

Comments on India's Draft National Health Policy 2015
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Introduction and overview:

The Center for Global Development appreciates the opportunity to provide comment to the Draft National Health Policy 2015 for India (NHP-2015). We commend the Ministry of Health and Family Welfare for its transparent and informed policy process, which other countries can and should adopt.

India's health system—especially the financing and delivery of health care services—needs radical reform to achieve the objectives of universal health coverage that has, in large part, motivated the draft NHP-2015. This comment focuses on four key elements we believe are inadequately addressed in the draft document, and offers the following recommendations:

- States should be given the primary responsibility of implementing NHP and be provided with adequate fiscal space to do so
- NHP-2015 should propose incentive-based payment for performance at the State level
- Health financing should be on the basis of risk adjustment and realistic benefits plans
- An independent institution should collect, manage, and analyze health-related information to determine resource allocation decisions

Move money to States

NHP 2015 should be clear that health is the primary responsibility of States as mandated in the Constitution. The task of the Central government is to set goals and standards, fill resource needs, and ensure accountability for health outcomes at the State level.

Significant fiscal devolution from the Center to States will be necessary to increase the share of public expenditure on health. Allocating funds from the Central government to States through centrally sponsored schemes should be discontinued. Centrally sponsored scheme (CSS) allocations should be replaced with block grants from the Center, thereby increasing States' fiscal space.

India should allocate at least 5-6 percent of GDP for health, at least 90 percent should be at the State level. We strongly recommend that NHP-2015 sets the stage for a risk pooling and contributory health financing system, which would be sustainable in the long-run.

Pay States for Performance

NHP-2015 should acknowledge that one-size-fits-all resource allocation approach under the National Health Mission is detrimental to equity and effectiveness. Instead, States should be paid for performance on a clear and transparent set of indicators.

One main problem with CSS in general is that federal monies have done little to respond to need. Our research indicates that Center-to-State transfers are divided more or less equally across states on a per capita basis in 2009-2010. There was little variation for differences in need or the amount of funding that states mobilize themselves for health.

States should be free to choose their own delivery model as long as it meets national health policy objectives. NHP-2015 should articulate a clear roadmap for combining equalization transfers with performance-based payment as the optimal financing mechanism for health going forward.

Adjust State-level Risk and Benefits Package

NHP-2015 should propose a risk-adjusted capitation formula that would be equitable and efficient. Fund allocation should be on the basis of a benefits package decided on the basis of State-level risk assessment and priority setting exercise. This would move India closer to international good practice.

Priority setting should be made by institutions that are capable of taking a long-term view using all relevant information and tools of analysis that are considered good practices around the world. The policy should recommend setting up of an independent health technology and cost assessment agency with commensurate powers to guide effective and transparent allocation decisions. India could follow the example of institutions such as the National Institute of Health and Care Excellence (NICE), which advises the National Health Service in the United Kingdom.

The NHP-2015 should recognize that existing health benefits plans are neither equitable nor sustainable. The CGHS package is 80 times more expensive per capita than RSBY targeted at families below the poverty line. Tertiary care benefits packages in Tamil Nadu and Karnataka cost between one quarter and one third of their total per capita health expenditure. Even the most limited RSBY benefits plan would be difficult to finance for most states.

We recommend that NHP 2015 prioritize three key strategies for maximum efficiency in health outcomes. These are allocating resources on the basis of a risk equalization formula for State and district, creating a State Health Assurance Agency to manage the transition and implement universal healthcare, and drawing up costed and relevant benefit plans that take into account burden of disease and demand for health services over the next decade.

Deliver on Data

India's health policy is conducted in an information vacuum. Collection and analysis of health data is sporadic and the quality of the data cannot be independently verified. None of the structural reforms outlined above will be effective without high quality, timely, and relevant data that feeds into a Health Management Information System.

We therefore welcome the NHP's focus on the need for an "integrated health information system that serves the needs of all stake-holders and improves efficiency, transparency, citizen experience, and delivery of better health outcomes in terms of access, quality, affordability and lowering of disease burden and facilitates monitoring of health entitlements to citizens" (Para 9.2).

We suggest NHP provide guiding principles for the Ministry of Health to establish an independent authority following the Unique ID Authority of India model. It would be tasked with collection, management, and analysis of health data as its core business, situated outside the Ministry of Health, and act as a nodal agency to collect data from other ministries as well as from the State governments and private sector. The agency would have legal status with strict data protection guidelines but would facilitate dissemination for research and evaluation purposes.

Significant investment will be needed to build capacity for collection and processing of health information proposed in the draft NHP 2015. India should take lessons from international best practices in this area and seek the help of the development partners to create a modern strategic information system, both at national and state levels.