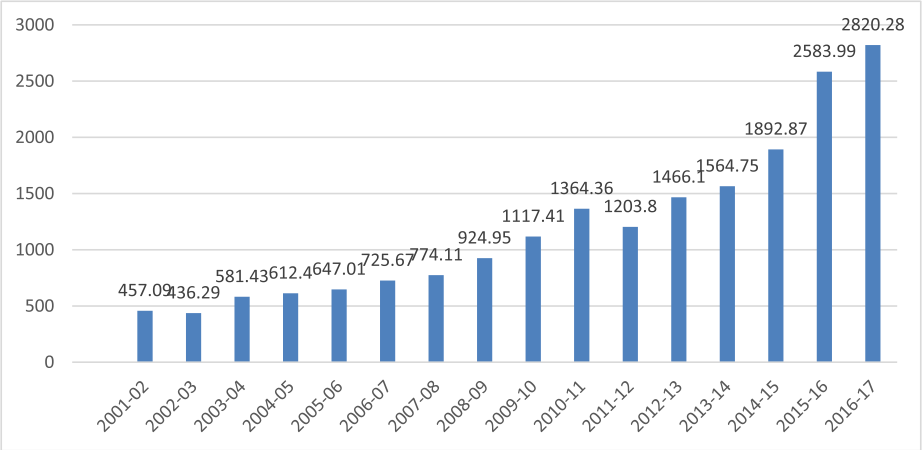
Table 1: Plan Outlay on Healthcare in Himachal Pradesh (Rs. in lakh)

Plan	Outlay on Health	Outlay on Social Services (SS)	Total Outlay (TO)	% Share of Health in TO	% Share of SS as TO	% Share of Health in SS
First Plan (1951-56)	35.96	112.66	564.4	6.37	19.96	31.92
Second Plan (1956-61)	79.65	341.05	1472.53	5.41	23.16	23.35
Third Plan (1961-66)	171.00	632	2793	6.12	22.63	27.06
Fourth Plan (1969-74)	415.00	1692	10140	4.09	16.69	24.53
Fifth Plan (1974-78)	750.00	4335	23895	3.14	18.14	17.30
Sixth Plan (1980-85)	1608	10750	62217	2.58	17.28	14.96
Seventh Plan (1985-90)	3721	28162.8	117800	3.16	23.91	13.21
Eighth Plan (1992-97)	12100	74815	250200	4.84	29.90	16.17
Ninth Plan (1997-02)	31765	210644	570000	5.57	36.96	15.08
Tenth Plan (2002-07)	78772.28	488248	1252057.5	6.29	39.00	16.13
Eleventh Plan (2007-12)	146848	606029	1377800	10.66	43.99	24.23
Annual Plan 2017-18	33385	221316	570000	5.9	38.31	15.08

Source: State Statistical Abstract (Various Issues), Department of Economics and Statistics, Himachal Pradesh

Figure 2 looks at the per capita healthcare expenditure in Himachal Pradesh. It is evident that the per capita healthcare expenditure has increased over the years registering a CAGR of a little over 12 per cent.

Figure 2: Per Capita Public Healthcare Expenditure in Himachal Pradesh (in Rs.)



Sources: Calculated using State Finances: A Study of Budgets (various issues), RBI; Census 2011 and Handbook of Statistics on Indian States

Healthcare Expenditure under Different Categories

Just like other kinds of public expenditure, healthcare expenditure in India is also classified under different categories, namely Revenue Expenditure, Capital Expenditure, and Plan and Non-Plan expenditure.

1. *Expenditure under Plan and Non-Plan Category*

Any expenditure that is incurred on programmes which are detailed under the current Plan of the Centre or Centre's advances to state for their plans is called plan expenditure. Non-Plan Expenditure refers to the estimated expenditure provided in the budget for spending during the year-on routine functioning of the government. It covers all expenditures of the government not included in the plan. Table 2 depicts the plan and non-plan expenditure on healthcare during 2001-02 to 2016-17.

It is evident that non-plan expenditure has remained high, varying between about 48 per cent in 2001-02 to a little over 92 per cent in 2009-10. High plan expenditure in years such as 2004-05, 2005-06, 2006-07, etc. indicates that new schemes and programmes were included and implemented during these years. It has been observed that non-plan expenditure has grown comparatively faster than the growth in plan expenditure. In the last few years, however, the share of plan expenditure has been increasing consistently which means new programmes are being taken up with plan funds. This has led to a decline in the share of non-plan category.

Table 2: Plan and Non-Plan Expenditure on Healthcare and FW (Rs. in Lakh)

Years	Non-Plan Expenditure	Plan Expenditure	Total Expenditure	Non-Plan Exp. as % of Total Exp.	Plan Exp. as % of Total Exp.
2001-02	12505.08	13436.10	25941.18	48.21	51.79
2002-03	12937.35	11600.31	24537.66	52.72	47.28
2003-04	15630.43	13935.00	29565.43	52.87	47.13
2004-05	13802.79	17311.94	31114.73	44.36	55.64
2005-06	15214.66	19269.80	34484.46	44.12	55.88
2006-07	17219.96	22526.05	39746.01	43.33	56.67
2007-08	20499.72	23265.54	43765.26	46.84	53.16
2008-09	44125.08	4121.24	48246.32	91.46	8.54
2009-10	56207.06	4761.03	60968.09	92.19	7.81
2010-11	69167.01	7133.39	76300.40	90.65	9.35
2011-12	66395.32	13326.23	79721.55	83.28	16.72
2012-13	79109.82	16058.76	95168.58	83.13	16.87
2013-14	83076.04	17053.27	100129.31	82.97	17.03
2014-15	89000.36	34717.87	123718.23	71.94	28.06
2015-16	84733.87	45282.80	130016.67	65.17	34.83
2016-17	105420.06	44711.82	150131.88	70.22	29.78
CAGR	14.25%	7.8%	11.6%		

Source: HP Finance Accounts (various years), Comptroller and Auditor General

2. *Expenditure under Revenue and Capital Account*

Revenue expenditure includes current or consumption expenditure incurred on public health and is recurrent in nature. Capital expenditure constitutes the expenditure incurred on building durable assets. Table 3 shows the trends of total, capital and revenue expenditure on Medical and Public Health (MPH) in Himachal Pradesh. The table indicates that the total expenditure on MPH grew at a CAGR of 16.65 per cent during 2001-02 and 2016-17. Further, capital expenditure on MPH in the state grew at a faster rate (32.68%) as compared to the expenditure on revenue account (11.69%). Also, except the year 2016-17, the share of revenue and capital expenditure in the total expenditure on healthcare has been between 80 per cent and 94 per cent, and 5 per cent and 20 per cent respectively. This indicates that asset building has taken a back seat while meeting current expenditure has been a priority in the state.

Table 3: Capital and Revenue Expenditure on MPH (Rs. in Lakh)

Years	Capital Exp. on MPH	Revenue Exp. on MPH	Total Exp. On MPH	Cap Exp. as % of TE	Rev Exp. as % of TE
2001-02	1840.75	22678.57	24519.32	7.51	92.49
2002-03	1979.55	24537.66	26517.21	7.47	92.53
2003-04	5036.34	26186.46	31222.8	16.13	83.87
2004-05	6107.14	27524.81	33631.95	18.16	81.84
2005-06	4841.24	30769.47	35610.71	13.59	86.41
2006-07	4359.79	35540.28	39900.07	10.93	89.07
2007-08	3284.61	39286.95	42571.56	7.72	92.28
2008-09	7972.09	42172.91	50145	15.9	84.1
2009-10	644834	54059.35	60507.69	10.66	89.34
2010-11	6625.48	68003.49	74628.97	8.88	91.12
2011-12	2919.11	69616.33	72535.44	4.02	95.98
2012-13	5479.49	82805.12	88284.61	6.21	93.79
2013-14	7291.45	86663.24	93954.69	7.76	92.24
2014-15	6227.17	99836.46	106063.63	5.87	94.13
2015-16	11722.69	101222.4	112945.09	10.38	89.62
2016-17	127963.76	119024.22	246987.98	51.81	48.19
CAGR (%)	32.68	11.69	16.65		

Source: HP Finance Accounts (various years), Comptroller and Auditor General

3. *Activity-wise Expenditure*

The total healthcare budgetary allocation of a state government in India mainly consists of expenditures on MPH and FW. Medical healthcare includes expenditure under the major heads – urban health services, rural health services, and medical education, training and research. Table 4 shows the expenditure under MPH. While expenditure on Medical services is curative in nature, the expenditure on education, research and public healthcare services is preventive in nature. It is evident from the table that, of these major heads, medical services account for the maximum share followed by expenditure on Medical Education, Training and Research. Of the three major heads, the smallest share is occupied by the expenditure under the Public Health head. This implies that the share of curative healthcare expenditure has taken priority in the total expenditure while the share of expenditure on preventive healthcare has remained fairly stagnant.

An important component of the total expenditure on healthcare is the expenditure on FW. The programme is Centrally-sponsored and is implemented by the respective States and UTs. It provides additional infrastructure, manpower and consumables needed for improving the health status of women and children and to meet all the felt needs for fertility regulation.

Table 4: Expenditure on Medical and Public Health (MPH) (Rs. in Lakh)

Years	Medical services	Medical Education, Training & Research	Public Health	Total MPH	Medical services as % of total	Med. Edu. as % of total	Public Health as % of Total
2001-02	19216.53	4537.59	765.19	24519.32	78.37	18.51	3.12
2002-03	20839.01	4825.55	852.65	26517.21	78.59	18.20	3.22
2003-04	21849.47	8542.01	831.32	31222.80	69.98	27.36	2.66
2004-05	24534.25	8259.86	837.84	33631.95	72.95	24.56	2.49
2005-06	26070.14	8674.31	866.26	35610.71	73.21	24.36	2.43
2006-07	29652.54	9346.21	901.32	39900.07	74.32	23.42	2.26
2007-08	31109.30	10407.38	1054.88	42571.56	73.08	24.45	2.48
2008-09	38511.37	10565.04	1068.59	50145.00	76.80	21.07	2.13
2009-10	45334.63	14385.41	1287.65	61007.69	74.31	23.58	2.11
2010-11	55915.59	17182.55	1530.83	74628.97	74.92	23.02	2.05
2011-12	54557.38	16426.41	1551.65	72535.44	75.21	22.65	2.14
2012-13	66491.75	19967.04	1825.82	88284.61	75.32	22.62	2.07
2013-14	70198.86	21741..63	2014.20	93954.69	74.72	23.14	2.14
2014-15	79207.03	23951.16	2905.44	106063.63	74.68	22.58	2.74
2015-16	78730.73	30513.75	3700.61	112945.09	69.71	27.02	3.28
2016-17	149151.76	92241.12	5044.95	246437.83	60.52	37.43	2.05
CAGR (%)	14.64	22.24	13.40	16.63			

Source: HP Finance Accounts (various years), Comptroller and Auditor General

Table 5 shows the distribution of Healthcare expenditure between MPH and FW. It is apparent from the table that the share of FW has remained between 10 to 20 per cent during the period 2001-02 to 2016-17, whereas that of MPH has hovered around 70 per cent for the same period.

The increase in the total allocation for medical and public healthcare grew by 11.69 per cent during this period, while the expenditure on family welfare increased by 16.22 per cent during the last 16 years. Therefore, FW witnessed higher growth in terms of priority. The share of MPH although has been way higher than FW, in the last four to five years the share of welfare has increased from around 11 per cent in 2010-11 to 21 per cent in 2016-17.

Table 5: Distribution of Healthcare Expenditure into MPH and FW (Rs. in lakh)

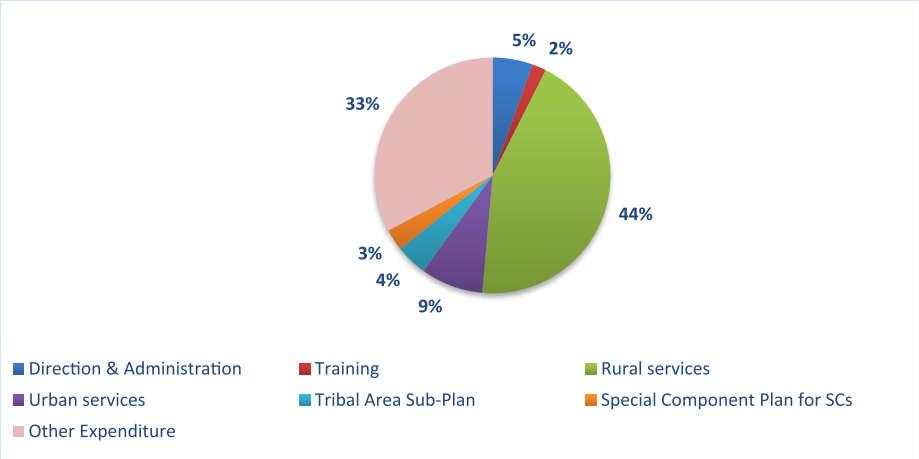
Years	Exp. on MPH	Exp. on FW	Total of HFW	MPH as a % of Total	FW as a % of Total
2001-02	22678.57	3262.61	25941.18	87.42	12.58
2002-03	24537.66	3221.70	27759.36	88.39	11.61
2003-04	26186.46	3378.97	29565.43	88.57	11.43
2004-05	27524.81	3588.39	31113.20	88.47	11.53
2005-06	30769.47	3714.99	34484.46	89.23	10.77
2006-07	35540.28	4205.73	39746.01	89.42	10.58
2007-08	39286.95	4483.39	43770.34	89.76	10.24
2008-09	42172.91	6073.41	48246.32	87.41	12.59
2009-10	54059.35	6908.74	60968.09	88.67	11.33
2010-11	68003.49	8296.91	76300.40	89.13	10.87
2011-12	69616.33	10113.49	79729.82	87.32	12.68
2012-13	82805.12	12363.46	95168.58	87.01	12.99
2013-14	86663.24	13466.29	100129.53	86.55	13.45
2014-15	99836.46	23881.77	123718.23	80.70	19.30
2015-16	101222.40	28794.27	130016.67	77.85	22.15
2016-17	119024.22	31107.66	150131.88	79.28	20.72
CAGR	11.69	16.22	12.42		

Source: HP Finance Accounts (various years), Comptroller and Auditor General

The expenditure on family welfare is also divided under various sub-heads such as Direction and Administration, Training, Rural Family Welfare Services, Urban Family Welfare Services, Special Component Plan for Scheduled Castes, Tribal Area Sub-Plan and Other Miscellaneous Expenditures.

The pie chart in Figure 3 shows the average percentage distribution of expenditure under family welfare (FW) for the time period 2001-02 to 2016-17. It is clear from the chart that Rural Health services occupy the greatest chunk of the FW expenditure at around 44 per cent. This is followed by other expenditure (32.7%) and expenditure on urban health services (8.6%). Expenditure on training is very meagre and close to almost 2 per cent, while Special Component plan for Scheduled Classes has only been a recent feature in the plan outlay and it hovers around only 3 per cent of the total family welfare outlay.

Figure 3: Average Percentage Distribution of Expenditure under FW (2001-02 to 2016-17)



Source: HP Finance Accounts (various years), Comptroller and Auditor General

4. *Expenditure on Urban and Rural Health Services*

Of the total population of Himachal Pradesh, only 10.03 per cent people live in urban regions, and the remaining around 89.97 per cent population resides in villages. Rural-urban disparity in government spending is one of the well-recognised facts of healthcare financing in India and has been cited as the main reason of under-development of healthcare services in rural areas. Despite planned development over the last five decades the state has not been successful in bridging the rural-urban gap.

Table 6 shows the growth of expenditure on rural and urban healthcare services in Himachal Pradesh during 2001-02 and 2016-17. Both rural and urban services expenditure witnessed over a 14 per cent growth during this period; rural health expenditure witnessed a higher growth rate. In terms of share, it is clear that rural healthcare services expenditure is greater than that on urban healthcare services. This share of expenditure on rural healthcare services has remained around 60 per cent of the total outlay. However, this distribution and allocation is not adequate as 40 per cent of the total expenditure is still being incurred on urban areas that constitute as little as 10 per cent of the total population of the state. In terms of share in the total expenditure under urban healthcare expenditure, the largest share is held by Hospitals and dispensaries (around 75 per cent), followed by expenditure on Direction and administration (around 15 per cent). The shares of all the heads have remained relatively stable over the given period of time. In terms of share in the total expenditure of rural healthcare, the largest share is held by Hospitals and dispensaries followed by expenditure on PHCs.

Table 6: Expenditure on Rural and Urban Healthcare Services (Rs. in Lakh)

Years	Urban Health-care Services	Urban Healthcare Services as % of Total	Rural Healthcare Services	Rural Healthcare Services as % of Total	Total
2001-02	7636.64	39.74	11579.90	60.26	19216.54
2002-03	7988.35	38.33	12850.66	61.67	20839.01
2003-04	8519.29	38.99	13330.18	61.01	21849.47
2004-05	10349.86	42.19	14184.39	57.81	24534.25
2005-06	10514.10	40.33	15556.04	59.67	26070.14
2006-07	11524.48	38.87	18128.06	61.13	29652.54
2007-08	12098.60	38.89	19010.70	61.11	31109.30
2008-09	14384.50	37.35	24126.87	62.65	38511.37
2009-10	17571.47	38.76	27763.16	61.24	45334.63
2010-11	22743.03	40.67	33172.56	59.33	55915.59
2011-12	21231.66	38.92	33325.72	61.08	54557.38
2012-13	25937.10	39.01	40554.65	60.99	66491.75
2013-14	27597.03	39.31	42601.83	60.69	70198.86
2014-15	30306.87	38.26	48900.16	61.74	79207.03
2015-16	31810.83	40.40	46919.90	59.60	78730.73
2016-17	54605.63	36.61	94546.13	63.39	149151.76
CAGR(%)	14.01		15.03		14.64

Source: HP Finance Accounts (various years), Comptroller and Auditor General

5. *Expenditure by Other Categories*

Apart from the allopathy system of medicine, the governments also spend on other systems of medicine including Ayurveda, Homeopathy, Siddha and Unani. Table 7 discusses the distribution of expenditure over allopathy and other systems of medicine on revenue account. It is clear from the table that the expenditure on allopathy (around 70 per cent) is greater than the expenditure on all the other systems of medicine put together. This shows that allopathy system of medicine has been the main priority of the state government and most of the efforts have gone towards providing healthcare services through an allopathy system of medicine.

Table 7: Percentage Distribution of Health Expenditure by Systems of Medicine

Years	Urban		Rural	
	Allopathy	Others	Allopathy	Others
2001-02	72.89	27.11	78.91	21.09
2004-05	76.37	23.63	74.29	25.71
2007-08	74.86	25.14	74.63	25.37
2010-11	74.99	25.01	76.10	23.90
2013-14	77.46	22.54	76.72	23.28
2016-17	79.50	20.50	79.92	20.08

Source: HP Finance Accounts (various years), Comptroller and Auditor General

6. *Comparative Picture of Public and Private Expenditure on Healthcare in Himachal Pradesh*

It has already been established in the discussion above, that a large part of healthcare expenditure in India is private and out-of-pocket in nature. However, year-wise data on private healthcare expenditure is not available and this section attempts to study the growth in private healthcare expenditure based on the data provided by NSSO 71st (2014) and 60th (2004) rounds. These reports classify the expenditure under two categories – Hospitalisation care or In-patient care and Non-Hospitalisation care or Out-patient care.

Table 8 shows the average total medical expenditure for non-hospitalised and hospitalised treatment per ailing person for different levels of care during the recall period for the last two NSSO rounds. At an All India level, there has been a huge jump in the average expenditure on out-patient care in the last 10-year period (2004 to 2014). The medical expenditure per treated ailment varied widely across the states. It is also observed that, on an average, a higher amount was incurred for non-hospitalised treatment of an ailment by the urban population than that by the rural population. There was also a huge difference between the cost of treatment between private and public healthcare facilities for out-patient treatment.

A comparison between Himachal Pradesh and the state of Kerala, which is lauded for its achievement in human development and has substantial differences amongst the cost of rural and urban healthcare in other states, shows that between Himachal Pradesh and Kerala there was only a meagre difference. The expenditure on public hospitals was lower than that in private hospitals.

Table 8: Average Total Medical Expenditure (in Rs.)

State	Public Hospital		Private Hospital		All	
	Rural	Urban	Rural	Urban	Rural	Urban
non-hospitalised treatment						
Himachal Pradesh	646	576	883	1020	587	586
Haryana	588	505	1088	2356	618	933
Punjab	506	738	754	1094	580	726
Kerala	211	197	503	524	321	334
All-India	**462**	**394**	**793**	**953**	**570**	**680**
hospitalised case						
Himachal Pradesh	15257	29055	31596	27990	18860	28590
Haryana	9927	15325	22672	36318	18341	32370
Punjab	12104	14347	34273	36411	27718	29971
Kerala	3524	2768	25411	21808	17642	15465
All-India	**5636**	**7670**	**32375**	**21726**	**14395**	**24436**

Source: NSS0 71st Round (Jan-June 2014), Ministry of Statistics and Programme Implementation, Government of India

The estimates of average total expenditure incurred for an event of hospitalisation in Himachal Pradesh show that the average expenditure for hospitalised treatment from a public-sector hospital was much lower than that from a private sector hospital in both rural and urban areas. A comparison of the two reports suggests that in rural areas the expenditure on hopitalisation across all types of hospitals increased by over 2.5 times, while in urban areas, the increase was almost 3 times. Also, the average total medical expenditure on hospitalisation is greater in Himachal Pradesh when compared to other states.

According to NSSO 71st round Report, rural households primarily depended on their 'household income/savings' (68%) and on 'borrowings' (25%), whereas the urban households relied much more on their 'income/saving' (75%) and (18%) on borrowings for financing expenditure on hospitalisation.

Conclusion and Suggestions

There has been a massive increase in the outlay and expenditure on medical and public healthcare services since the First Five-Year Plan in Himachal Pradesh. The total expenditure of the state government under the plan and non-plan category has substantially risen during the study period. Although both plan and non-plan expenditures have increased over the years, the growth rate of Non-Plan Healthcare expenditure is higher than the growth rate observed for Plan Healthcare expenditure. The analysis also revealed that while the revenue expenditure has increased substantially, the capital expenditure has

remained at low levels. Of the total expenditure on MPH, Medical services account for the maximum share among expenditure followed by expenditure on Medical Education, Training and Research. The smallest share is occupied by the expenditure under Public Healthcare. This clearly reflects that the share of curative care expenditure has taken priority in the total expenditure, whereas the share of expenditure on preventive healthcare has remained fairly stagnant.

The growth of expenditure on rural and urban healthcare services in Himachal Pradesh shows that, although rural services expenditure is greater than that on urban healthcare services, the share of expenditure on urban healthcare services has remained around 40 per cent of the total outlay when the urban areas constitute as little as 10 per cent of the total population of the state. The expenditure on allopathic system of medicine was found to be greater than the expenditure on all the other systems of medicine put together. An overview of the private healthcare spending presents a gloomy picture. It was observed that there has been a huge jump in the average expenditure on outpatient care in the 10-year period (2004 to 2014). It is also observed that, on an average, a higher amount was incurred for treatment of an ailment by the urban population than that by the rural population.

The following suggestions may prove useful in dealing with the problems:

- It is recommended that the level of public expenditure on healthcare in Himachal Pradesh should be enhanced further to aid additional improvements in the healthcare of its population.
- It is evident in the analysis that most of the budget of the state government was spent on providing curative services rather than preventive services. If the same budget is spent on preventive treatment then a huge sum of money wasted in treating diseases could be saved.
- There is a need for an increased emphasis on popularising the use of Indian medical systems. If people are encouraged in right direction to use these systems for their benefits, the huge burden of patients on allopathic system of medicine would reduce considerably.

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