

*Paying for India's Health Care*, edited by Peter Berman and M. E. Khan, Sage Publications, New Delhi, 321 pp.

India's mixed public and private health system currently provides health care to over 900 million people. Within a generation, this system will not only have to accommodate an additional 500 million clients, but will face the financial consequences of an ageing population. The epidemiologic transition will add a considerable burden to India's already strained public health structure. Given the current concerns about performance in both the public and private health system, and the impending demands for curative services caused by the ageing population, it is surprising how little information, much less analysis, exists about health financing in India. Without a solid base of data and analysis on health financing, policy makers are simply unable to make effective decisions about resource allocations, operational efficiency, financing mechanisms, and programme and financial planning. How well policy makers address these issues in the next decade will largely determine how successful India is at meeting the huge demand for adequate health care.

In editing this volume, Peter Berman and M.E. Khan have made an essential contribution to filling a rather large gap in our knowledge of health financing in India. The book brings together under a single cover eleven studies of various financial aspects of the Indian health system. The chapters comprised unpublished research papers from the 1980s, several new contributions, and one previously published article. The topics covered include general reviews of health financing issues, the overall structure of health financing, and a series of specific studies on provider and specific intervention financing. Finally, there is an additional chapter on Pakistan that seems oddly out of place.

Berman sets the stage for the book in the opening chapter by examining health financing principles and issues in the Indian context. He points out the critical relationship between financing decisions and programme performance, and suggests a number of policy issues that need to be studied. The main tenets of the chapter are nicely summarized in a full-page table for easy reference. The chapter by Duggal and Antia complements the Berman review by reviewing health financing literature and proposing priority areas for research. Their evaluation of "known sources" reveals the startling paucity of studies in this area as only 19 health financing sources are cited. One of the author's most useful research suggestions is to better understand the relationship between morbidity/mortality patterns and public sector expenditures - something that has not yet happened in India but is desperately needed.

A provocative chapter by Tulasidhar and Sarma attempts to establish the effects of public spending and other variables on infant mortality. They find that per capita public expenditures are positively related to postnatal mortality, and less so to neonatal mortality. Unfortunately, the authors were unable to disaggregate per capita spending into programme areas, nevertheless, it is gratifying to know that public investments can have impacts on such key health indicators as infant mortality.

Rao, Khan and Prasad make a yeomanly contribution to the volume with their chapter

on the government planning process and health expenditure patterns. They outline how the budgeting process works, provide historical data on public health expenditures, and carry out an in-depth analysis of the 1982-83 health budget. The latter analysis is most useful in pointing out the large differences in spending categories across states, and confirms the strong urban bias in health investments. The only quibbles with this chapter are the 10-year old data, and the use of proportional figures and analysis instead of per capita figures which would have yielded more accurate comparisons.

Chapters on family welfare and nutrition furnish insights on resource allocation and efficiency in two key public health interventions. Panchamukhi examines overall family welfare expenditures and attempts to establish correlations between family planning outcomes and expenditures. The results are mixed indicating either that non-financial variables are at work in determining family planning use, or that family welfare expenditures are poorly allocated and inefficiently invested. As an indication of the latter, he points out that state-wise allocations are based upon past family planning achievements rather than the more sensible criteria of estimated family planning need. Subbarao's well-written study demonstrates how little is spent in India on the pervasive problem of mal- and undernutrition. In analyzing nutrition-related expenditures, he provides a good example of how financial resources are poorly matched to needs in India - further evidence of the need to target public spending more effectively.

Despite its promising title, Bhat's chapter on the private health care sector is a bit lean due to its reliance on just three sources for data and analysis. The central role of the private sector in curative services is adequately portrayed, as is the predominance of private expenditures in overall health spending. The author concludes by recommending that private health providers, as the majority provider in India, be recruited as a partner to the government in its efforts to achieve public health goals. The longest chapter in the volume, written by J. K. Satia and N. S. Deodhar, is a thoughtful analysis of hospital expenditures and policies in Maharashtra. In fact, this chapter should be required reading for any health policy maker, planner, or administrator. Among its compelling conclusions are how the utter lack of accounting by cost centre virtually precludes effective financial decision making, how poorly conceived building decisions have created much unnecessary hospital capacity, and how the absence of concern for the efficacy of treatments undermines the efficient economic management of chronic and communicable disease cases.

In a review of health insurance schemes in India, G. Giridhar examines the variety of plans in India and finds that they are limited in scope and coverage excepting the public Employee State Insurance Scheme and the Central Government Health Scheme. Mishra, Pandey and Sinha carried out a survey of households in a tribal area of Madhya Pradesh and found that the population relies mainly on the private sector thanks to its accessibility and lower perceived cost. They also discovered that poorer households spend far greater amounts on health care proportionally than do higher income households. The authors find rational health seeking behaviour to be strongly associated with income and conclude that only increases in income or more accessible public services will improve health status. The final chapter in the book is Priti Dave's previously published article on health schemes in India.

She reviews 12 NGO experiences using innovative financing mechanism, and finds a mixed set of results. Some of these groups are viewed as marginally successful in attaining a degree of financial sustainability. But most of them suffer from financial management ills such as lack of knowledge of costs, inability to set premia, and the universal problem of implementing equitable means testing.

Given the state of health financing research in India, there is little to complain about in this important volume. Perhaps if there were several dozen other studies and books on health financing available on India, one could criticize the irritating typographical errors, the inadequate glossary of abbreviations, and the lack of analysis in some chapters. But given the timeliness of this book and the knowledge gaps it fills, we are happy to congratulate the editors for this excellent contribution and to recommend the book as essential reading for any health policy maker, planner or economist involved in India's health sector.

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