

# Health insurance: still a long way to go

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THIS paper has threefold objectives: (a) to discuss the background and the need for a health insurance scheme; (b) to examine the different health insurance schemes including Community Based Universal Health Insurance Scheme (CBUHIS) and the most recent one proposed by the National Commission for Enterprises in the Unorganized Sector (NCEUS); and (c) to summarize broad lessons from existing health insurance schemes to foreground the broad contours of the most desirable insurance scheme in the Indian context. We argue that despite a dire need for a health insurance scheme for the poor both in the rural and urban areas, it remains a daunting task notwithstanding efforts of the government, NGOs, and the corporate sector.

The unorganized sector in India is sizeable and still growing, simultaneously with accelerated gross domestic product (GDP) growth rate. Besides contributing about 60% to the country's GDP, it offers livelihood to almost 90% of the workforce characterized by wide heterogeneity, mass poverty, and miserable living conditions. Workers in the unorganized sector receive very low wages. They generally lack unions or associations that could help them fight against many day-to-day injustices they face, and empower them with the bargaining power or collective strength to demand just policies and laws, including laws for social protection and social security.<sup>1</sup> People who belong to this sector are thus bereft of any type of formal social security.

**T**he poor, for lack of resources to pay for health care, are far more likely to forego medical care, rather than become indebted or impoverished trying to pay for it. On average, the poorest quintile of Indians are 2.6 times more likely than the richest to postpone medical treatment when ill.<sup>2</sup> Aside from cases where people perceived that their illness was not serious, the main reason for not seeking care was cost. The burden of treatment was particularly found unduly large when they seek inpatient care.<sup>3</sup> On the whole, about six per cent of the household income is spent on curative care.<sup>4</sup> The burden of expenditure on health care is unduly heavy on households engaged in the informal sector. The 'out-of-pocket' private expenditure has grown at the rate of 12.5%, and for each 1% increase in per capita income it has increased by about 1.44%.<sup>5</sup> It is

## **Globalization and Health Care Financing in India: Some Emerging Issues**

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The paper highlights the changing scenario of the healthcare financing in India in the wake of globalisation process initiated during early 1990s and the structural changes taking place in the health sector. It attempts a status report of the health sector in India and raises issues related to accessibility, efficiency, and quality of the health delivery in the face of glaring inter-state variations and discouraging healthcare financing situation. The rising health needs particularly in the backward and low income states, sluggish health outcomes, dwindling budgetary allocations and heavy household out-of-pocket expenditure on health pose serious challenges to healthcare financing in India. The paper also discusses the issues likely to be further compounded as global institutions (such as the WTO) are supposed to ensure compliance to Intellectual Property Rights; but, unfortunately, can not provide for the healthcare needs of the poor in India in the face of rising health risks.

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# **Globalization and Health Effects in SAARC Region Evolving a Framework of Analysis**

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## ***Abstract***

*Globalisation has evolved out of a gradual progress of progressive integration of the world economies through falling trade barriers, greater exchange and mobility of capital and labour. The process further facilitated by a number of developments in international cooperation, emergence of international institutions and the continued advances in information and communication technologies also paved the way for global governance. The new globalisation environment has driven several developing countries with a sizeable public sector to adopt policy reforms including macroeconomic and financial stabilization policies, creation of market-oriented environment and more space for the private sector. This goes hand in hand with increasing internationalization of goods, services, labour and capital, and exchange and exposure of human beings for development oriented programmes. However, such a process is likely to have far reaching effect on health - both direct and indirect particularly in developing countries, where health attainments are low and majority of population lacks resources to finance their healthcare needs. The dynamics, mechanism and pathways through which the process of globalisation affects the health sector is not yet clear as their linkages are complex and influenced by several key set of endogenous and exogenous factors.*

*This paper while focusing on the SAARC region (South Asian Association for Regional Cooperation), discusses different channels*