Post Budget Orientation Series for Honorable Parliamentarians

Federal Budget: Health Sector

Friday 2nd July 2010

BRIEFING PAPER

AUTHOR:
Antonia Settle

SDPI
Strengthening Democracy through parliamentary Development
Health Sector

The health sector in Pakistan has suffered from a history of neglect and is widely accepted as severely underperforming. Yet health is crucial to building a stable and prosperous economy and society, and is thereby a crucial sector for policy makers. In Pakistan, the health system depends on government financed health delivery as well as privately financed market delivery in a mixed private and public system. The sector as a whole suffers from a series of ailments resulting in dangerously low levels of access by the population to affordable, quality healthcare.

Public health in the abstract

Health services play an important role in promoting economic development. Research has established significant linkages between health and schooling outcomes, as well as between health and productivity, especially in the agricultural economy. Health is a crucial basic need and thus a fundamental building block without which stable and prosperous democracy cannot take root. It is crucial that the important role of health in wider economic development, and notably the role of psychiatric help in confronting violent extremism in terror-hit areas, is recognized and addressed.

Health in Pakistan

The health system in Pakistan remains in crisis. Only 27% of the population enjoys full healthcare coverage (such as government employees, members of the armed forces and the small number of beneficiaries of safety net arrangements) while 73% must depend on out-of-pocket payments. Although world class health care is available to some, the national child mortality rate reflects a bleak outlook for swaths of the population; the infant mortality rate is by far the worst in the region. Pakistan's rate is over 4 times that of Sri Lanka, standing at 73 deaths per 1,000 births, against India's 54 and Bangladesh's 47, themselves the highest rates in Asia.

Such shocking statistics reflect the low rate of public investment in the health sector – Pakistan's health budget as a percentage of GDP is amongst the lowest in the region – and is compounded by poor governance and weak policy formulation processes. With increasing numbers of Pakistanis falling into poverty under the pressure of slow economic growth and crushing inflation, malnutrition is an increasing menace, which in turn leads to secondary health problems. In Pakistan, health issues can spell catastrophe for the poor, especially given dependence of the family unit on male labour.

- Doctor-population ratio 1:1,326
- Nurse-population ratio 1:22,662
- 39% of women do not receive any pre-natal care
- 61% of women do not have access to Skilled Birth Attendants
- 94 out of 1,000 children in Pakistan die before they turn five.

Source: Nashtar 2010: 47

The health system in Pakistan

The health system in Pakistan is comprised of a mix of publicly financed health delivery with privately financed market delivery. While provincial responsibilities in health are expanding under the 18th Amendment, the Federal Government maintains crucial responsibilities for health. The Federal Government is mandated with focusing on tertiary level care and must play a key role in nation-wide health concerns and programs, and in health planning to the broadest level.

The public system stretches from primary care, including Basic Health Units, Rural Health Centres and dispensaries; secondary care, including Tehsil and District Headquarter Hospitals; and tertiary care, including large research and teaching hospitals, specialized intensive care units, advanced diagnostic support services and highly specialized medical professionals.

The market system also stretches across the spectrum from primary to tertiary care, and includes world class doctors and allied health professionals and formally trained nurses, midwives, Traditional Birth Attendants, Lady Health Visitors and Lady Health Workers, as well as various untrained health...
By chronic underfunding and poor implementation. The substantial health infrastructure that exists is not being properly utilized. For example 30% of Basic Health Units and Rural Health Centres are non-functioning, while a study found that 96% of payments to public health care providers are informal, and that the average informal payment is some 70% of the half-monthly per capita income.

**Policy responses**

The table above reflects the complex and interlinked nature of issues faced by the health system in Pakistan. These complex issues must be addressed through diverse policy tools that encompass a mix of short term and long term measures. Any quick impact targeted policy program will only produce sustainable results if it rests upon wider processes that target the slow build up of institutions and human resources to sustain desperately needed improvements in the health sector.

That said, the Federal Budget represents a crucial policy tool that not only allocates funding to public sector health providers, but funds the policy formulation process and allocates resources to other closely linked sectors and broader policy objectives. Within the health sector alone, the Federal Budget allocates funding for tertiary level care, including major teaching hospitals, health and medical research; as well as for addressing nationwide health issues through national campaigns, supporting primary and secondary care and spearheading the health policy process at the national level.

It is crucial that Pakistan urgently raise its budget allocations to the health budget, which remain at extremely low levels. To improve poor utilization rates of funding, new spending must be informed by experts and carefully allocated. While the importance of the role of health services in economic development is internationally recognized, sustainable capacitation of the health

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2. Dr. Majid Ali, Hayatabad Medical Complex, Peshawar.
sector is likewise contingent on increasing transparency atop expanding participation in the formal political and economic system.

The FY10-11 budget and the health sector

The FY10-11 Federal Budget offers neither relief nor new investment in the ailing health sector. The Current Expenditure budget for health is expanded by 12% of last years allocation, but this gain is near nullified by inflation. The allocation for running costs in the health sector is left at a mere 7 billion rupees, which is barely more than double the amount of funds allocated to sugar subsidies alone through Utility Stores.

Analysis of development allocations for the health sector is complicated by the new NFC award, which is translated into a greater bulk payment by the federal government to the provinces under the Public Sector Development Program. This funding will then be provincially allocated, while the reduced pool for federal allocations is reflected in slimmed down allocations across all sectors. Within this context, the federal development budget for the health sector is cut back to 73% of last year’s federal allocation, against an overall reduction of federally allocated development funds to 66% of last year’s allocations. Although this marks a slight expansion over the average slimming of federal allocations, this slight expansion is reversed by inflation.

The allocations for health for FY10-11, like the allocations for health for last year, contribute poorly towards the goal of doubling health and education expenditure by 2015, as required by the Fiscal Responsibility and Debt Limitation Act of 2005. Moreover, the Budget’s projected increase of revenue from 371 million to 10.45 billion from the social sectors alone implies major new user fees, which will further reduce access of the poor to health care.

The centerpiece of the government’s health policy is its pilot health insurance scheme, which covers BISP recipients for hospitalization fees of up to 25,000 per family per year. While the provision of health insurance offers an interesting policy tool to policy makers, the inclusion of health insurance as a safety net measure must undergo thorough policy analysis to determine the role that such a measure can play in the wider health strategy and policy structure. The policy must be sustainable and must efficiently step towards a quality system of healthcare that is accessible to all. Furthermore, implementation of the policy must be well planned in order to optimize the program. It is noted that hospitals are already in crisis and capacity must be raised in order for the system to achieve acceptable levels of care and for BISP patients to be absorbed into the system.