



MONETARY WELFARE PROVISION OF PUBLIC HOSPITALS IN MIZORAM

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ABSTRACT

There is a worldwide consensus that health is one of the most important factors for social welfare, economic growth and development and progress at large. A healthy population leads to a vibrant and strong economy by increasing the productivity as well as the working capacity of the labour force. Hence, a healthy population or workforce is necessary for human resource development which will ultimately lead to the desired outcome of any economic policy—sustained long-run growth and development. Healthcare is the maintenance or in other words, the improvement in health through prevention, diagnosis, and treatment of injury, illness or malady and other physical and mental impairments in a person. In economics, the concept of welfare is used in a narrow sense: it is limited to only material economic welfare. The study is based on secondary data. Secondary data from Civil Hospital, Aizawl for the period of April, 2019 to March, 2020 is collected for this study. Civil Hospital Aizawl has been selected as a representative of all other public hospitals in Mizoram since it has the best facilities as well as the most number of indoor and outdoor patients in Mizoram. The study finds that the monetary savings that accrued to indoor patients who availed the services of Civil Hospital Aizawl during the study period is a huge sum of 18,529,469.28 INR. The total money cost of investigation is 133,270,275 INR in Civil Hospital Aizawl and if all the investigations were done at private laboratories or hospitals, the total money cost would have been a whopping amount of 593,738,030 INR. As such, the total monetary savings accruing to patients who availed the services of Civil Hospital Aizawl is 460,467,755 INR. The study concludes that Public Hospitals act as a quintessential paradigm for analysis of healthcare provision en masse. Although there are rooms for improvements and further outreach for public hospitals as compared to their private counterpart, their role and indispensable nature is ever relevant in the literature of welfare economics.

KEYWORDS: Health Economics, Welfare Economics, Healthcare, Monetary Savings

1. INTRODUCTION

There is a worldwide consensus that health is one of the most important factors for social welfare, economic growth and development and progress at large. A healthy population leads to a vibrant and strong economy by increasing the productivity as well as the working capacity of the labour force. Hence, a healthy population or workforce is necessary for human resource development which will ultimately lead to the desired outcome of any economic policy—sustained long-run growth and development. As such, the importance of health cannot be neglected in the field of economic study and research. At the same time, an unhealthy population riddled with chronic disease, epidemic and many other maladies is a burden for all policy makers and Governments across the world at large. So, a sound economic progress is

linked with health and the provision of healthcare facilities to its population.

Importance of Health

Better health is central to human happiness and well-being. It also makes an important contribution to economic progress, as healthy population live longer, are more productive, and save more. A good health is achieved by following a few collective patterns which are health related. If we follow this logic we will also realize the importance of having healthy lifestyles which will add to the benefits of having a healthy life. Achieving and maintaining health is an ongoing process, shaped by both the evolution of health care knowledge and practices as well as personal strategies and organized interventions for staying healthy. Therefore, good



health is a priceless blessing in life. The famous saying 'Health is Wealth' highlights the importance of good health in our life.

Importance of Healthcare and Welfare

Healthcare is the maintenance or in other words, the improvement in health through prevention, diagnosis, and treatment of injury, illness or malady and other physical and mental impairments in a person. In economics, the concept of welfare is used in a narrow sense: it is limited to only material economic welfare. Welfare Economics imparts economic science a normative character. It is the study of conditions that maximize economic welfare of society as a whole. In the words of Oscar Lange, "Welfare economics is concerned with the conditions which determine the total economic welfare of a community." The function of welfare economics is to evaluate alternative economic situations and determine whether an economic situation yields greater economic welfare than others. Welfare economics may also be defined as that branch of economic science which evaluates alternative patterns of resource allocations from the viewpoint of maximizing economic welfare of the society as a whole. (Lange, 1942)

There are three main concepts of social welfare. The first concept of social welfare is the paternalist one which describes the views of a paternalist authority or state and not of the individuals of the society. The second is the Paretian concept in which welfare of the society is simply the sum total of the welfare of different individuals comprising it. If some persons are made better off and none worse off, social welfare increases and if some are made worse off and none better off, it decreases. The third concept of social welfare involves interpersonal comparison of utility which is to be made by introducing explicit value judgments. (Graff, 1957) This concept of social welfare has been propounded by Bergson and Samuelson in their well-known theory of social welfare function. (Bergson, 1938)

Since welfare economics is concerned with the desirability or otherwise of economic policies, the value judgment plays a crucial role. It means the conceptions or ethical beliefs of the people about what is good or bad. These conceptions regarding values of the people are based on ethical, political, philosophical and religious beliefs of the people and are not based on any scientific logic or law.

2. LITERATURE REVIEW

Tokita *et al.* (2000) estimates healthcare expenditure functions by age groups and inpatient and outpatient in order to find the determinants of healthcare expenditure in Japan. The result suggests

that difference of the per capita medical expenditure among the prefectures is mainly due to disparities of the number of beds and doctors per capita. (Tokita, Chino, & Kitaki, 2000).

Since the financial cost of healthcare is an important factor with respect to access to healthcare facilities, Yadav (2007) in a cross sectional study conducted at the Government Medical College Hospital, shows that owing to inflation and rising costs of commodities, some people from the upper middle class can no more afford the costs incurred in the private medical sector and have to therefore seek medical services of a government hospital. (Yadav, 2007).

Khursheed (2017) argues that primary healthcare is the foundation of total healthcare of any country because it is cost effective and has huge forward linkages with emphasis more on the prevention of the diseases than their curative aspects. His study concludes that in the developing countries with huge population, prevalence of mass poverty and expanding income inequalities, the component of preventive healthcare is the neglected side of total healthcare. (Khursheed, 2017)

Bhat *et al.* (2006) highlights that financing of healthcare through public and/or private channels are one important component of this strategy. Their study examines the relationship between income and public and private healthcare expenditures. (Bhat & Jain, 2006)

Li *et al.* discusses the progress and prospects of China's complex health care reform beginning in 2009 and recommend that China should take advantage of policy experimentation to mobilize bottom-up initiatives and encourage innovations. (Li & Fu, 2017)

3. OBJECTIVES

- To highlight the total number of indoor and outdoor patients treated during the base period
- To determine monetary savings accruing to patients for both indoor and outdoor patients
- To determine monetary savings for doing investigations at a public hospital

4. METHODOLOGY

The study is based on secondary data. Secondary data from Civil Hospital, Aizawl for the period of April, 2019 to March, 2020 is collected for this study. Further, secondary data is also collected from the Health Directorate of Mizoram Government, Economic Survey, NSSO data and Private Sector Healthcare Providers. Relevant information pertaining to this study is also collected from various e-resources, books, and journals. Various statistical



methods have been incorporated in order to elicit the required data and information for the study. Civil Hospital Aizawl has been selected as a representative of all other public hospitals in Mizoram since it has the best facilities as well as the most number of indoor and outdoor patients in Mizoram.

5. FINDINGS AND DISCUSSION

Table-1 shows the rate of consultation or cost for rendering the service of doctors at Civil Hospital

Aizawl and other private clinics and hospitals. For patients who visit OPD, a minimal registration fee of 10 INR is charged and there is no registration fee for patients who avail the emergency service. The average cost of consulting doctors at private clinics and hospitals is 400 INR—the cost may vary depending on the doctor’s popularity, reputation, qualifications etc. but the usual cost ranges from 300-500—and for those availing the emergency services of private hospitals is 300 INR.

Table-1: Public and Private Cost of Consultation

Sl. No.		Public Rate	Private Rate
1	OPD	10	400
2	Casualty	NIL	300
	Total:	10	700

Source: Author’s field survey, 2020

Table-2 shows that the total cost of availing the studied hospital’s services is barely 3,498,850 INR; as compared to 153,478,900 INR that must have been spent on private clinics and hospitals if Civil Hospital Aizawl were not consulted or if the patients had opted for other private entities that provide healthcare services. The difference between private

cost (PC) and civil cost (CC) is 149,980,050 INR, which is a huge sum if the economic situation of Mizoram is taken into consideration. Table-2 alone can convey that public healthcare services alone contribute a lot to the welfare of the masses especially those that cannot afford private services that charge exorbitant fees as compared to Government hospitals.

Table-2: Money Savings for Consulting Public Hospital

Sl. No.	Department	Total no. of Patients	Public Cost	Private Cost	Savings [PC-CC]
1	OPD	349,885	3,498,850	139,954,000	136,455,150
2	Casualty	45,083	NIL	13,524,900	13,524,900
	Total:	394,968	3,498,850	153,478,900	149,980,050

Source: Author’s Compilation

Table-3 shows the various wards and bed strength of Civil Hospital Aizawl and the number of admissions issued during the study period. ALS refers to average length of stay and COA refers to cost of admission. On average, indoor patients stayed 7.43 days during the study period. The average length of stay for each ward and patient cannot be taken into consideration since the study period of this research does not permit such inquiry which requires a lot of

time. As such, a simple average of patients’ stay during one financial year is used for different wards to evoke the monetary savings that have been made. It can be seen that the total admission during the study period is 13,881 across various wards and the average cost private hospitals for indoor patients for various illness and ailments is 1334.88 INR.



Table-3: Comparison of Public and Private Costs of Indoor Patients

Sl. No.	Ward	Bed Strength	No. of Admission	ALS	COA [Civil]	COA [Private]
1	New Cabin	11	167	7.43	NIL	3,000
2	Emergency	9	1065	7.43	NIL	500
3	Cabin	15	161	7.43	NIL	3,000
4	FMW	10	260	7.43	NIL	500
5	GW - II	15	670	7.43	NIL	500
6	ENT	10	676	7.43	NIL	500
7	MSW	16	1161	7.43	NIL	500
8	FSW	16	922	7.43	NIL	500
9	Eye	11	653	7.43	NIL	500
10	Pediatrics	24	941	7.43	NIL	500
11	MMW	26	565	7.43	NIL	500
12	Orthopaedic	30	1100	7.43	NIL	500
13	ICU	5	133	7.43	NIL	5,000
14	MPW	30	3502	7.43	NIL	500
15	GW - I	15	858	7.43	NIL	500
16	SSR	6	102	7.43	NIL	500
17	NICU	11	599	7.43	NIL	5,000
18	Cardiology	10	346	7.43	NIL	500
	Total/Average:	270	13,881	7.43	NIL	1334.88

Source: Author's Compilation

Table-4 highlights the monetary savings that accrued to indoor patients who availed the services of Civil Hospital Aizawl during the study period. PAC

represents private average cost and AI admission issued respectively. The total monetary savings is a huge sum of 18,529,469.28 INR.

Table-4: Money Savings for Indoor Patients

Sl. No.	Department	Admission Issued	PAC	Savings [PAC*AI]
1	OPD	12,816	1334.88	17,107,822.08
2	Casualty	1,065	1334.88	1,421,647.20
	Total:	13,881		18,529,469.28

Source: Author's Compilation

Table-5 shows public and private rate of investigation on 12 broad types of investigations and follow-up. Dialysis costs the highest and ECG the cheapest on both on both civil and private. The average cost of laboratory investigation is calculated by taking the average cost of various types of investigations. Also, there are various kinds of X-ray and CT scan that can be done on various parts of the body in which the cost also varies. So, for simplicity, the average cost, i.e., the summation of the cost of different types divided by the total number of different types, is also taken into consideration. The

highest cost of investigation at Civil Hospital, Aizawl is dialysis and the lowest is Pulmonary Function Test (PFT) which is done at free of cost. The highest cost of investigation at Private Hospitals, Clinics or Laboratories is dialysis and the lowest is Electro Cardiogram (ECG).



Table-5: Average Cost of Investigation as Compared to Private Clinic

Sl. No.	Name of Investigation	Civil Rate [INR]	Private Rate [INR]
1	Laboratory	125	490
2	Endoscopy	250	3000
3	ECG	50	450
4	EEG	300	1400
5	X-Ray	300	1700
6	Ultrasound	350	1000
7	Bronchoscopy	1000	5000
8	Echo	400	2000
9	CT Scan	1425	4500
10	Physiotherapy	200 [10 Days]	2000 [10 Days]
11	PFT	FREE	900
12	Dialysis	2000	12000

Source: Author's Compilation

Graph-1 shows the cost comparison of various investigations and follow-up that are shown in the preceding table. The cost of investigation is measured on the vertical axis and the name of the investigation is shown on the horizontal axis. Investigations and

follow-up are broadly classified into 12 broad categories out of which the highest figure is laboratory investigations as shown in Table-5 but the highest cost of investigation as depicted in the graph is dialysis in both civil and private hospitals.

Graph-1: Average Cost [Investigation] Comparison of Civil and Private

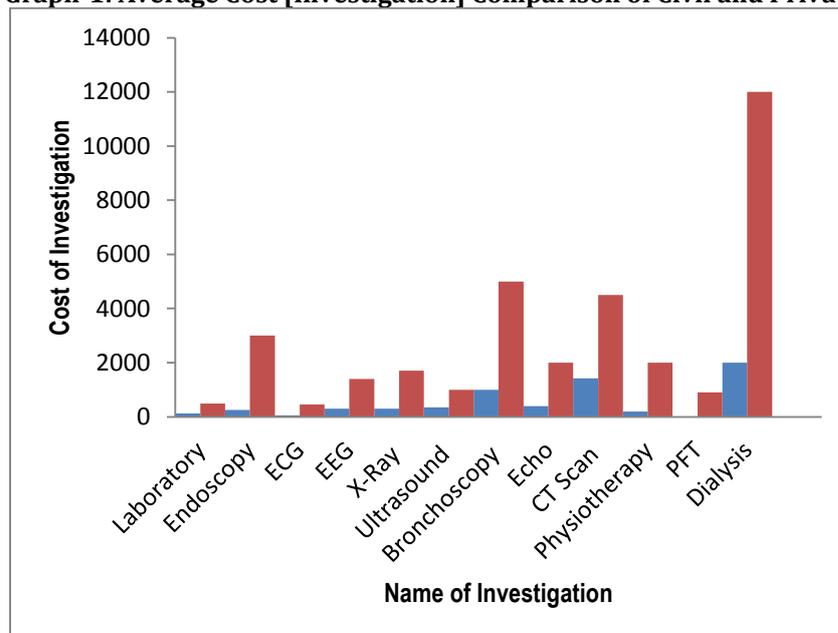


Table-6 shows that the total money cost of investigation is 133,270,275 INR in Civil Hospital Aizawl and if all the investigations were done at private laboratories or hospitals, the total money cost would have been a whopping amount of 593,738,030 INR. As such, the total monetary savings accruing to

patients who availed the services of Civil Hospital Aizawl is 460,467,755 INR—calculated by the potential private cost minus total civil cost from the above table.

**Table-6: Money Savings by Doing Investigation at Public Hospital**

Sl. No.	Type of Investigation	Total no. of investigation	Public Cost	Private Cost
1	Laboratory	823,632	102,954,000	403,579,680
2	Endoscopy	4,405	1,101,250	13,215,000
3	ECG	8,357	417,850	3,760,650
4	EEG	406	121,800	568,400
5	X-Ray	25,444	7,633,200	43,254,800
6	Ultrasound	4,546	1,591,100	4,546,000
7	Bronchoscopy	96	96,000	480,000
8	Echo	1,730	692,000	3,460,000
9	CT Scan	3,787	5,396,475	17,041,500
10	Physiotherapy	30,133	6,026,600	60,266,000
11	PFT	140	NIL	126,000
12	Dialysis	3,620	7,240,000	43,440,000
	Total investigation/cost:	906,296	133,270,275	593,738,030

Source: Author's Compilation

6. CONCLUSION

The study shows that Public Hospitals act as a quintessential paradigm for analysis of healthcare provision en masse. Although Public Hospitals are often victims of malice and polemics, their role is the provision of affordable healthcare services especially with regard to developing countries like India can not be neglected. As such, this paper highlights the monetary welfare provision of a particular public hospital in Mizoram, i.e., Civil Hospital, Aizawl. Although there are rooms for improvements and further outreach for public hospitals as compared to their private counterpart, their role and indispensable nature is ever relevant in the literature of welfare economics.

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