

Health System for a New India, November 2019 Report: Niti Aayog

The National Institution for Transforming India (NITI) Aayog has released the report on Health Systems for a New India: Building Blocks—Potential Pathways to Reforms by NITI Aayog Vice Chairman- Dr Rajiv Kumar in the presence of Mr Bill Gates. The objective of the report is to provide a roadmap for transformation of India's health system. It also focuses on breaking silos in the health space and removing fragmentation between various initiatives, ensuring greater convergence between ministries as well as the Centre and states.

The report highlights India's crossroads in terms of transforming the performance of its health system and its risk pooling system. The country's robust macroeconomic performance and vibrant growth of its private sector can provide an excellent opportunity for introducing the necessary changes for improving access to health services, providing financial protection to households, improving consumer satisfaction, enhancing stability and expansion of service delivery in this sector.

The report also consolidates global findings on key health system themes of financing and provisioning, with a focus on risk pooling, strategic purchasing, health-service provisioning and digital health.

As per the health system legacy constraints and the resulting implications, the report also identifies short- and long-term actions to improve and grow risk pooling in India. The two steps include:

Immediate and short-term actions, with four critical components:

- 1. Base critical regulatory reforms to harness the power of commercial health insurance in the right public policy direction:** To effectively harness the power of commercial and private health insurance in the right public policy direction, policymakers should need to overcome substantial signs of market failure, regulatory and governance challenges in the commercial health insurance sector.
- 2. Governance, managerial and strategy actions to improve ESIS performance:** Strategic purchasing capacity should be build with immediate scale up of external purchasing of healthcare services. Moreover ESI stakeholders need to revise its governance, strategy as well as the apparent difficulties with responding rapidly to the access challenges and adjusting the structure as necessary.
- 3. Intra-state integration of state-level fragmented risk pools:** High level of risk pooling and benefits package fragmentation at the state-level is required incentivizing and supporting intra-state integration of state-level fragmented risk pools by increasing organizational aggregation and building risk pooling infrastructure.
- 4. Improving incentives for informal-non-poor participation in contributory risk pooling:** In order to improve the incentives for the informal non-poor participation to join contributory schemes in India, informal non-poor schemes and existing commercial pre-payment may be tested and risk pooling in informal non-poor should be further improved to boost the demand.

Long-term options to improve and expand risk pooling in India:

- 1. Introduction of a standard (basic) mandatory benefit as the basis for all health insurance coverage in India:** A standard benefits package plays a substantial role in guiding the future development of commercial health insurance. It would ensure coverage of essential and insurable events under risk pooling arrangements. Thus, a

standard benefits package would mitigate the effects of the consumer blindness tendency of households and the shallow coverage of unregulated insurance.

2. **Four long-term risk pooling architecture options:** A focus on long-term action will help in ensuring transition designs that would not lock the path of short and medium-term reforms in a way that would make the long-term vision infeasible.
3. **Country and health system legacy constraints for risk pooling options:** Improving a country health system performance requires simultaneous change and improvements in most of its health systems functions. The key country constraints that can affect how the health system functions are access to healthcare and improved health outcomes and effective financial protection among others.
4. **Risk pooling options for India in the immediate short- and long-term:** The size and complexity of the country and its health system, as well as limited fiscal space for implementing structural changes and transformations in the health sector, needs a long term options with transition.

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