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OUT-OF-POCKET EXPENDITURE ON OUT-PATIENT CARE IN EAG STATES: AN ANALYSIS BASED ON NSSO 75TH ROUND DATA

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ABSTRACT

Regardless of their socio-economic status, everyone has the human right to receive healthcare. Since the Indian government spends so little on health care, healthcare spending has been a major source of concern. However, most of the literature in India on determinants of health spending has focused on hospitalization, and there are relatively fewer separate studies on health-seeking behaviour and expenditure in outpatient departments. The purpose of this study was to determine the patterns of health-care-seeking behaviour and the pattern of expenditure incurred by households during outpatient care in Empowered Action Group (EAG) States. The present study used secondary data from the latest 75th round of National Sample Survey (NSS) conducted from July 2017 to July 2018 on the key indicators of social consumption in India: Health. The finding suggest that the seeking behaviour of ailing persons as outpatients, across EAG states only limited population access to public sources of healthcare (36.8% in rural and 27.3% in urban). Rajasthan (46.7%), Madhya Pradesh (41.5%), Bihar (32.9% rural), and Uttar Pradesh (31.3%) have the highest percentage of outpatient who expressed dissatisfaction with the standard of public health services in rural areas. Among EAG states of urban areas, Uttar Pradesh (42.6%) have the highest percentage of not satisfied with the quality of care by government sources. Among EAG states, Significant inter-state variation was observed, with Rajasthan (Rs. 886) reporting the highest expenditure for outpatient treatment and Chhattisgarh (Rs. 350) reporting the lowest in rural areas. However, Uttar Pradesh (Rs. 1194) reported the highest and Odisha (Rs. 508) reported the lowest expenditure incurred on outpatient care by ailing persons in urban areas. The amount that each state spends on healthcare varies greatly, which causes inter-state differences in the cost of outpatient treatment in EAG states. As a result, the government needs to control the cost of medications and diagnostic tests and ensure that plans for outpatient care include coverage.

KEYWORDS: *Outpatient care, out-of-pocket expenditure, EAG states,*

INTRODUCTION

Universal Health Coverage (UHC), the centerpiece of the United Nations' sustainable development goals on health (SDG-3), aims to ensure that everyone has access to quality healthcare without facing financial hardships (WHO, 2021a). Regardless of their socio-economic status, everyone has the human right to receive healthcare. However, in a developing country like India, health is a privilege for a large section of its population where the high cost of healthcare is one of the many barriers to accessing quality and sufficient medical care. Since the Indian government spends so little on health care, healthcare spending has been a major source of concern. National Health Accounts (NHA) 2019-20 estimated India's government health expenditure at 1.35% of Gross Domestic Product (GDP). Because of India's low public health spending, the country has a high out-of-pocket expenditure rate (47.07% of Total Health Expenditure). As a result, a household's savings and income are major payment sources for illness.

Though hospitalisation entails higher treatment costs than non-hospitalised morbidity, the latter is generally the more prevalent form of indisposition (Chowdhary, 2011). Most of the literature in India on determinants of health spending has focused on hospitalization, and there are relatively fewer separate studies on health-seeking behaviour and expenditure on outpatient departments (OPD) (Gupta et al. 2016). According to Shehrawat and Rao (2012), 3.5 percent of people were below the poverty line due to out-of-pocket expenses (OOPS). However, if outpatient care payments from OOP are taken out of the equation, this percentage drops to 0.5 percent. According to Mukhopadhyay et.al, reveals that on an average (mean), about 5.5% of Household Consumption Expenditure is spent on health- out of which 2.9% is on outpatient care and 2.7% in hospitalisation. In rural areas, around 5.8% is spent on health and 3% and 2.7% respectively on outpatient and hospitalisation care. In urban areas, the share of Healthcare Expenditure is 5%- slightly lower than in rural areas. Around 2.6% is spent on outpatient care and 2.5% on inpatient care. Thus, outpatient care remains the bigger part of healthcare expenditure compared to hospitalisation care.

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These findings have implications for the need for comprehensive coverage plans that cover prescription drugs and outpatient care in general. Hence, the cost of household Out-of-Pocket expenditure on outpatient care must be the primary concern as India progresses toward Universal Health Coverage. Because the lack of financial protection for outpatient care pushes millions into poverty.

Thus, the purpose of this study was to determine the patterns of health-care seeking behaviour and the pattern of expenditure incurred by households during outpatient care in Empowered Action Group (EAG) States. We are interested in the EAG states for two reasons. Firstly, the combined population of these states is approximately 46% of India. Secondly, in comparison to other States, these States have been affected by the high rate of poverty, malnutrition, and infant and maternal mortality. Thus, health outcomes are the worst in the EAG states.

METHODOLOGY

The present study used secondary data from the latest 75th round of National Sample Survey (NSS) conducted from July 2017 to July 2018 on the key indicators of social consumption in India: Health. The survey gathers basic information on health sector like morbidity, profile of ailments including their treatment, role of government and private facilities in providing healthcare, expenditure on medicines, medical consultation, investigation, hospitalisation and expenditure thereon, maternity and childbirth, the condition of the aged, etc. (NSS, 2018). In this round total number of 1,13,823 households were surveyed in India.

We especially covered periods of illness treated under medical guidance, the level of care, the percentage of illnesses treated by non-governmental sources and the underlying reasons behind it, and the medical and non-medical costs associated with EAG states' outpatient care in both rural and urban areas.

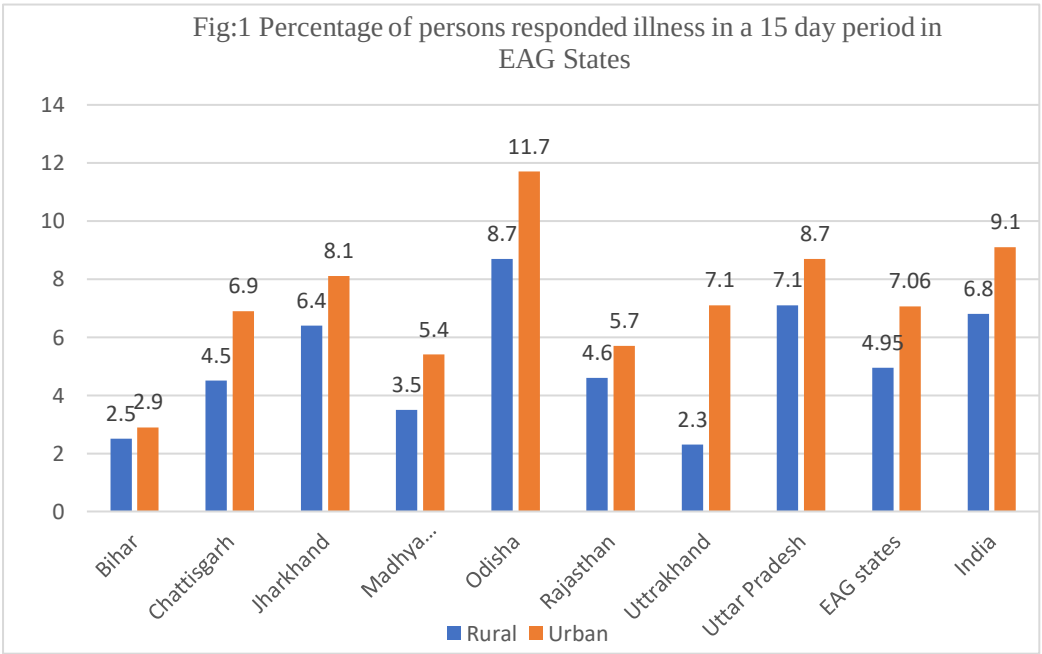
Description of sample households across EAG states.

Area	Bihar	Chattisgarh	Jharkhand	Madhya Pradesh	Odisha	Rajasthan	Uttrakhand	Uttar Pradesh	Total
Rural	3520	1823	1952	3136	3120	3107	1016	6318	23992
Urban	1757	1120	1134	2455	1144	1938	736	4613	14897
Total	5277	2943	3086	5591	4264	5045	1752	10931	38889

The ailing persons surveyed among the EAG states in the 75th round was 38889 (23992 in rural and 14897 in urban areas). Among the EAG states, around 28.11% of the sample was contributed by Uttar Pradesh, followed by Madhya Pradesh (14.38%), Bihar (13.57%), and Rajasthan (12.97%), Odisha (10.96%). The remaining two states (Jharkhand and Chhattisgarh) shared <10% of the sample households.

RESULTS

Prevelance of Illness



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In Figure 1, graphs show that the proportion of persons who responded as ailing persons in the 15 days across EAG states is 6% (4.95% rural and 7.06% urban). The ailing persons varied across EAG states, Uttarakhand, Bihar, and Madhya Pradesh responded less than 4% as ailing persons in Rural areas, whereas Chattisgarh, Rajasthan, and Jharkhand reported from 4% to 6.5% cases of illness. The highest proportion of persons who responded as ailing person was from Odisha (8.7% rural), followed by Uttar Pradesh (7.1% rural) among EAG states. In Urban areas, 11.7% have illness in Odisha, followed by Uttar Pradesh (8.7%), Jharkhand (8.1%), Uttarakhand (7.1%) while the other three states, Chattisgarh, Rajasthan, Madhya Pradesh is having 5% to 7% illness. Bihar shows the lowest percentage of illness (2.9%).

Healthcare seeking Behaviour

While examining the seeking behaviour of ailing persons as outpatients, table 1 shows that across EAG states only limited population access to public sources of healthcare (36.8% in rural and 27.3% in urban). Among EAG states, over 50% of the population in Odisha (55.2% in rural and 62.3% in urban areas) has access to public outpatient healthcare services. In addition, outpatients of rural areas of Uttarakhand (52.1%), Chhattisgarh (48.9%), and Rajasthan (42.8%) depended on public sources of healthcare. Similarly, around 30% of outpatients from Madhya Pradesh (33.7%) and Jharkhand (30.7%) in rural areas receive treatment from public sources of healthcare. However, Bihar (17.8% rural and 22.6% urban) and Uttar Pradesh (14.1% rural and 14% urban) are the lowest among EAG states to provide access to public sources of healthcare to outpatients.

Across EAG states, 68% of urban and 54.5% of rural areas rely on private healthcare services for outpatient treatment. Among the EAG states, the outpatient who reside in Uttar Pradesh (79.2% rural and 83% urban) and Bihar (70.3% rural and 70.9% urban) show extreme dependency on private sources of healthcare, followed by Jharkhand (59.4% rural and 81.2% urban) and Madhya Pradesh (59.5% rural and 69.8% urban). Besides that, nearly half of outpatients in Chhattisgarh (48.2%) and Rajasthan (46.9%) rural areas drew their medical care from private providers. Similarly, around 70% of outpatient in Chhattisgarh (68.7%), Rajasthan (66.6%) and Uttarakhand (65.3%) urban areas relied their medical treatment from private sectors. However, outpatients residing in rural (38.6%) and urban (37.5%) areas of Odisha and rural (33.9%) of Uttarakhand are seen to be less dependent on private health facilities in comparison to the other EAG states. Other important finding from table 1 is Bihar (11.7%), Rajasthan (10.1%) and Jharkhand (9.2%) of rural areas access outpatient treatment from Informal healthcare sectors.

Table: 1 Percentage distribution of spells of ailment with treatment taken on medical advice over levels of care across EAG States in last 15 days (outpatient)

States	Govt./public hospital		Charitable/ Trust/NGO		Private Doctor/clinic		Private hospital		Informal Healthcare	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
BIHAR	17.8	22.6	0.2	0.1	64.7	63.3	5.6	8.6	11.7	5.5
CHHATTISGARH	48.3	24.8	2.2	0.4	38.1	36.2	10.2	32.5	1.1	6.1
JHARKHAND	30.7	14.7	0.7	0	45.8	65.3	13.6	16	9.2	3.9
MADHYA PRADESH	33.7	26.3	3	1.3	38.4	50.5	21.1	19.3	3.8	2.7
ODISHA	55.2	62.3	0.2	0	33.6	24.9	5	12.6	6	0.2
RAJASTHAN	42.8	32.2	0.2	0.4	20.3	34	26.6	32.6	10.1	0.8
UTTARAKHAND	52.1	21.7	12.5	9.6	19	46.8	14.9	18.5	1.5	3.5
UTTAR PRADESH	14.1	14	0.2	0.7	65.3	60.9	13.9	22.1	6.4	2.3
EAG States	36.8	27.3	2.4	1.6	40.6	47.7	13.9	20.3	6.2	3.1
INDIA	32.5	26.2	0.9	1.3	41.4	44.3	20.8	27.3	4.3	0.9

Source: NSS 75th round (2018)

Factors affecting to access Public Healthcare Services

In table 2, We discovered that the largest obstacle still facing EAG state outpatient is inadequate service quality. Due to the low quality of services offered in their areas, about 29% of rural in the EAG states do not access public sources of healthcare. Rajasthan (46.7%), Madhya Pradesh (41.5%), Bihar (32.9% rural), and Uttar Pradesh (31.3%) have the highest percentage of outpatient who expressed dissatisfaction with the standard of public health services in rural areas in their respective states. Nonetheless, Odisha public health system provides higher-quality medical care than that of the other EAG states.

Our findings demonstrate that the EAG states have not been successful in providing universal access to health care. A significant fraction of outpatients in the EAG states—8.4% Rural were unable to access public sector healthcare facilities due to the lack of necessary facilities in their locality. Bihar (12.8%), Jharkhand (10.4%) and Rajasthan (10.4%) with the majority reporting that public health services were unavailable.

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We discovered that the remote location of healthcare facilities prevented 15.4% of outpatients in rural and 10% in urban areas of the EAG states from accessing public sources of healthcare. Similarly, many outpatients in rural Uttar Pradesh (26.5%), Odisha (23.8%), Uttarakhand (18.6%), and Chhattisgarh (13.4%) were unable to access public health facilities when they needed care due to their remote locations. As a result, they visited adjacent private healthcare facilities. Remarkably, among the EAG states of India, financial limitations were not mentioned as a primary barrier to receiving public health services.

Similarly, around 28% of outpatients across EAG states do not use government sources because of their preference for trusted doctor/hospital. About half of outpatients in rural areas of Uttarakhand (49.9%) do not go to government sources due to a preference for a trusted doctor/hospital.

Table: 2 Proportion of ailing persons (outpatient) by reason for not availing public healthcares services within the EAG states (Rural)

States	Reason For Not Using Government Sources						
	Required Specific Services		Quality Satisfactory		Financial Constraint	Preference For A Trusted Doctor/ Hospital	Other
	Not Available	Available But Quality Not Satisfactory	But Facility Too Far	But Involves Long Waiting			
BIHAR	12.8	32.9	9.3	4.5	0.2	28.6	11..6
CHHATTISGARH	4.4	22.2	13.4	14.8	0.1	22.5	22.6
JHARKHAND	10.4	28.8	11.9	6.0	0.0	29.4	13.5
MADHYA PRADESH	9.2	41.5	7.4	12.2	0.0	26.2	3.5
ODISHA	7.4	8.0	23.8	13.8	5.8	35.0	6.3
RAJASTHAN	10.4	46.7	12.3	13.5	0.0	14.8	2.2
UTTARAKHAND	4.2	18.9	18.6	6.5	0	49.9	1.9
UTTAR PRADESH	8.2	31.3	26.5	7.9	1.0	19.5	5.5
EAG states	8.4	28.8	15.4	9.9	0.9	28.2	8.4
INDIA	9.0	28.5	15.1	14.9	7.0	25.8	6.0

Sources: author's calculation from 75th NSSO round

Similarly, in Table 3, we have seen that in urban areas still 28.7% of EAG states population face poor quality of outpatient services in public healthcare. Among EAG states of urban areas, Uttar Pradesh (42.6%) have the highest percentage followed by Rajasthan (36.5%), Bihar (34.9%) and Odisha (34.5%) which shares a major percentage in not satisfied with quality of care by government sources. A major population of Jharkhand (15.6%) could not access public healthcare services because of the absence of required facilities in their areas. Similarly, the remote location of public health facilities led to a large number of outpatients in urban areas of Jharkhand (20.6%), Odisha (14%), Uttar Pradesh (13.2%), Chhattisgarh (12.1%) and Uttar Pradesh (10.6%) not reaching these facilities at the time of their health need.

A serious public health concern in the EAG states is the length of wait times for medical care at public health facilities. A large proportion of outpatients (13.4% urban) in the EAG states do not access public sources of healthcare as they have to wait for a long time in a queue while seeking these facilities. Surprisingly, due to long waiting in public health facilities 25.9% of outpatients in rural areas of Uttarakhand do not access these facilities, followed by Rajasthan (21.9%), Madhya Pradesh (20.2%) while Chhattisgarh (15.2%) and Uttar Pradesh (13.4%) face less problem regarding waiting in lines. Again preference for a trusted doctor/hospital contributes a large proportion of ailing persons in urban areas across EAG states (36.3%) becoming barriers to not go to government sources.

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Table: 3 Proportion of ailing persons (outpatient) by reason for not availing public health services within the EAG states (Urban)

States	Reason For Not Using Government Sources						
	Required Specific Services		Quality Satisfactory		Financial Constraint	Preference For A Trusted Doctor/ Hospital	Other
	Not Available	Available But Quality Not Satisfactory	But Facility Too Far	But Involves Long Waiting			
BIHAR	3.4	34.9	1.5	5.4	0	43.2	11.6
CHHATTISGARH	4.0	19.3	12.1	15.2	0.3	47.4	1.6
JHARKHAND	15.6	25.9	20.6	3.4	0	27.9	6.5
MADHYA PRADESH	3.4	24.4	5.1	20.2	0.3	43.3	3.3
ODISHA	3.0	34.5	14.0	1.6	0.2	37.3	9.4
RAJASTHAN	3.6	36.5	10.1	21.9	0.3	26.1	1.5
UTTARAKHAND	4.7	11.6	13.2	25.9	0	39.9	4.8
UTTAR PRADESH	4.6	42.6	10.6	13.4	0.1	25.2	3.5
EAG States	5.3	28.7	10.9	13.4	0.2	36.3	5.3
INDIA	4.9	25.3	7.1	21.2	0.3	36.2	5.0

Sources: Authors calculation from NSSO 75th round

Out-of-pocket Expenditure incurred on outpatient care in EAG states

Table 4, reports the average medical and non-medical expenditure incurred for outpatient care per ailing person across EAG states. Overall, the mean per ailing person of outpatient expenditure (medical and non-medical) across EAG state is Rs. 667 and Rs. 896 in rural and urban areas respectively. Whereas, average medical expenditure in EAG states is Rs 558 and Rs. 748 in rural and urban areas which is slightly more from India's mean medical expenditure in urban areas. Similarly, average of non-medical expenditure of EAG states is Rs 109 (rural) and Rs. 99 (Urban) is more from India's mean of non-medical expenditure.

Among EAG states, Significant inter-state variation was observed, with Rajasthan (Rs. 886) reporting the highest expenditure for outpatient treatment and Chhattisgarh (Rs. 350) reporting the lowest in rural areas. However, Uttar Pradesh (Rs. 1194) reported the highest and Odisha (Rs. 508) reported the lowest expenditure incurred on outpatient care by ailing persons in urban areas.

Table: 4 Average medical expenditure and non-medical expenditure (in Rs.) for treatment per ailing person across EAG States during a period of last 15 days (outpatient)

States	Average Medical Expenditure (Rs.)		Average of Non-Medical Expenses (Rs.)		Average Expenditure for Treatment (Rs.)	
	Rural	Urban	Rural	Urban	Rural	Urban
BIHAR	608	906	106	56	714	962
CHHATTISGARH	298	546	53	41	350	587
JHARKHAND	596	961	125	189	721	1150
MADHYA PRADESH	700	939	138	121	838	1060
ODISHA	455	444	89	65	544	508
RAJASTHAN	747	788	139	113	886	900
UTTARAKHAND	361	704	134	106	495	810
UTTAR PRADESH	701	1094	88	100	790	1194
EAG States	558	748	109	99	667	896
INDIA	564	707	93	76	656	783

Source: From NSSO 75th Round

CONCLUSION

Despite of increase in the share of primary healthcare, out of 20 major States of India, 5 States show decrease in the share of public sector facilities in out-patient care out of 5, 3 are from EAG states (Jharkhand, Uttarakhand, Uttar Pradesh). Which in result increase in the average medical expenditure of outpatients in the private sector. As health is a state subject in India, spending on healthcare by states matters the most when examining government healthcare spending. The amount that each state spends on healthcare varies greatly, which causes inter-state differences in the cost of outpatient treatment in EAG states. Even higher health spending as a percentage of GSDP in economically weaker states does not result in a significant increase in absolute terms, leading to high OOPE.

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For instance, Bihar spends around 1.5% of GSDP on healthcare which is more than other states of EAG still their out-of-pocket expenditure is high (1.8% of GSDP) (NHA, 2019).

Another important reason for the increase in out-of-pocket expenditure is not using public healthcare facilities for outpatient care. For instance, Uttar Pradesh (79.2% rural and 83% urban) and Bihar (70.3% rural and 70.9% urban) show extreme dependency on private sources of healthcare because of availability, accessibility, poor quality, and long waiting in government healthcare facilities.

The cost of outpatient care must be the primary concern as India progresses toward Universal Health Coverage. Because the lack of financial protection for outpatient care pushes millions into poverty. This is particularly important in the case of outpatient care since, at the moment, the majority of health insurance plans and coverage programs in the nation do not cover outpatient services. If households incur outpatient costs more frequently, the total amount spent over the course of a year might not be so small as to be disregarded. As a result, the government needs to control the cost of medications and diagnostic tests and ensure that plans for outpatient care include coverage.

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