

## TRENDS OF HEALTHCARE EXPENDITURE INDICATORS: A STUDY OF SELECTED STATES IN INDIA

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### ABSTRACT

The health care expenditure indicators measure overall healthcare financing situation of a nation. The health care expenditure not only reveals financing trends but also policy intervention adopted by a particular system. The healthcare expenditure indicators distinguished between public spending and private spending to make clear picture of health care spending pattern. This paper examine pattern in the health expenditure indicators in India during the period 2000-01 to 201-17. This paper also attempts to reveal state wise position among health expenditure indicators in India. The secondary data from World Bank and National Health Profile has been used for tabular calculation of indicator value. The results show that there is declining trends in government healthcare expenditure as compare to total expenditure. The per capita expenditure to health care is minimum but it still increasing year on year basis.

### Introduction

In India the healthcare sector depends on multiple levels of resource for financial support. It combines resources from central, state, municipal corporation, non-government organizations, households and others sources such as firm's contribution. The expenditure incurred by central, state and municipal corporation is known as public expenditure on healthcare. The government presents annual budget every year under different heads. The budget included healthcare expenditure under medical, public health and family welfare. The expenditure on healthcare included expenditure on goods and services related to healthcare sector such as investment in facilities and equipment, infrastructure (OECD, WHO, 2011). The central government transferred resources to states government and local government further states government transferred money to local government at grass root level for the healthcare purposes is also termed as government health expenditure. The expenditure incurred by households from their own pocket is considered as out of pocket expenditure. The health expenditure indicators such as total government health expenditure, total private

health expenditure, total government health expenditure as percentage of total government expenditure, per-capita healthcare expenditure calculated to measure overall healthcare spending. These measures give us clear picture about healthcare expenditure from different point of view. The government total health expenditure as percentage of GDP shows priority of government towards health expenditure in overall GDP of the nation. The increase in total government health expenditure as percentage to GDP shows increase in overall government health expenditure (World Bank, 2010). The per capita healthcare spending is measure per person healthcare spending in the country. The increase in per capita healthcare spending is considered as a good indicator of overall health of the nation (WHO, 2011) This paper tries to examines the trends in healthcare expenditure during 2000-01 to 2016-17 and status of healthcare expenditure indicators among the Indian states.

### **Literature Review**

There is extensive literature available related to healthcare expenditure pattern in India. There are various studies have been done splitting healthcare expenditure in public healthcare expenditure and private healthcare expenditure. There are also studies conducted to evaluate pattern of both together.

Singh, Balwant (2008) studied the pattern of public and private expenditure in India. The study utilized secondary data from various sources such as NSSO rounds etc. The author found that pattern of household health expenditure in overall health expenditure was more than public health expenditure. It was seen that the developed states spend less on healthcare while less developed states spend more than developed states in India.

Bhadra et.al.(2008) analyzed factor affecting low public healthcare spending in India. The study pointed out that there is little scope for health among the India states. The combined health expenditure of states and center is very less compared to their GDP. The more developed states spend meager to health compared to their GDP. The health sector has not been main agenda of government from the starting.

Selvaraj et.al (2009) conducted a study on reason and causes of increasing burden of household health expenditure. He found out that household's health expenditure is increasing due to diminishing public healthcare service provider and growing private healthcare. There are manifold increases in the uses of private outpatient care during the study period. It is concluded that public healthcare facilities which offer free of cost service unable to catch attention of patients.

### **Trends in Health Expenditure Indicators**

The expenditure incurred by government on healthcare sector over a period of time reveals policy priority towards healthcare sector in the country. The Government incurred expenditure either through supply side intervention or demand side intervention and combination of both policy interventions such as in our country (Hooda, 2012). The increase or decrease in government or private spending on healthcare reflects through healthcare expenditure indicators. The below mentioned table reveal overall pattern in health expenditure indicators from 2000-01 to 2016-17 in India.

**Table 1: Trends in Healthcare Expenditure Indicators in India**

Year	Govt. healthcare expenditure (% of GDP)	Govt. health expenditure (% of total govt. expenditure)	Govt. healthcare Exp. (% of current healthcare expenditure)	Private Healthcare Exp. (% of current health expenditure)	Other health care Exp. (% of current health expenditure)	Total Health Exp. (% of GDP)	Total per capita healthcare exp. (current in \$)
2000-01	.83	3.29	20.68	76.64	2.68	4.03	18.56
2001-02	.80	3.18	18.88	78.79	2.33	4.26	19.86
2002-03	.77	2.87	18.16	79.38	2.45	4.24	20.30
2003-04	.75	2.75	18.72	79.76	1.52	4.01	22.07
2004-05	.71	2.81	17.98	79.78	2.23	3.96	25.14
2005-06	.76	3.03	20.13	78.34	1.53	3.79	27.75
2006-07	.75	2.95	20.51	78.06	1.44	3.63	29.65
2007-08	.74	2.96	20.90	77.59	1.51	3.52	35.96
2008-09	.80	2.97	22.63	75.50	1.87	3.51	37.99
2009-10	.89	3.19	25.61	73.37	1.02	3.49	38.41
2010-11	.86	3.17	26.21	72.82	.97	3.27	45.25
2011-12	.94	3.49	28.87	70.26	.87	3.25	48.72
2012-13	.93	3.52	27.99	71.07	.94	3.33	49.05
2013-14	.87	3.10	23.07	76.66	.27	3.75	56.22
2014-15	.86	3.03	23.66	75.59	.75	3.62	57.15
2015-16	.92	3.14	25.64	73.65	.71	3.60	58.97
2016-17	.93	3.14	25.43	73.55	1.02	3.66	62.72

Source: World Bank (2019)

The total healthcare expenditure as a percentage to GDP shows declining trends throughout the period. The patterns show a declining ratio of health expenditure to GDP from 4.03 to 3.66. There is a period of highest GDP growth rate in India, but health expenditure does not increase in the same proportions. The government health care expenditure as a percentage of GDP shows a meager increase of .10 percentages during the study period. India is one of the countries which spend a very less percentage of GDP to govt. health expenditure (World Bank, 2019). India is one of the countries where private healthcare is highest worldwide. The trends reveal that there is a decrease in private health expenditure from 76.64 to 73.55 percentages during 2000-01 to 2016-17. The contribution of household expenditure in the private health expenditure is highest. The household spends

from their own pocket to receive healthcare services due to multiple factors such as insufficient govt. spending on supply side and demand side funding mechanism, excessively growing private healthcare provider etc. (Hooda, 2013). The government health expenditure as percentage of current health expenditure shows increasing pattern. There is also increase in per capita health expenditure during this period.

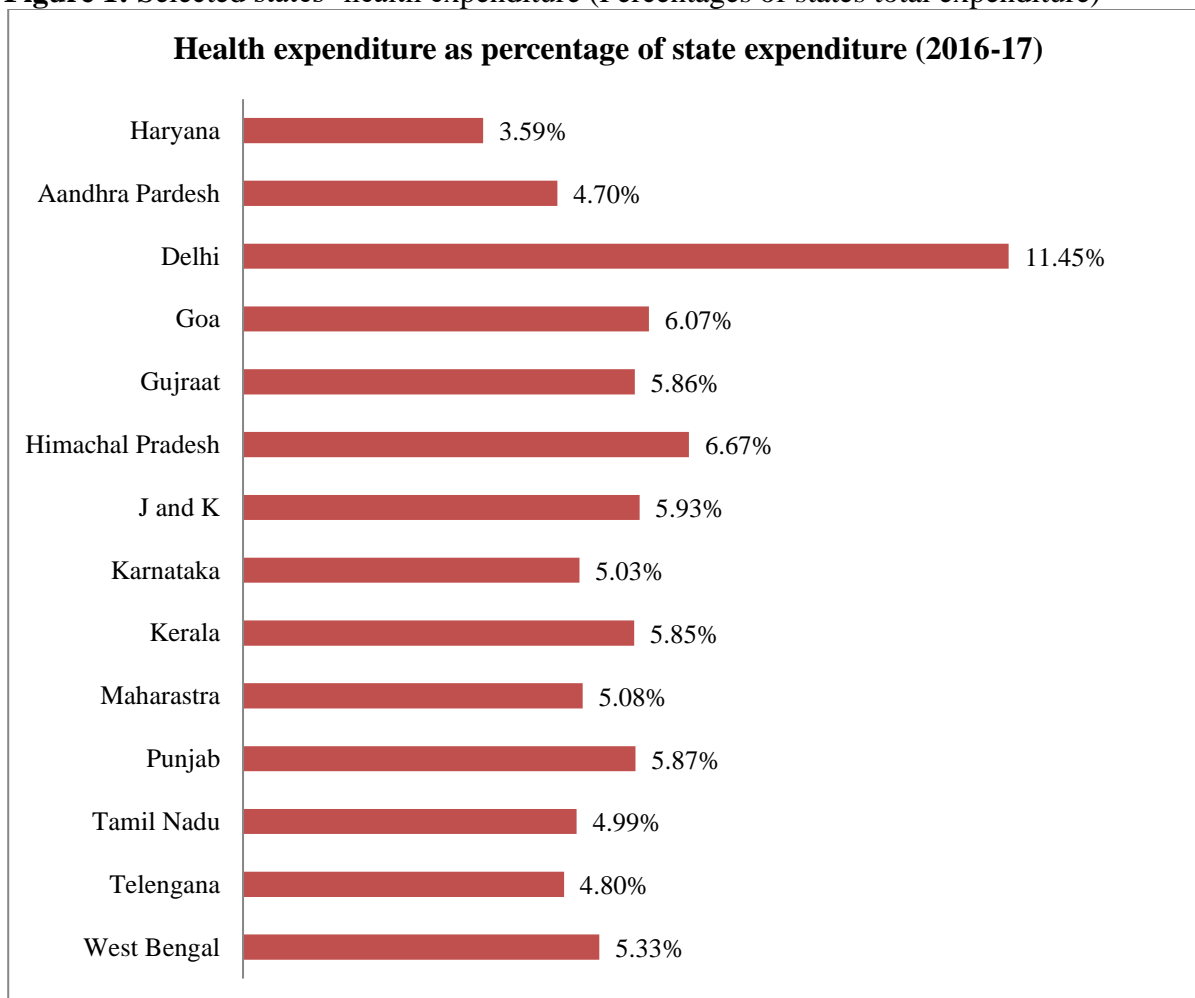
### Health Expenditure Indicators among Indian States

In the above section trends in healthcare expenditure indicators from 2000-01 to 2016-17 have been analyzed. In this section contributory factor or health expenditure related indicators have been analyzed across the selected states in India. These states selected because they perform very well compare to BIMARU states in human development and other social index. The public health expenditure is one of the main determinants of the health outcome. Several studies reveal that there is decline in the social sector expenditure and public health expenditure in general. Most of Indian states expenditure on the public health is very low. It's mainly state level initiatives; the state could enhance level of human development which was attained in the earlier stages. Those states higher allocation to social sector and particularly the public health have performing well in the health indicators and health outcome. There is higher degree of association between public health expenditure and health outcomes. The percentage of state GDP goes to the public health sector the better would be health development index (WHO, 2010).

**Table 2:** Health expenditure related indicators among selected Indian states, 2016-17

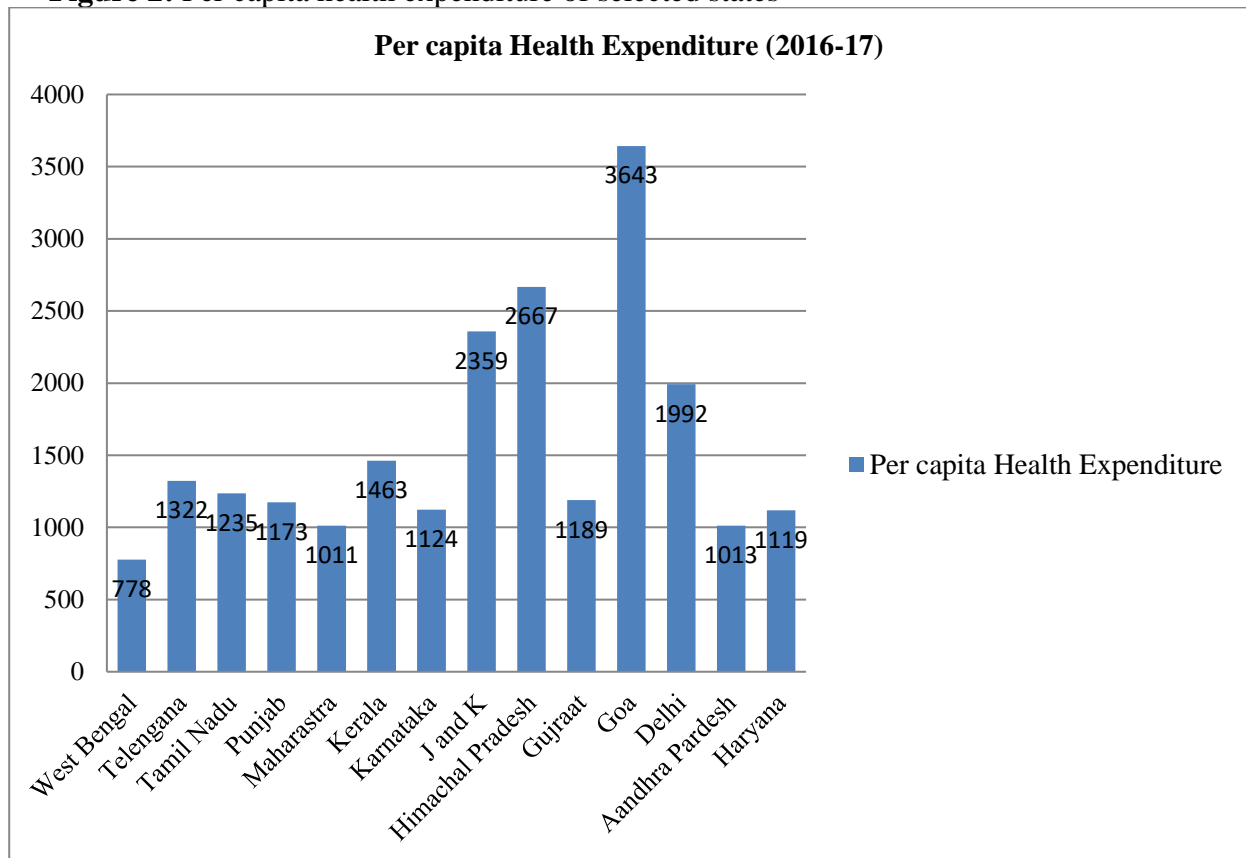
States	Total state exp. on health (In Rs.)	Total State Exp.	Health Exp. (% of state expenditure)	Population (in crores)	GSDP at Current Prices	Per capita Health Exp.	Health Expenditure % of GSDP
West Bengal	7239	135929	5.33%	9.31	NA	778	-
Telangana	4626	96297	4.80%	3.50	567588	1322	0.82%
Tamil Nadu	8543	171349	4.99%	6.92	1161963	1235	0.74%
Punjab	3400	57963	5.87%	2.90	391543	1173	0.87%
Maharashtra	12066	237327	5.08%	11.94	2001223	1011	0.60%
Kerala	5207	88980	5.85%	3.56	557947	1463	0.93%
Karnataka	6980	138715	5.03%	6.21	1012804	1124	0.69%
J and K	2925	49294	5.93%	1.24	119093	2359	2.46%
Himachal Pradesh	1894	28373	6.67%	0.71	112852	2667	1.68%
Gujrat	7432	126821	5.86%	6.25	1025188	1189	0.72%
Goa	729	12010	6.07%	0.20	54275	3643	1.34%
Delhi	4183	36520	11.45%	2.10	548081	1992	0.76%
Andhra Pradesh	5013	10638	4.70%	4.95	609934	1013	0.82%
Haryana	3055	85037	3.59%	2.73	485184	1119	0.63%

Source: Authors, Calculation Using National Health Profile data, 2019.

**Figure 1:** Selected states' health expenditure (Percentages of states total expenditure)

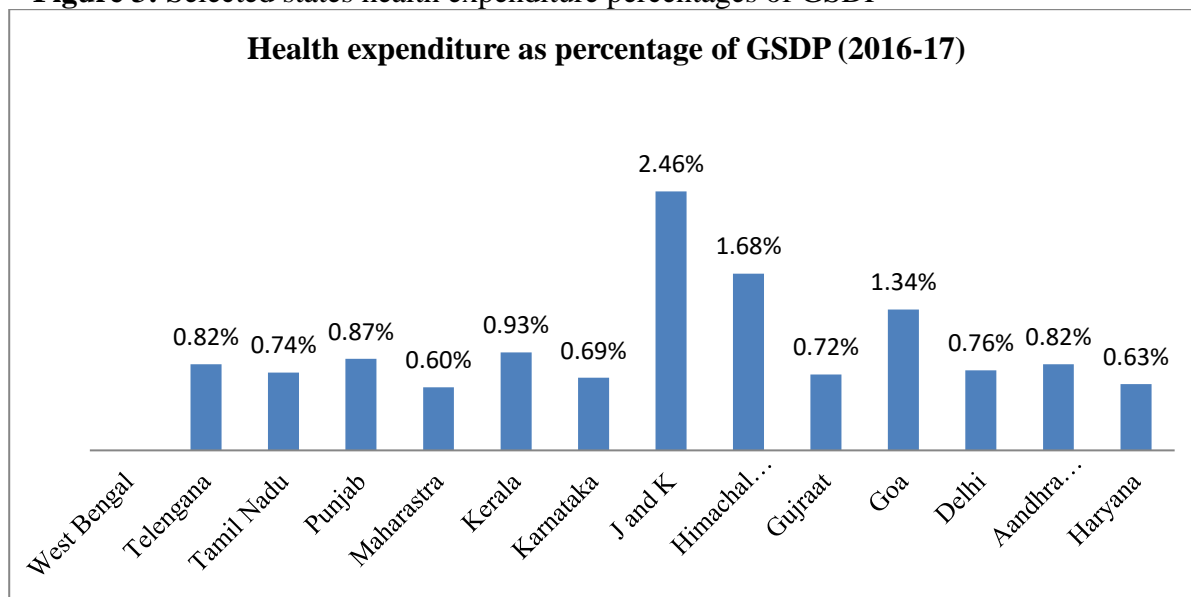
Source: National Health Profile, 2019

The above figure shows health expenditure percentage of state expenditure for selected states in India. The Union territory Delhi contribute highest share (11.45 percentages) in health expenditure from total state expenditure in 2016-17. The Haryana states contribute lowest healthcare expenditure from total states expenditure among the selected states in India.

**Figure 2:** Per capita health expenditure of selected states

Source: Nation Health Profile, 2019

The above figure 2 shows per capita health expenditure among selected states in India. The healthcare spending per capita is very low among the selected states. The states like Goa, Jammu and Kashmir, Himachal Pradesh performed better compared to other states. The possible reason for such progress would be low population intensity in these states (NHP, 2019). The states like Haryana, Karnataka, Maharashtra, West Bengal shows low per capita health expenditure. The high GDP growth and low per capita healthcare expenditure emerges in the states of Haryana and Maharashtra. These states perform very well in the GDP growth rate but in terms of healthcare expenditure lagged behind from other states.

**Figure 3:** Selected states health expenditure percentages of GSDP

Source: Nation Health Profile, 2019

In the above analysis the paper concludes that Haryana has allocated 3055 crores for the public health sector. It accounts for 3.59 percentage of state total incurred expenditure. It stands lowest among the Empowered Action Groups States in the country. The total Haryana state population is 2.73 crore (2016-17). The per capita expenditure in the states stands at 1119 rupees. This amount is a very meager considering the state economic position in the country. It only stands at 0.63 percentages of state gross domestic products. We can see that the states with lower State GDP incur higher expenditure than Haryana in the above analysis.

### Conclusion

The health expenditure indicator reveals true picture of public health spending in India. The government health expenditure to the total health expenditure shows declining trends. The most of advanced states spend vary small amount of fund to the healthcare sector. The most of resources uses for only salaries and wages purposes which causes shortfall in other resources. There is dire need to increase substantial amount of spending on other than salary and wages to improve health outcomes. The growth in GDP should lead to increase in healthcare spending across the states in India but this could not be possible in India. The growth in GDP does not lead to increase in health spending in the country. There is need to substantial increase in health spending across the central and state level to reap health outcome benefit to masses. These benefits must reach to the population. The substantial government interventions need to

be insured for proper and smooth functioning of healthcare sector.

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