

## COMMENT

# Health for All?

The health care system of the country is in tatters. Big drug companies are selling brand names rather than drugs. Dr Anant Phadke of *Sathi Cehat* of Pune gives an example. He narrates with some authority that the drug Amlodipine made by Alidac was available in the market for Rs 50 paise per tablet under the trade name of Amlodac. The same drug was being sold by Pfizer for Rs 4.80 under the trade name Amlogard. It is up to the doctor whether to prescribe Alidac or Amlogard. The patient, for whom the drug is prescribed under the more expensive brand name, does not know that cheaper version of the same drug is available in the market. Big companies give out huge gifts and commissions to doctors and get them to prescribe the more expensive drugs. The same holds for procedures like MRI. Doctors confide they get Rs 3,000 commission out of the Rs 6,000 paid by the patient.

Social activists like Phadke contend this problem should be solved by strengthening the public health system. Provision of sufficient budgets to the Primary Health Centres and appointment of requisite number of doctors would enable the patients to escape the clutches of this unholy alliance between doctors and drug companies. Centralized procurement of drugs by the Government can do wonders. Tamil Nadu is the pioneer here. They follow an open tendering and negotiation process with the result that drugs are available at a fraction of the market price. The drug Albendazole, for example, is sold by Cadila to the State Government for Rs 2.26 per tablet against the market price of Rs 119.

Examples of excellent performance of the government health system such as that of Tamil Nadu are surely available. But the overwhelming evidence is not so rosy. It was found in a National Sample Survey report that the average time taken for cure in a Government Hospital was longer than in a private hospital. This imposed an opportunity cost on the patient and his family in terms of incomes lost due to longer period of hospitalization. The total costs incurred by the patients were equal in private and government hospitals once this opportunity cost was taken into account. Thus expansion of Government health care is unlikely to provide true relief to the people for this. The alternative of 'free market' is no better though.

The solution to this problem seems to require a three-fold strategy. First part of the strategy is to rein in the drug companies. The Government must make a policy that all essential drugs are sold only under the generic name. The doctor should be required to prescribe the generic name of Amlodipine and not the brand names Amlodac or Amlogard. This will make it difficult for the doctors to take underhand commissions from drug companies. A huge public education programme should be undertaken simultaneously. Patients must be educated that same drug is available under different names at different prices. Drug companies may be required to write the generic name in bold fonts alongside the trade name, if any. Gradually the patients will know of the generic name and look for cheaper alternatives themselves.

Second part of the solution is to increase the supply of doctors. A student has to spend five years in a medical college in order to obtain the right to write a prescription. This leads to a limited supply of doctors in the market. This enables the doctors to extract commissions from MRI labs because they operate in a monopolistic environment without any competition and are therefore free to charge exorbitant rates for their services. This will not be possible if a large number of doctors are competing with each other. They will reduce their commissions. In truth MRI prescribed by one doctor can be done for Rs 3,000 while the same MRI prescribed by another doctor will cost Rs 6,000. The solution is to raise the supply of doctors thereby enforcing competition in the market.

Third part of the solution is to increase the purchasing power of the patients. Large number of Indian citizens are sick because they do not have the money to buy the drugs. The Government is spending huge amounts of money on health care but it does not reach the patients as was mentioned by Rajiv Gandhi two decades ago and repeated by Rahul Gandhi recently. Most of the health budget is used up in payment of salaries of the health workers. According to an old study by K N Reddy, the share of salaries in Government health expenditures increased from 40 percent in 1975 to 62 percent in 1991. Informal discussions with government doctors indicate that presently this has reached about 80 percent plus. The result is that Government is spending the money but the same is being absorbed almost wholly in paying salaries to the health bureaucracy. That leaves the people to buy the drugs and get the MRIs done from the market. In the end, the only gainers are government doctors who get fat salaries, income from private practice and commissions from laboratories and drug companies. The simple way to dismantle this leakage is for the Government to send health vouchers to the people directly and give them the freedom to buy the health care from private or government hospital of their choice. □□□ [Contributed]

