



A BRIEF ON THE  
**STATE  
HEALTH  
ACCOUNTS  
PUNJAB**  
2013-14

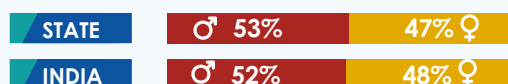


## KEY FINDINGS

- In 2013-14, the current health expenditures in the state was INR 13468 crores which was 4.02% of its Gross State Domestic Product.
- Out of every four rupees spent on health in the state, households contribute more than three rupees (76.3%) leading to inequity in spending and impoverishment due to catastrophic payments.
- Share of public expenditures in the total current expenditures was around one fifth (21.4%) which is less than one percent of state's GSDP.
- Major part of the total resources are spent on curative care (37%) and mainly in-patient curative care (20%). Expenditures on medical goods, constitute more than two-fifth of total spending (41.6%). Only 8% of resources are spent on preventive care, which is funded primarily by various government entities.
- Insurance mechanisms including Social Health Insurance (2%), Private Voluntary Insurance (1.6%) and Tax Funded Insurance (0.02%) constitute a small part of total resource kitty and essentially provide inpatient care.
- Various kinds of health care goods (46%), healthcare services (27%) and wages and salaries (22%) are the major inputs used in the health system. Considerable part of the government resources are used on wages and salaries (86%) whereas limited resources are spent on health goods and services.

### STATE AT A GLANCE

#### TOTAL POPULATION



#### DECADAL GROWTH OF POPULATION



#### POPULATION DENSITY



#### SEX RATIO



#### INFANT MORTALITY RATE (2013)



#### MATERNAL MORTALITY RATE (2011-13)



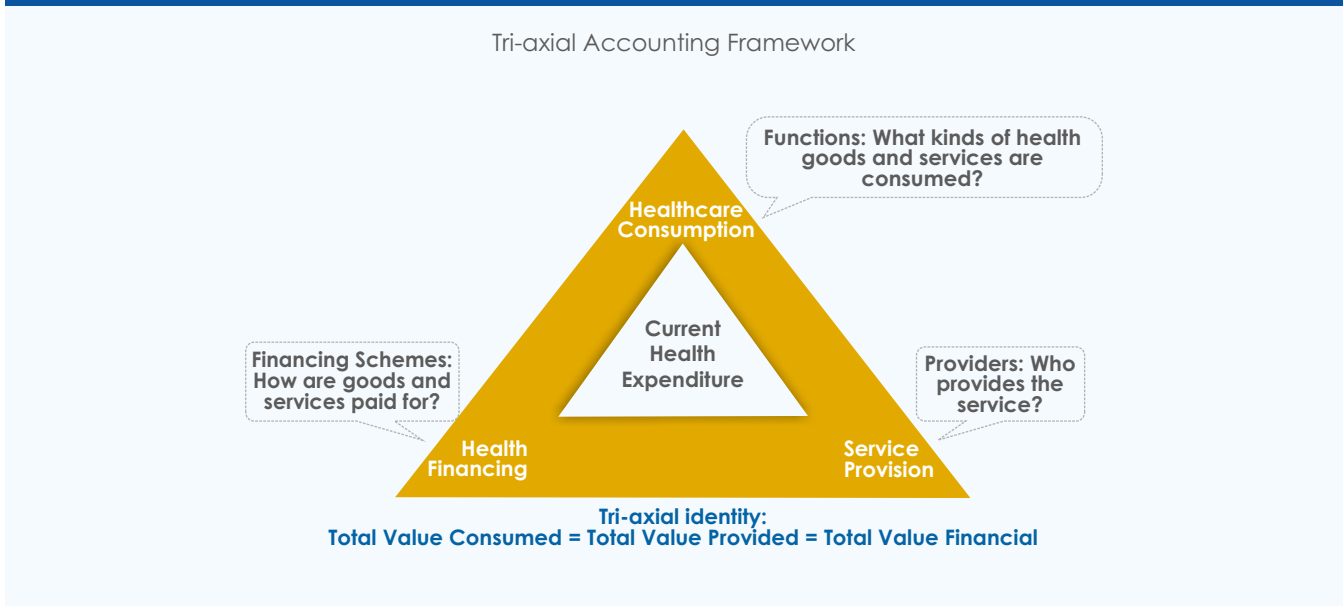
#### PER CAPITA INCOME (2013-14)



#### PEOPLE IMPOVERISHED DUE TO OOPs



**Figure 1: The Tri-Axial Accounting Framework of System of Health Accounts**



Source: *System of Health Accounts 2011, OECD, 2011; pp 55.*

### What is 'Health Accounts'?

The health accounts for Punjab have been estimated using the System of Health Accounts 2011, a framework developed by the OECD, European Union and the World Health Organisation. Creation of health account (HA) for national and regional health policies and programs is important to get a better understanding of the total resource allocation in health. It helps in understanding systematically the financial flows related to the consumption of health care goods and services. State health account can be understood in a tri-axial framework, which emphasizes upon three analytical interfaces – the health care consumer (consumption), provision and healthcare financing. The three dimensions together with the financial flows help us draw crucial policy lessons related to equity and efficiency of the health system.

### How much money is spent on health in Punjab?

Total current consumption expenditure on health care in Punjab during 2013-14 was INR 13468 crores, which is 4.02% of the total gross state domestic product (GSDP). Current public expenditure constituted 21% of the total expenditure, while the remaining 79% was private expenditure. Current health expenditure both in per capita terms and as share of GSDP in Punjab is higher as compared with the national average, depicting higher health seeking behaviour and overall level of development in the state.

When we include capital expenditure with current expenditure total health expenditure comes to INR 13770 crores, which is 4.11% of GSDP. Total public expenditure including capital is INR 3182 crores, equivalent to 0.95% of GSDP.

---

Information on all the public and private health expenditures through various routes are provided in this brief. In 2013-14, the current health expenditures in the state was INR 13468 crores which was 4.02% of its GSDP.

---

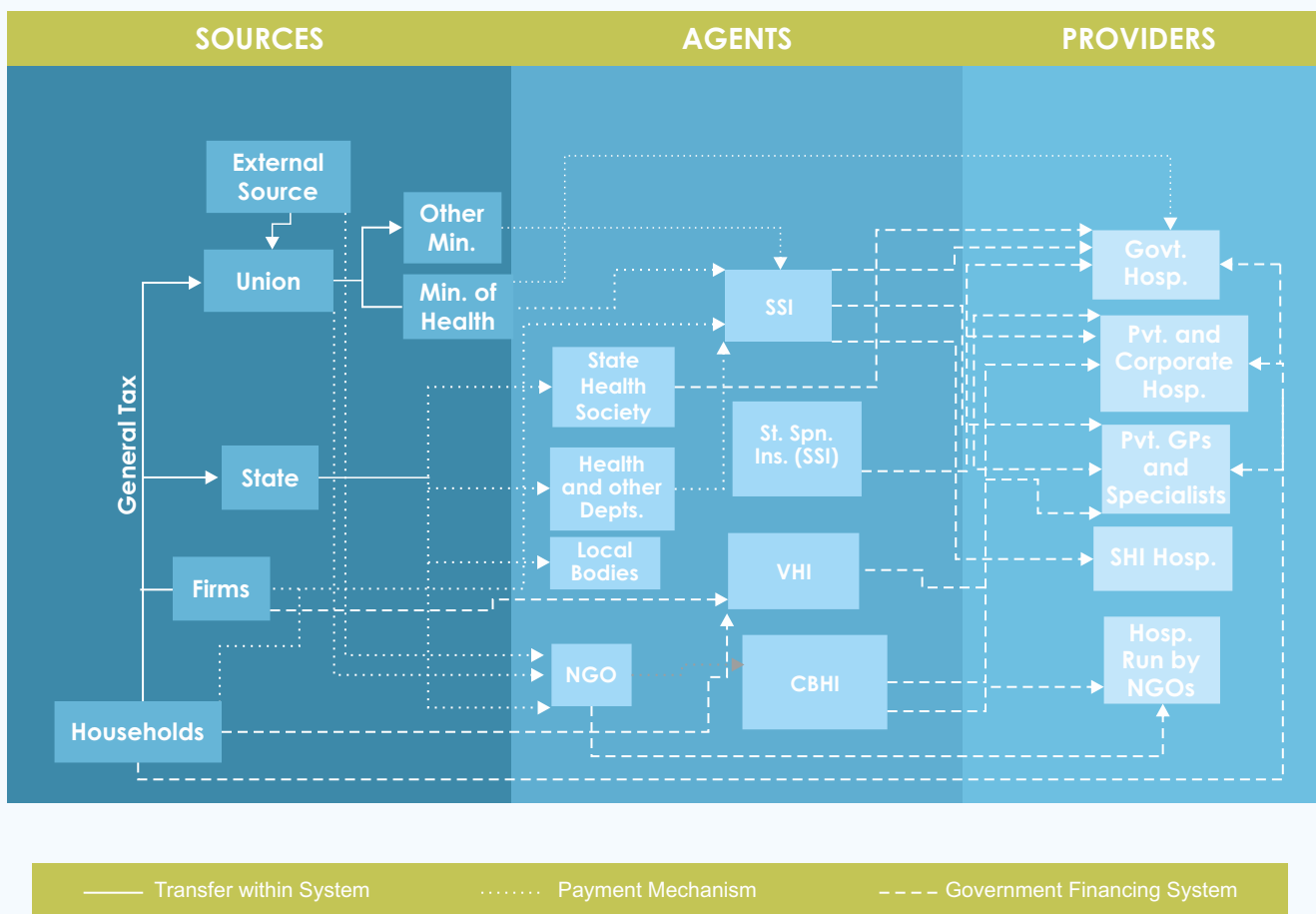
**Table.1: Key Indicators of Punjab Health Expenditure for Punjab during the year 2013-14**

Indicators	INR in crores	As Share of GSDP	Per capita (INR )
Current Public Expenditure (I) (% share)	2880 (21.4)	0.86%	1242
Private Expenditure (II) (% share)	10588 (78.6)	3.16%	4656
Current expenditure on health (A=I+II)	13468 (100)	4.02%	5898
Total Public Expenditure (Current + Capital)	3182	0.95%	1340
Total Health Expenditure (Current+ Capital)	13770	4.11%	5995

Source: SHA Punjab database 2013-14

Note: Current expenditure excludes spending on capital. GSDP for Punjab state (2013-14) is INR 334714 crores.

### Health Financing Flows in Punjab



## Who pays for health care in Punjab?

- State government, comprising of Department of Health and other line departments (15.2%) finances the major part of the government expenditure. Central government spending is routed through various channels including the National Health Mission, central government funded tertiary care institutions like the PGIMER, Chandigarh; the Railways, in-kind supplies from centre to state, together constituting 3.6% of total spending. The Employees' State Insurance Scheme caters to 2.04% of total spending. Contribution of local bodies is limited to 0.49% of total health expenditure.
- The main source of private health expenditures is the household out-of-pocket (OOP) expenditures had the major share of 76.6 % (Table 4 and fig 3). Enterprises (1.94%) and non-profit institutions (0.42%) are other forms of private financing.

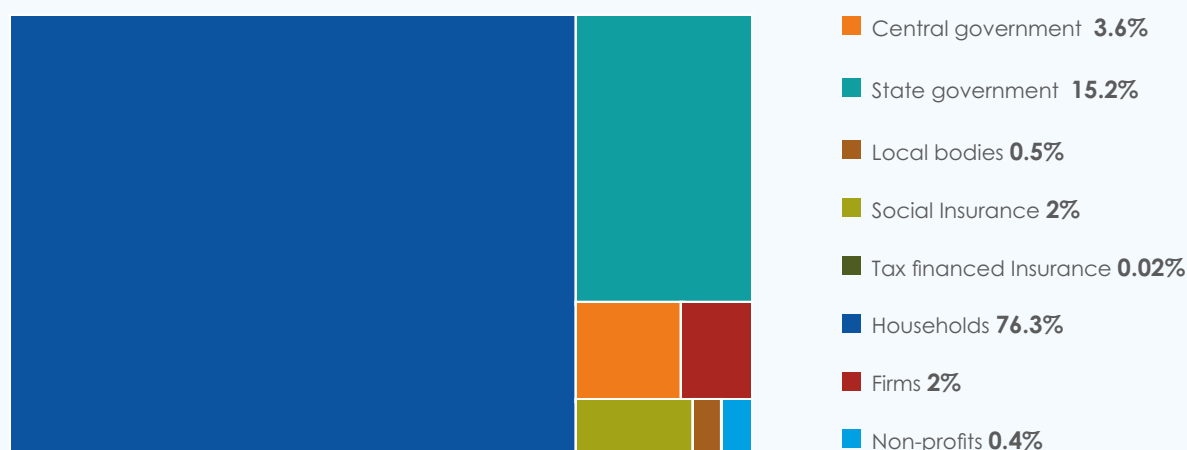
These health expenditures are predominantly financed through households (76.3%) in terms of out-of-pocket payments for healthcare purchasing. The share of public expenditures in the total current expenditures is 21.4% which is less than 1% of state's GSDP. State health department has almost two-third share in the total public spending.

**Table2: Distribution of health care expenditure by various schemes in Punjab: 2013-14**

Entities	INR in crores	Share	Per capita
Central Government	484	3.6	175
State Government	2053	15.2	740
Local bodies	66	0.5	24
Social Insurance	274	2	99
Tax financed Insurance	2	0.02	1
Households	10270	76.3	3702
Firms	262	2	94
Non-profits	56	0.4	20
Total Health	13468	100	4855

Source: SHA Punjab database 2013-14

**Figure 2 Distribution of health care expenditure by major entities for Punjab in year 2013-14**



Resource pooling in the state is grossly inadequate with 76% health expenditures spent as direct payments by households for purchasing healthcare.

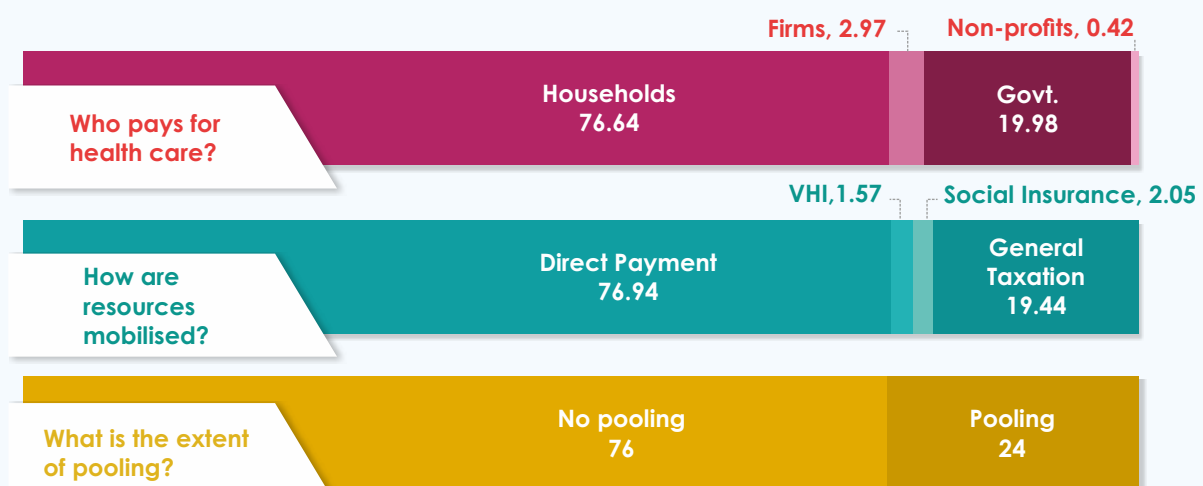
### How are the health care resources mobilised?

One of the most important questions of health care financing is how are resources mobilised to finance health care. How much contribution is made by the general taxes? What is the contribution of social insurance, voluntary health insurance or other forms of insurance mechanisms? To what extent the citizens have to depend on their own means for health care spending? These questions help us understand to what extent prepayment is happening and resources are being pooled? Prepayment and risk pooling is seen as mechanisms to households are protected from catastrophic burden of health care payments and therefore more progressive and equitable.

Households pay for more than three quarter of all health care expense in the state (76.64%), whereas government contribution is less than a fifth (19.98%). Firms and NGOs taken together contribute to only 3.4% of total spending. As a result direct payment at the time of service delivery emerges as the most important form of resource mobilisation for health care sector in Punjab. Only 19.44% of resources are mobilised through taxes; whereas only 2% resources are mobilised through social insurance. Since most people do not have the capacity to pay for the voluntary insurance, it is through the contribution of firms that VHI is financed and only 1.6% of resources are mobilise through VHI.

Two most important methods for resource mobilisation around the world are general taxes and social insurance. Since both these forms are inadequate in Punjab, extent of risk pooling also remain limited. Only 24 percent of resources are paid through pooling whereas 76% of payments are such that people have to bear all the risks of falling ill and paying for it. Therefore, a large section of the population in Punjab is vulnerable owing to inadequate pre-payment and risk pooling mechanisms in health care financing.

Figure 3: Various financing dimensions in Punjab



### What health care services are provided?

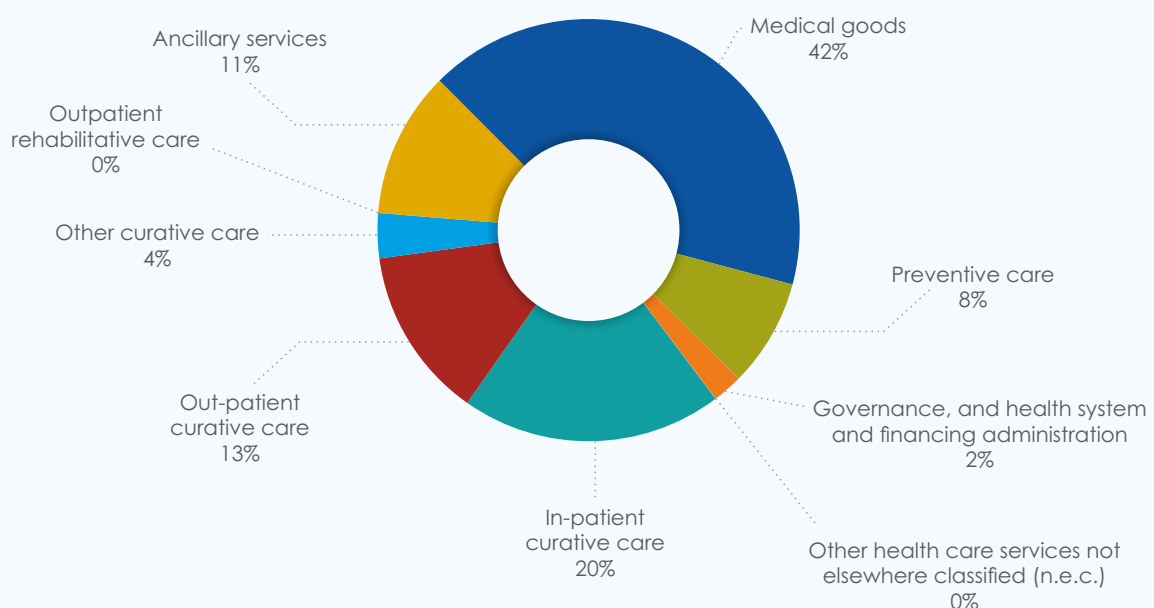
Majority amount of these health expenditures i.e. 42% and 37% were consumed for medical goods with a high share of direct payments for purchasing medicines and; curative care needs respectively. Within curative care, 20% was spent on in-patient care.

In terms of functions, expenditure on medical goods had the highest share (41.6%) in the state (fig 4). These include mainly spending on medicine and other medical consumables which are not provided by the health system and households purchase themselves (fig 4). Around 37% of the health care resources were spent to fund curative care which include 20% spent on in-patient care, whereas 13% are spent on out-patient care. Ancillary services like ambulances, tests and diagnostics are other important function with a share of 11% in the total health expenditure (fig 4).

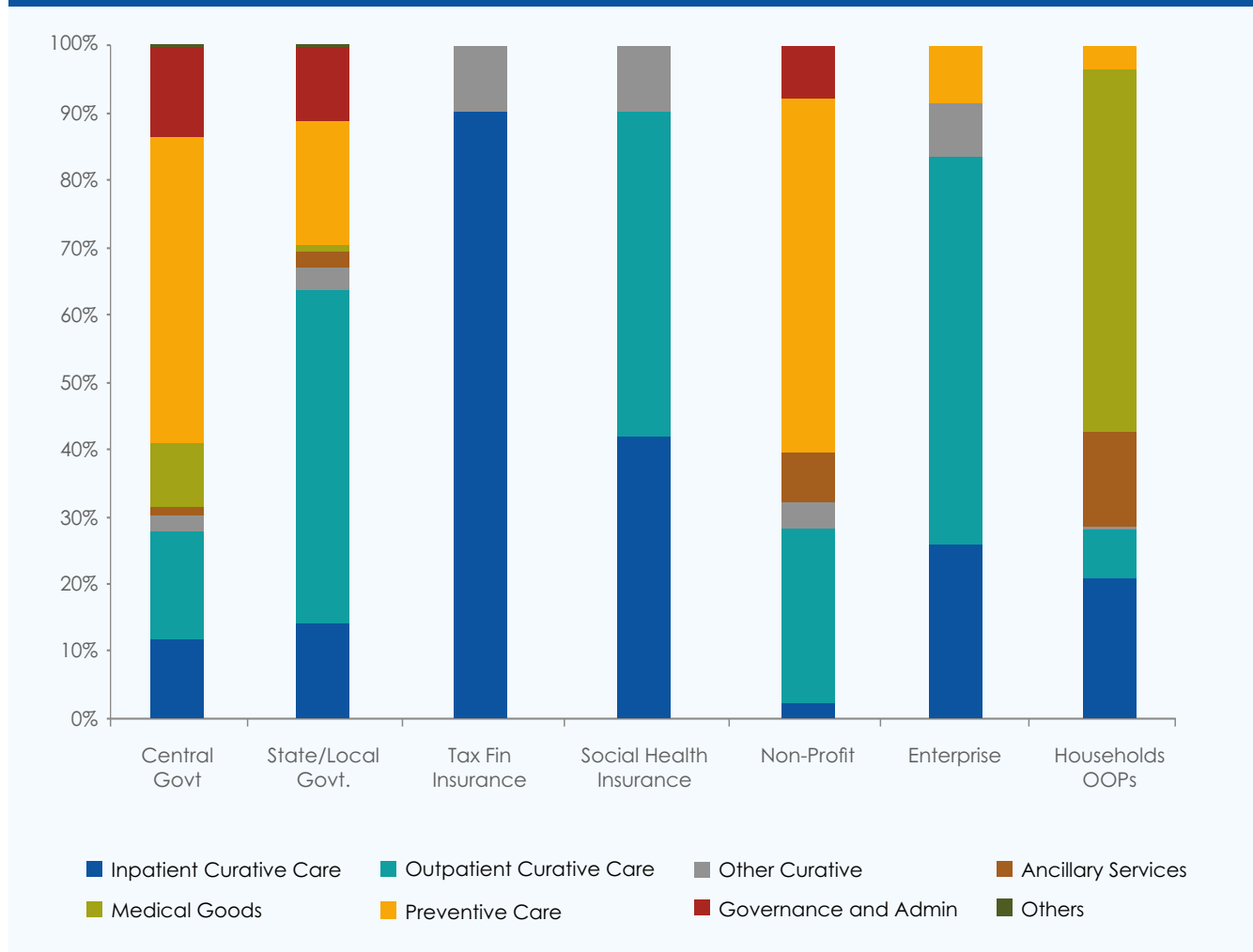
Lack of prepayment is reflected in lower spending on preventive care (8.3%) and governance (2.3%) (fig 4).

When we study which entities prioritise what kind of care some crucial issues related to financial protection are revealed. While households and various kinds of insurance schemes mainly devote their resources towards curative care, it's the state and central governments and non-profit institutions who spend on preventive care (figure 5). Moreover, most of the resources of various kinds of insurance programs goes into financing inpatient care, which constitute less than a fifth of the total spending. This means that insurance schemes have limited effectiveness in providing financial protection for various other health care needs.

**Figure 4: Distribution of healthcare expenditure by functions in year 2013-14**



**Figure 5: Who finances what kind of care in Punjab**



### What kind of care is provided by the government?

- Out of the total public expenditure, maximum spending of around 60.8% was on curative care of which outpatient curative care had an almost half share of it (fig 5).
- Expenditure on preventive care recorded the second highest spending of 24.2%, out of which information, education and counselling programmes had a major share of around 56%.
- Spending on governance, financing and administration consumed around one-tenth of the overall public health spending.
- Expenditure towards medical goods (2.5%) and ancillary care services (1.8%) was on the lower side.

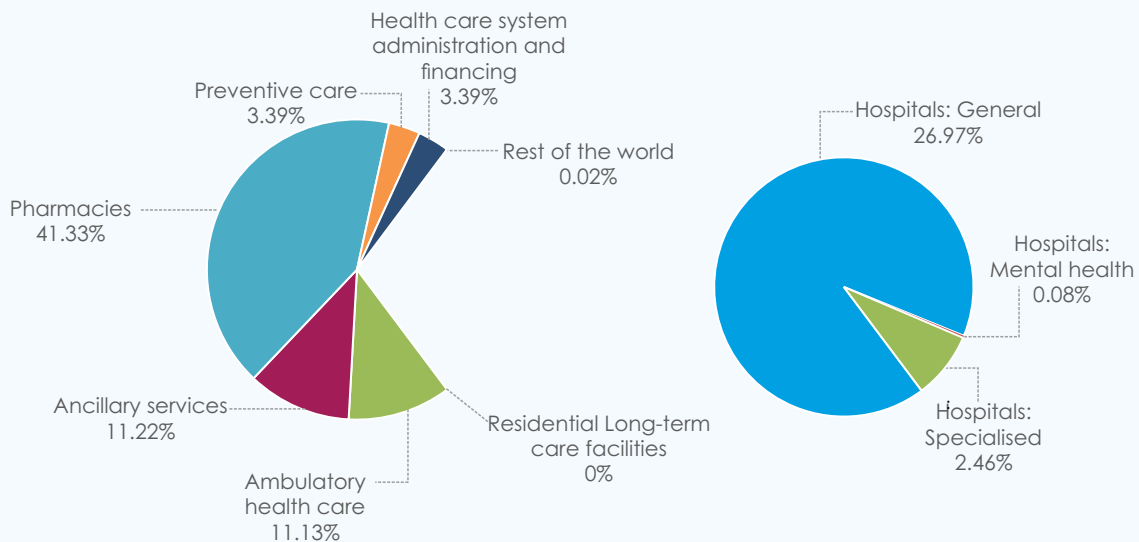
### What kind of care is purchased by households?

- Out of the total private expenditure, maximum spending i.e. 52% was on pharmaceuticals and other medical non-durable goods.
- Expenditure on the curative care was about one-third of the total private spending, constituting second highest expenditure. Of the total spending on curative care, inpatient curative spending had a major component of 70%.
- Spending on ancillary services and preventive care was about 14% and 4% of the total private expenditure on health care respectively.

## Who provides health care?

- In Punjab, maximum spending (41.3%) was on the providers of medical goods, with pharmacies consuming almost all the share (fig 6).
- Expenditure on providers of hospitals (29.5%) especially general hospitals (27%) recorded second highest share in total spending.
- Expenditure on providers of ambulatory and ancillary services was almost similar, with each consuming around 11% of the total spending. Further, health care system administration and financing had a share of around 3.4%.
- Health care spending on providers of preventive care had a limited role to play with their share hovering around 3.39%.

**Figure 6: Distribution of health care expenditure by providers**



## Which entities manage government spending in Punjab?

- In 2013-14, public health expenditure constituted 21.4% of the total expenditure in Punjab (Table 1). More than two-third of the government health expenditure in Punjab is managed by the State Health Department, whereas spending through State Health Society is 8.4% (Table 3).
- Post Graduate Institute of Medical Education and Research, one of the premier institutes for health research also provides considerable extent of tertiary health care requirements of the state, contributing 5.6% of total public spending.

State Health Department manages two-third (66.7%) of the public spending in Punjab.



**Table 3: Distribution of public health expenditure in Punjab by entities: 2013-14**

Source	INR in crores	Share	Per capita
State Health Department	1921.14	66.7	693
State Health Society	241.48	8.4	87
Railways	41.56	1.4	15
ESIS	274.46	9.5	99
RSBY	2.18	0.1	1
Other government departments	186.52	6.5	67
PGIMER	146.34	5.1	53
Local bodies	66.16	2.3	24
Total	2879.84	100	1038

Source: SHA Punjab database 2013-14

These healthcare expenditures are consumed mainly for provisioning of health care goods (46%) and healthcare services i.e. laboratory and diagnosis (27%).

### What are the various inputs used for producing health care services in Punjab?

Factors of provision are the valued inputs that are used in the process of production of health care. Provision involves a mix of factors of production – labor, capital and materials and external services to provide health care goods and services. It refers not only to health-specific resources but also to the non-health specific inputs needed to generate health services, and all of them are equally important for efficiency purposes.

Among the various inputs medical goods constitute around 45.8% of total spending, whereas salaries constitute around 22.5% of inputs. Various kinds of health care services like diagnostics and laboratory services are purchased using 27.3% of inputs.

**Figure 7: Health expenditure by factor of provision**



■ Wages and Salary 22.5%  
 ■ All other Costs related to employees 0.6%  
 ■ Self employed Professional Remuneration 0.2%  
■ Health Services 27.3%  
 ■ Health Goods 45.8%  
 ■ Non Health Services 3.2%  
 ■ Non Health Goods 0.2%

### What inputs do governments purchase to provide health care?

- In terms of factors of provision, maximum amount (86%) of overall public health expenditure was spent on the wages and salaries of human resource (fig 8).
- Rest of the expenditure is divided under several heads such as health goods (4%), non-health goods (1%), health services (5%) and non-health services (0.42%) (fig 8).

Reflecting a dissimilar focus on service provisioning, almost 86 % of health expenditures were spent as wages and salary in the public sector whereas same percentage was consumed for the provisioning of health goods and services in private sector.

**Figure 8: Distribution of public health expenditure by factors of provision**



- Wages and Salary 86%
- All other Costs related to employees 3.4%
- Health Services 5%
- Health Goods 4%
- Non Health Services 0%
- Non Health Goods 1%

### What inputs do households purchase to provide health care?

- In case of private spending maximum amount was spent on the consumption of medical goods (54%) and medical services (including diagnostics) (32%) followed by expenditure on non-health services (3.7%).
- Expenditure on the wages and salaries of the employees consumed around 10% of the total private health care expenditure.

In Punjab, the public healthcare spending was found to be low. Currently, the extent of risk pooling in health expenditures is low in the state.

## Material and Methods:

The following data sources have been used for generating the State Health Accounts database.

- State Department of Health and Family Welfare, Govt. of Punjab: Detail demand for grants;
- National Health Mission: Financial and Management Report;
- Other departments: Detail demand for grants all departments; RBI state finances;
- PGI: P.G.I. 47th Annual Report 2013-14
- ESIS: Annual Report, 2013-14
- Railways: the demands for grants (DDGs) volume-2 for expenditure of the central government on railways for the year 2015 and the website of health directorate of Indian Railway
- Local Bodies: Directorate Department of Local Government Punjab and Statistical Abstract Punjab 2014.
- Households Out of Pocket Payments Estimation:
  - National Sample Survey (Morbidity and Health Care Survey: NSS 71st round, Schedule 25.0 collected during January-June 2014;
  - Consumer Expenditure Survey (2011-12);
  - Pharmatrac data of 2014;
  - Population Census (2001 & 2011) and
  - Insurance Regulatory and Development Authority (IRDA) information on Health Insurance 2013-14 has been used.
- Firms: PHFI all India Survey of Firms
- NGOs: PHFI all India Survey of NGOs

## AUTHORSHIP

Public Health Foundation of India, Delhi in collaboration with various partner institutions have produced State Health Accounts (SHA) estimates for six states, namely Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab and Tamil Nadu. Punjab SHA report is an outcome of collective efforts of researchers at multiple stages including conceptualization, data collection, classifications, data analysis and report writing from PGI, Chandigarh and PHFI, Delhi. Below is an acknowledgement of the most prominent contributions of authors:

- **Lead Authors:** Indranil Mukhopadhyay, Pankaj Bahuguna,
- **Contributory Authors:** Sandeep Sharma (Local Bodies), Nimai Das (NGOs), Pritam Datta (Firms), Montu Bose (OOPs), Akashdeep Singh Chauhan, Shankar Prinja
- **Contributors** (PGI Chandigarh): Sameer Sharma; Saroj Kumar Rana; Sumit Sharma
- **Other Contributors from PHFI:** Amit Sahoo, Manushi Sharma, Suparna Paul, Pallav Bhatt, Ravikant Bhagel, Rajeev Kumar, Shaktivel Selvaraj
- **Principal Investigator:** Sakthivel Selvaraj
- **Senior Program Manager:** Kaushik Ganguly

## About the Project

The Strengthening Ecosystem for Sustainable and Inclusive Health Financing India (SESSIHI) project is being supported by USAID India to generate robust evidence on financial flows and evaluation of innovative health financing models, which combined with strategic outreach is geared to lead to improved accountability and transparency in public health systems in India. The overall goal is to germinate and foster health care financing ecosystem that ensures equity and improves poor households' access to quality and comprehensive health care and protect them from financial loss and impoverishing impact of illness. The project is implemented by Public Health Foundation of India (PHFI) in partnership with Post Graduate Institute of Medical Education and Research (PGIMER), Chandigarh; Tata Institute of Social Sciences (TISS) Mumbai, Indian Institute of Technology (IIT), Chennai and Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST), Thiruvananthapuram.

### For further information about this project please contact:

Dr Shankar Prinja, Associate Professor of Health Economics; School of Public Health, PGIMER, Chandigarh; **email: [shankarprinja@gmail.com](mailto:shankarprinja@gmail.com)**

Dr. Sakthivel Selvaraj, Senior Health Economist; Public Health Foundation of India; New Delhi; **email: [shakti@phfi.org](mailto:shakti@phfi.org)**

Kaushik Ganguly; Senior Program Manager; **email: [kaushik.ganguly@phfi.org](mailto:kaushik.ganguly@phfi.org)**

Supported by:



**USAID** | **INDIA**  
FROM THE AMERICAN PEOPLE



**PUBLIC  
HEALTH  
FOUNDATION  
OF INDIA**