Relevance of health economics to the Indian healthcare system: A perspective

Sir,

Healthcare is a growing industry in India and is valued at nearly $40 billion. The private sector accounts for more than 80% of the total healthcare spending, which is mostly out-of-pocket. Increasing population, longer life-expectancy, decline in infant mortality, more disposable income and therefore, ability to afford private healthcare facilities, and Government’s emphasis on eradicating diseases have triggered this growth.

Indian healthcare sector is at a crossroad, on one hand there are emerging opportunities for growth and on the other hand, there are challenges in ensuring consistently uniform facilities to all.

EMERGING OPPORTUNITIES

India has become one of the prime destinations for Medical tourism; it is currently a $2 billion industry. The country has many super-specialty hospitals, highly qualified medical professionals, tele-medicine and Government incentives to promote health tourism. The large population, good genetic pool and multitude of diseases make it conducive to conduct clinical trials and studies on personalized medicine.

India will be the most populous country in the world by 2030, and nearly 200 million Indians will be at least 60 years of age by 2025. However, the growing elderly population is placing an enormous burden on the healthcare system. Urbanization has, also, led to stress on public infrastructure with the rise in communicable and lifestyle diseases.

CHALLENGES

One of the main challenges is that health spending in India is mostly out-of-pocket; nearly 70% of hospitals and 40% of hospital beds are private. Health insurance is largely private, and the urban poor cannot afford private care. Our healthcare budget is inadequate; the total healthcare expenditure at only 4.1% of gross domestic product, is the lowest in the BRICS group. There is a disparity in provisioning of infrastructure and resources between rural and urban areas in India. India has approximately 860 beds/million population as compared to WHO’s estimate of the world average, which is 3,960 beds/million population.

These challenges create constraints in providing adequate healthcare in India, due to which making choices become difficult.

THE WAY FORWARD

How do we decide the utility of healthcare interventions in India? Does health economics have a role? Worldwide, health technology assessments (HTAs) are an important means to assess the economic value of healthcare interventions. It is used to allocate healthcare expenditure fairly and efficiently. India does not have a central health reimbursement process, no willingness-to-pay thresholds, no consensus statement, policies or guidelines on economic evaluations in health. Moreover, the delivery of health services is nonuniform. However, we could still use HTAs to guide public reimbursement of healthcare interventions, to inform pricing strategy for new drugs or drug classes and also to help healthcare decision makers to formulate clinical practice guidelines to ensure consistency of provision and evidence-based interventions for maximum efficiency. Most of the health economic studies conducted in India are collaborations with researchers outside the country. There is a lack of awareness about the concepts and methods for conducting pharmacoeconomic evaluations in India. There are several practitioners of health economic analyses at academic and research institutes in India, but these are isolated pockets of knowledge. We require training workshops and sharing of best practices at the national level. This will help create awareness and also a pool of skilled researchers. The input into an analysis determines the output. Therefore, data collection methodology for such analyses has to be robust. We need government-approved policy guidelines for health economic evaluations in India. Though the first-ever pharmacoeconomic guidelines have been formulated and presented to the stakeholders, we still have a long way to go. The ray of hope perhaps is the reference to "pharmacoeconomics" in the Drug Price Control Order, 2013.
Letter to Editor

Sunita R. Nair
Department of Health Research and Consulting, Knowledge Services, Capita India Pvt. Ltd., Mumbai Maharastra, India

Address for correspondence:
Dr. Sunita R. Nair,
Capita India Pvt. Ltd., Gate 2A, Godrej and Boyce Compound, LBS Marg, Vikhroli West, Mumbai - 400 079, Maharashtra, India.
E-mail: Sunita.Nair@capita.co.uk

Access this article online

| Quick Response Code: | Website: |
|----------------------|----------|
|                      | www.picronline.org |

DOI:
10.4103/2229-3485.167095