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# GOVERNMENT HEALTH EXPENDITURE IN MAHARASHTRA: AN ANALYTICAL STUDY

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## *Abstract*

*Healthcare expenditure by the government is accounted by the various sources of funding. They include central government, state government, local government, households, external funding, firms and other sources including non-governmental organizations(NGOs). This paper aims at examining the trends, composition and rate of growth of public expenditure on health sector in Maharashtra, covering the period from 2010-11 to 2022-23. Government of Maharashtra's share in total health has been not stable over the period of time. Government-financed health insurance expenditure has increased by 167% since 2013-2014(Natitonal Health Agency, 2018-2019). The private hospital sector is almost a double size of the public sector hospitals, but significant inter-district differences also constrain geographic access. The systemic vulnerability due to massive shortfall in specialists and other health care providers has become evident with the spread of the coronavirus disease (Covid-19) pandemic in Maharashtra.*

***Keywords:*** *Public Expenditure on Health, Medical & Public Health, Family Welfare, and Social Services.*

## INTRODUCTION

Maharashtra is the largest economy, second most populous, and third largest state, and one of the most industrialized and urbanized states in India. Although the legacy of regional imbalance in socioeconomic development has been reduced to some extent, substantial inter-district disparities remain. Traditionally, population health status in Maharashtra has been cooperatively better than the all-India average. However, improvement in Maharashtra's population health status has failed to keep pace with the faster rise of population and availability of health infrastructure all over the country. Maharashtra state is vulnerable to emerging infectious diseases, despite conventional development, and improvements in conventional and summary measures of population health. Epidemiological transition in Maharashtra has resulted in a higher burden of noncommunicable diseases (NCDs). But dynamic interaction of emergent infectious diseases such as the coronavirus disease (Covid-19), initially referred to as the 2019 novel coronavirus disease, with noncommunicable disease comorbidities calls for strengthening of health systems to deal with NCDs as well as communicable and nutritional diseases.

## PUBLIC HEALTH SYSTEM IN MAHARASHTRA

The Public Health Department in Maharashtra controls the primary and secondary level health care facilities consisting of the primary health centres, subcentres, secondary level hospitals, and a few specialty hospitals for disease control programs. Most of the tertiary care facilities in the public sector are managed by the Directorate of Medical Education and Research. Most of the public sector health care facilities are located in metropolitan cities like Mumbai or Pune are managed by their respective municipal corporations. The district and general hospitals provide broad specialty services. The district hospitals are located in revenue district headquarters. Out of 36 revenue districts of Maharashtra, 23 district hospitals are running as such and the remaining district hospitals are attached to medical colleges.

There are 8 general hospitals with similar broad specialty services located in urban areas other than the town district headquarters. Each district or general hospital has about 200 or more beds. Total bed capacity in 23 district and 8 general hospitals, including the trauma units, is 9,593. There are 13 women (maternal and child health) hospitals with a total bed capacity of 1,584. Super specialty medical care is usually available in attached hospitals of medical colleges. There are four mental health institutions, one each at Nagpur, Pune, Ratnagiri, and Thane, with a total capacity of 5,555 beds. The four tuberculosis hospitals at Pune (120 beds), Buldhana (100 beds), Amravati (50 beds), and Kolhapur (20 beds) have a total of 290 beds. Only one out of the four leprosy hospitals is functional, at Pune, with 350 beds. The remaining three leprosy hospitals, at Kolhapur, Osmanabad, and Ratnagiri have closed. A 50-bed orthopaedic hospital is functioning at Parbhani

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## REVIEW OF LITERATURE

Joglekar (2008), her research paper on "Determinants of probability and magnitude catastrophic out of pocket (OOP) health expenditure", She examines the impact of health insurance on catastrophic health expenditure. It argues that any positive health expenditure is a catastrophic for poor households and thus set the threshold limit at zero percent. Her results show that the poorer households are more vulnerable and have to spend large proportion of their total budget on health care than the richer households. Finding of this point outs the need to formulate the policy to financially protect poorer households from health shocks and reduce the economic burden of illness. This analysis shows that the probabilities of catastrophic out of pocket expenditure reduce by 10 percent if the head of the household has medical insurance also show that insurance reduces the extant of total budget allocated towards out of pocket health expenditure in urban areas.
Nandraj et al. (2021) have concluded that Covid-19 has put the nation's focus squarely on India's healthcare system. India's diverse and mixed healthcare system is burdened with the issues of quality, accountability, access, equity, affordability, and provision of services to its citizens.
Arun J. and Kumar D. (2013) concluded trend and pattern of health expenditure in India and analysis of total health care expenditure in India was 4.2% of GDP in 2010. Which is more than neighbouring countries such as a Pakistan and Sri Lanka, but for less than the European Union member states expenditure on health care which typically accounts for about 9% of GDP, having increased from about 7% in 1980. Despite poor health indicators, spending on healthcare in India is well below what is required. The low levels of spending will have an adverse impact on the creation of a preventive health infrastructure. At the outset, it is clear that the active participation of government is considered necessary to increase public spending on health care delivery to meet the needs of population, particularly the poorest of the poor.

## OBJECTIVES

1. To study the growth and trends of public expenditure on health in Maharashtra.
2. To examine the pre and post Covid-19 public health expenditure in Maharashtra.

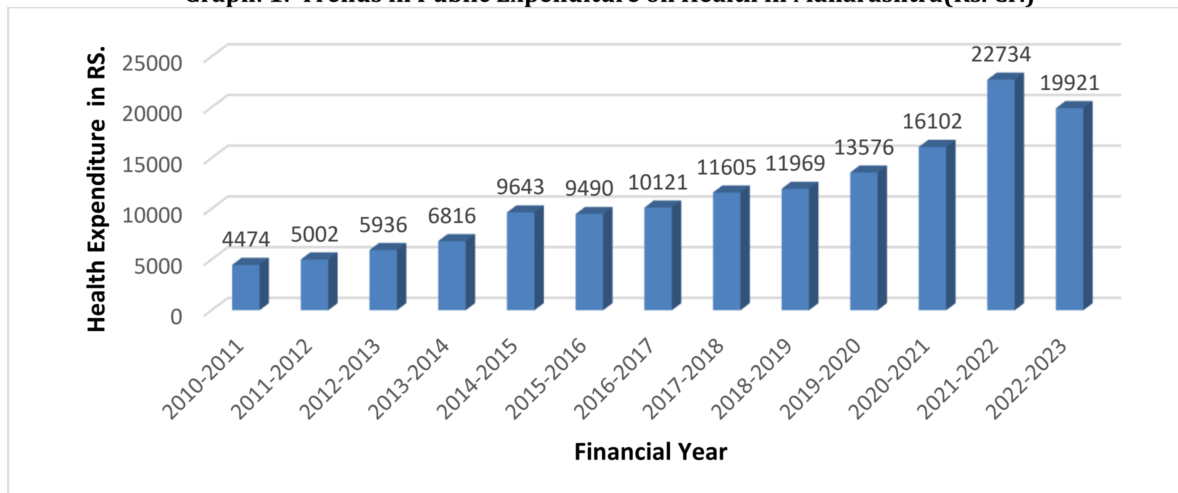
## RESEARCH METHODOLOGY

This research paper is based on secondary sources. The information collected through various magazines, research articles, and the Ministry of Health and Family Welfare, Government of Maharashtra and RBI websites for this study. This study focuses on a descriptive research design.

**Health Expenditure in Maharashtra**

The budget allocation for public health in the state of Maharashtra has dropped by percent for 2023-24 against 2022-23. Despite the inadequacies in the public health system brought to light by the Covid-19 pandemic, it has been pointed out that the government earmarked less than 1 percent of its overall budget for public health and medical education. The healthcare budget includes both primary and tertiary components. The government of Maharashtra has announced the Mahatma Jyotirao Phule Jan Arogya Yojana (MJPJAY) coverage of each family. The government of Maharashtra plans to replicate the success of Hridayasamrat Balasaheb Thackeray polyclinic model of the city for primary health care across the state. The '**Aapla Dawakhana**' initiative is planned launch in the state with 700 clinics (Budget of Maharashtra in 2023-24).

**Graph: 1:-Trends in Public Expenditure on Health in Maharashtra(Rs. Cr.)**

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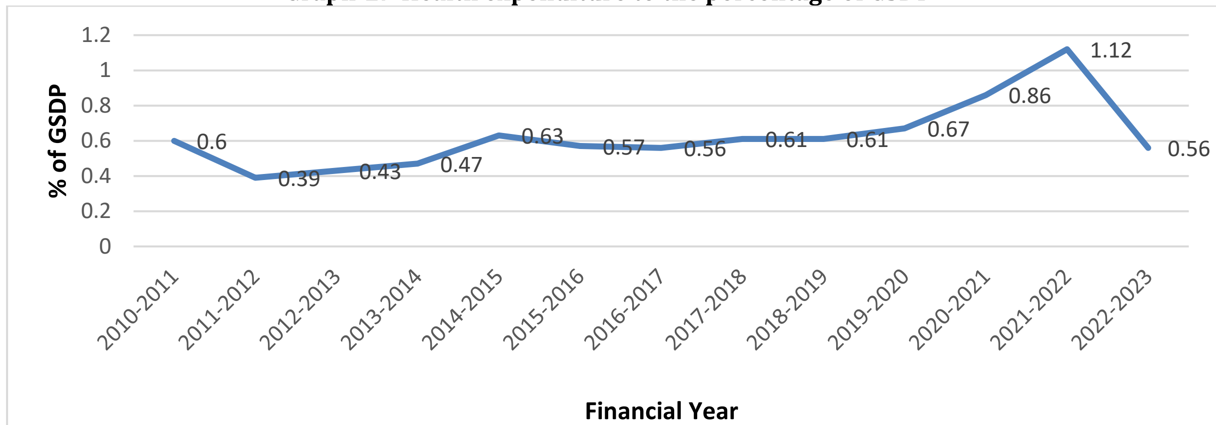
**Source: Budgeted document of various years, Ministry of Finance, and Economic Survey for 2022-2023, Government of Maharashtra.**

The above graph-1 depicts about the trend in public health expenditure in Maharashtra over the period from 2010-11 to 2022-23. The health expenditure increased from Rs. 4474 cr. in 2010-11 to Rs. 13576 cr. in 2019-20 an increase by three times over the period pre-Covid-19 time. During the Covid-19 pandemic, it public health expenditure has risen from Rs. 13576 cr.in 2010-20 to Rs. 22734 cr. in 2021-22 it was an increase by 67.50 percent during the Covid-19 period. It has been also observed that there is a sudden rise in public expenditure due to the pandemic. As public expenditure on health has declined to Rs. 19921 cr. in 2022-23 from Rs. 22734 cr. in 22734 cr. in 2021-22 by 12.37 percent during the period.

**Health Expenditure as the percentage of GDP in Maharashtra**

The government of Maharashtra's spending on the health care has remained stagnant except during the Covid-19 pandemic and out of pocket expenditure increased immensely. According to National Health Account estimates (2018-2019), the state spends lesser than 0.7 percent of its GDP on healthcare.

**Graph-2:- Health expenditure to the percentage of GSDP**



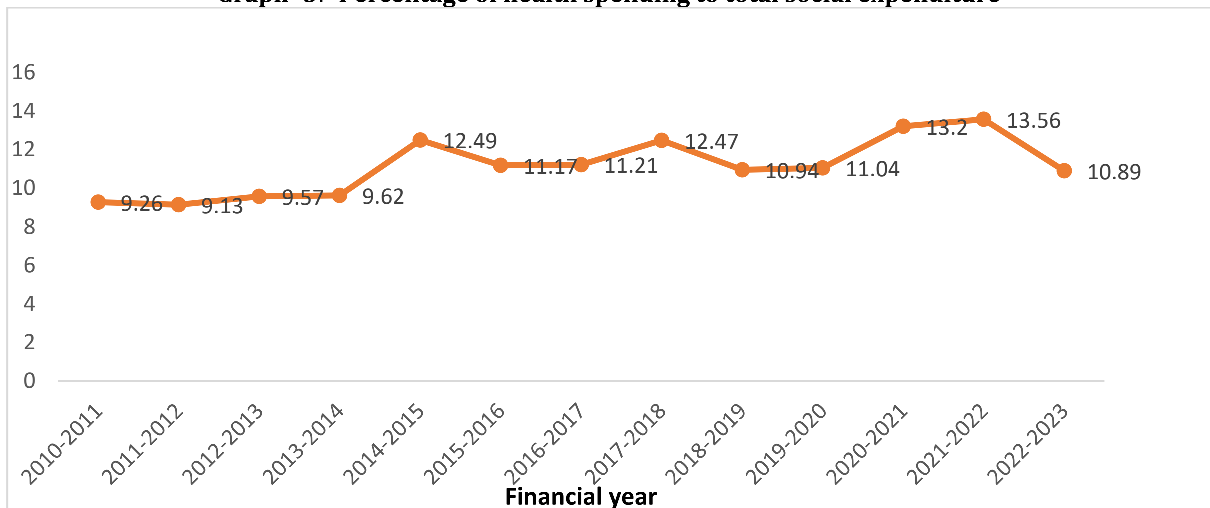

**Source: Author's calculations from the budget documents of various years, Government of Maharashtra.**

The above graph-2 depicts the healthcare expenditure as the percentage of GSDP in Maharashtra from the financial year 2010-2011 to the financial year 2022-2023. It indicates this fluctuations in health care expenditure in the first few years and thereafter, it remained stagnant over the financial years from 2014-15 to 2018-2019. As it can be seen that sudden surge in public health spending from 0.67 percent in 2019-2020 to 1.12 per cent of GSDP in 2021-2022. This was increased on the account of the Covid-19 pandemic. The state of Maharashtra has suffered more in number of infections to its population and mortality rates for masses during the pandemic.

**The percentage of health spending to total social expenditure in Maharashtra**

Social expenditure consists of cash benefits, direct in kind provision of goods and services, and tax breaks for social purposes. The expenditure on education, health, nutrition ,housing, sanitation, urban development etc, are included in social expenditure.

**Graph -3:- Percentage of health spending to total social expenditure**




**Source : Author's calculations from the budget documents of various years, Government of Maharashtra.**

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The above graph-3, the trend line shows the percentage of health spending to total social expenditure in Maharashtra. According to the Economic survey of Maharashtra, the social service expenditure witnessed an increase in financial year 2021 over the financial year 2020. It clearly shows that the percentage of health expenditure to the total social expenditure has gone up from 11.04 percent in 2019-2020 to 13.56 per cent in 2021-2022 and later on it has declined in the post-Covid 19 pandemic.

## CONCLUSION

Despite poor health indicators, spending on healthcare in India and Maharashtra is well below what is required. The low levels of spending will have an adverse impact on the creation of a preventive health infrastructure. At the outset, it is clear that the active participation of government is considered necessary to increase public spending on health care delivery to meet the needs of population, particularly the poorest of the poor. The massive shortfall in specialists in public health care facilities in Maharashtra is due to lack of government support as well as inadequate recruitment and delays in filling up of vacancies. The resultant systemic vulnerability became evident with the spread of the Covid-19 pandemic to Maharashtra.

There are significant inadequacies in public health, civil surgeon, and certain paramedical cadres. Contractual deployment of AYUSH practitioners to cover deficiencies in availability of MBBS doctors has created systemic vulnerabilities such as ignoring administrative accountability, demotivation among poorly paid AYUSH practitioners, lack of transparency, and resultant mistrust among communities on competency of available medical personnel in health care facilities.

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