COMMENTARY

An All Time Low Budget for Healthcare in Pakistan

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INTRODUCTION

The healthcare systems in most of the world employ scientific mechanisms for financing and funding the expenses incurred on the health of the people. A department for health in the government formally manages this system. In Pakistan, the budget allocation is federally administered and more than half is drawn from the broad indirect taxes. It is distributed to the provinces according to the need but usually it is on an incremental pattern. There is complete lack of proper mapping mechanism of healthcare financing schemes. The health budget is devised at the federal level based on collection and generation for hierarchal distribution of the money to the provinces. The national, provincials and local governments are engaged in planning and final implementation of the budget.

Health budgeting: a global scenario

The World Health Organization (WHO) recommends and encourages the member states that all countries should spend at least 5% of their GDP on health in order to meet the targets set by the nations.[1] This is achieved by most of the developed countries, for example more than 8% of the GDP spent by the OECD countries on health is a remarkable milestone that these countries have surpassed.

However, this remains to be a dream far from coming true for most of the developing nations of the world. More importantly, the African and south Asian countries, which contribute a major share of global burden of disease and disability, are lagging behind in this area because they spend less than 5% of their GDP on health.[2]

The many success stories of the health systems in many countries lie in the commitment of the governments of these countries towards achievement of targets in health. The reforms brought are the results of the priority given to health by these nations. For instance, it was the basic governmental priority that the health of the nations should not suffer at the time of serious financial crisis. Cuba is one such example which suffered in the 90's due to downfall of the socialist bloc following the impositions of American embargoes. Cuban government sustained the health reforms and reduced the military budget, spending around 7% of its GDP on health during that time. As a result their maternal and child health is as good as of any OECD countries.[3] Another excellent example for tax and spend phenomenon in National Health Services is that of the United Kingdom. The money collected through taxation is spent on health on the basis of need with great checks and balances. A significant feature of this system is a small expenditure of about 4% on medical technology compared to the 6% average expenditure of Europe in 2002.[4]

Egypt, one of the lower middle-income Muslim countries that give priority to health of its population has been somehow consolidated during the later regimes. Egypt spends 5% of its GDP on health, which is still lower than that spent by OECD countries. The major source of financing in Egyptian healthcare is private sector with about 70% expenses borne through corporate health sector with government sector contributing only 29%. However, their efforts are towards the universal health coverage. In the year 2000, the African countries including Egypt, through Abuja Declaration, committed themselves to increasing health expenditure to 15% of

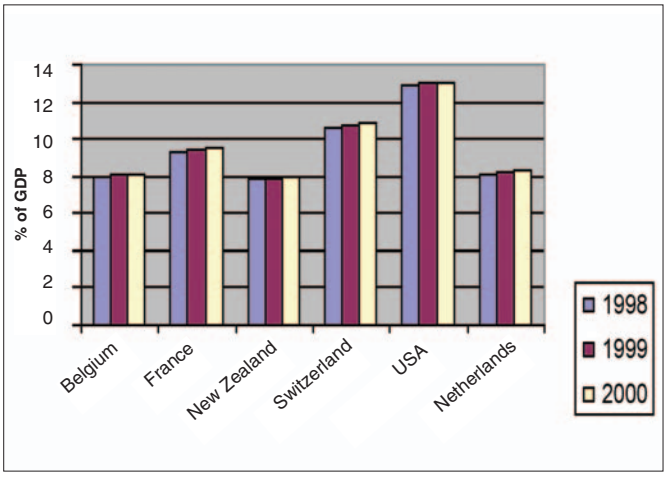

Figure 1: Comparison of health expenditure trend of some OECD countries. Organization for Economic Cooperation and Development Data 2002.

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GDP by 2015.[5] Finally, the neighbouring countries like Sri Lanka and Bangladesh have great achievements to their name. Sri Lanka has some of the best health indicators in South Asia. These are due to their commitment and priority towards health. They also spend around 4.3% (2004) of their GDP on their health.[6,7]

Issues beyond budgetary allocations

Besides a low budget health sector suffer many other woes in many developing countries such as corruption, inefficiency, lack of regularization and inequitable distribution and collection of scarce resources. More than 80% of world population suffers from over 90% of total burden of diseases. This huge population depends on just 11% of total health expenditure, a disparity and inequity mentioned in the world development report by the World Bank last year.[8] Apart from fairness in financing the institutions lack considerably.

The expenditure outweigh the originally allocated leading to implications on these programs. As a result the health budgeting becomes segmented and partially funded.[9]

History and trend of health budget in Pakistan

In case of Pakistan, traditionally, we spent lowest on development in general and health and education in particular.[10] A large sum of the budget is being spent on the curative care and hospital cost in a scenario where one-third of the population in Pakistan lives below the poverty line (US$1) and the health facilities remain widely inaccessible to the masses. Also, Pakistan has over 98% of the out-of-pocket health expenditure, when over 75% visit private sector for healthcare.[11,12] National public expenditure on health is $4 per capita, while total expenditure on health is $18 per capita. This reflects the high share of private healthcare spending (75.6%). Social health insurance covers only 5% of the population but represents about 40% of federal and provincial governments spending on health.[13]

Pakistan spends 80% of its meager health budget on tertiary care services, utilized by only 15% of the population and 15% on primary healthcare services, used by 80% of the population.[14] An increase in the health sector budget by 10.8% was announced in current fiscal year (2007-08) (4.728 - 5.240 billion rupees). Again more than 90% of this will be spent on the hospitals and personnel expenditure whereby only Rs 318 million was earmarked for public health services, as against the current increase of 10.8% Rs 3.984 - 4.759 billion.[15] The health sector had received a 14.5% increase in allocations for the year 2006-2007. With a governmental expenditure of around 0.5% of the GDP on health, this is considerably complemented by the private sector contributions, which boosts it to a total of 3.5%. So the country relies heavily on the private sector without the pocket mode of payments for services. Moreover, the donor agencies have been contributing, at times considerable and at times negligible thus compromising the sustainability of the programs.[16] Most of their programs have been focused on a specific disease, natural disaster and hunger.[17]

The health budget has always been low and stagnant. It has remained around less than 0.6% during the past fiscal years.[18] Reliance of the country's healthcare on foreign funding and a stagnant internal health budget shows a gloomy picture of the healthcare expenditure. The overall deficiency in the health budget over these years has been tried to overcome through external funding. The increment in health budget and the proper utilization of the money is required.

Successive governments regardless of the increase in the inflation as well as the rising population growth rate, always claim increase in the health budget. Corrupt management and inefficiency in the utilization of money are the two major reasons that have always been ignored at the level of policy-making. The different dimensions and modes of corruption that have engulfed the health sector remain a great challenge to the transparent and efficient delivery of healthcare to the grassroot level. It is observed that the trickle down concept of funds does not hold truth due to overwhelming corruption in healthcare.[19] Pakistan, presents an overall gloomy picture of the health sector budgeting where no priority to health is demonstrated or reflected in the policies and where no additional funds have been diverted to give a boost to health sector. Late and insufficient release of funds to the provinces result in delayed release of funds to the districts and eventually late to the hospitals and healthcare facilities.[20] We face the challenge of a double burden of diseases; constituting infections and nutritional disorders and huge challenge of chronic diseases associated with poverty and ageing.[21]

Health system consequences of the current budgeting policies

The inadequacy in health sector budgeting reflects itself in the health and well-being of the populations. Majority of our population does not utilize the public sector health facilities, which is though free, but unfortunately of poor quality and unreliable. As a result of the insufficiency of the public sector to give adequate, timely as well as appropriate health relief to the poor, people tend to utilize private health sector far more. The vicious cycle of ill health and poverty becomes further aggravated due to poor budgeting and financing of health sector. As a result, 73.6% people living below poverty line (US$2) are deprived of their fundamental rights of quality and accessible healthcare.[22] The impact on the overall indicators is huge as a result of this low investment in health. According to the current demographic and health statistics in Pakistan, most of the indicators have not

improved significantly over the past few years. Total fertility rate increased from 3.9 to 4.1% in 3 years period, whereas the contraceptive prevalence rate has remained remarkably stagnant (32% in 2003 and 30% in 2006). Infant mortality rate in Pakistan is one of the highest in south Asia (77 per 1000 live births in demographic and health survey of 2005 and 78 per 1000 live births in 2006.[23]

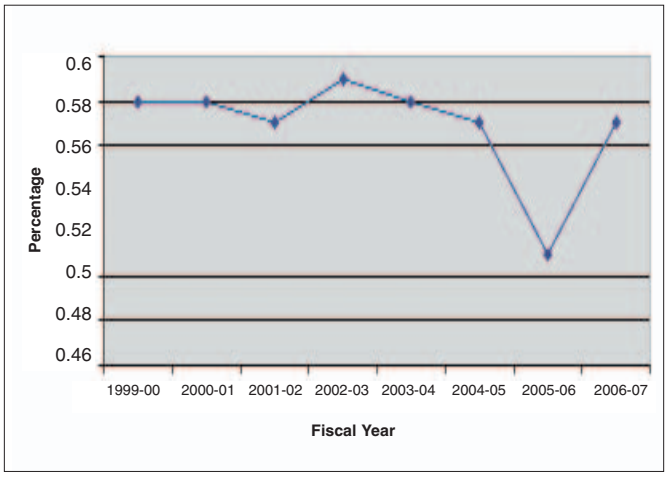

Figure 2: Trend of health budget for the past eight fiscal years. Economic Survey of Pakistan 2006-2007.

Table I: Health expenditure in Pakistan (Rs. million).

Year	Total (millions) (Rs.)	% of GDP	External resources for health (% of total expenditure on health)
2000-01	24,281	0.58	0.90
2001-02	25,405	0.57	1.40
2002-03	28,814	0.59	1.80
2003-04	32,805	0.58	2.20
2004-05	38,000	0.57	2.50
2005-06	40,000	0.51	1.1
2006-07	50,000	0.57	3.0

(Source: World Development Indicators, World Bank 2006-07, Economic Survey of Pakistan 2006-7, Public Sector Development Programme 2006-2008).

Conclusion and recommendations

For the provision of efficient and timely healthcare to everyone, the policy makers will need to understand the needs of the people and their ability to pay for the healthcare. Various methods of financing can be used for our population. Social health insurance and community health insurance are some of the options which can be applied to the segments of the population who are able to pay for their health. For those who are unable to access the healthcare, due to their meager incomes, safety needs be provided so that they can also avail healthcare without losing their sources of livelihoods. The universal coverage can be achieved in a manner that all of the users pay according to their ability to pay.

The reforms in the health system require sincere involvement of policy-makers, who need to decide on the basis of scientific evidence. We can learn from regional success stories. For instance, the introduction of 30 Baht scheme (every one contributes just 30 Thai Baths @ 0.94 US$ for a hospital visit) of Thailand's health system is a great success and has claimed many benefits with regard to universal coverage.[24] Public-private partnership as well as contracting out, in some instances, has also helped many countries to reform their health systems in the right direction.[25] However, the basic basket of services must remain the responsibility of the state. In view of the developed district health system in Pakistan, the decentralized programs can be designed with better technical and allocating efficiency ensuring local institutional capacity building.[26] Thus this district health system represents yet another opportunity for attaining three basic goals, which are indispensable for any health system: health improvement, responsiveness to expectations and fairness in financial distribution.[29]

Priority areas need to be identified first at the time of budgeting. Transparency and rationality behind investments in health sector is altogether missing. Capital investment in buildings and equipment is politically driven and there is too little priority to ensure supplies and other inputs at provincial and district level. Weak accountability and poor governance compound the problem even more. The promises that the political leadership makes with the people for gaining power must be kept and commitments in this regard fulfilled so as to create confidence among people. Finally, it is imperative that the all quarters concerned with the financing mechanism sitting at the higher echelons of power develop into transparent as well self-regulating authorities to overcome the flaws in the system. Though it is critical to look for increased resources for health systems in order to improve the health of the nation but we must also strive to make efficient and intelligent utilization of the available scarce funds.

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