

Post Budget
Orientation Series
for Honorable Parliamentarians

Federal Budget: Health Sector

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BRIEFING PAPER

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Strengthening Democracy through parliamentary Development



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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 development¹. Research has established significant linkages between health and schooling outcomes, as well as between health and productivity, especially in the agricultural economy². 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 payments³. Although world class health care is available to some, the national child mortality rate reflects a bleak outlook for vast swathes 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 Asia⁴.

¹Jeffrey D Sachs (2001) Macroeconomics and Health: Investing in Health for Economic Development, World Health Organisation.

²Badiane & Ulimwengo (2009) The Growth-Poverty Convergence Agenda, International Food Policy Research Institute.

³Sania Nashtar (2010) Choked Pipes: Reforming Pakistan's mixed health System, Oxford.

⁴Pakistan Economic Survey 2009-2010, Ministry of Finance.

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

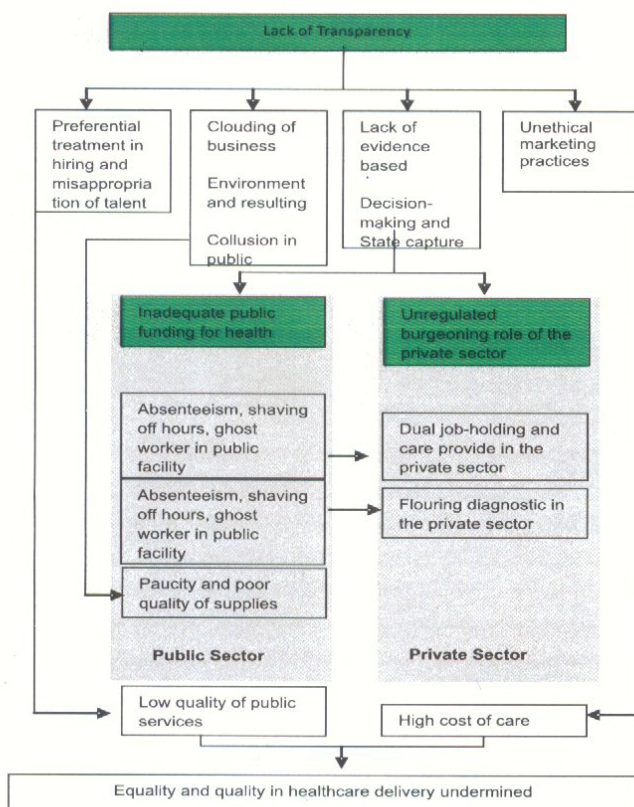
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providers. As health expert Sania Nishtar notes, untrained health providers are a diverse group in their own right; “most of them possess some form of training but are generally untrained for services they tend to offer. In the rural and peri-urban areas, paramedics pass off as doctors and laboratory technicians open laboratories, unsupervised.”⁵ Nishtar notes the prevalence of faith healers, especially in dealing with mental health issues, which remain especially inadequate. Indeed in Khyber-Pakhtoonwa, where terror attacks and military operations have led to sharp deteriorations in mental health in the region, only 250 psychiatric beds are available to the population of some 25 million⁶.

Major issues in the health system

Sania Nishtar maps out major issues and describes the nexus of public-private health delivery as institutionalizing malpractice in the health sector, represented in the figure below. These issues result in expensive and low quality healthcare, leaving large segments of the population with dramatically inadequate healthcare access.



Source: Sania Nishtar (2010) *Chocked Pipes*

The health system in Pakistan remains characterized

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-functioning⁷, 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 income⁸.

Policy responses

The table above reflects the complex and inter-linked 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 recognized⁹, sustainable capacitation of the health

⁵ Sania Nishtar (2010) *Chocked Pipes*.

⁶ Dr. Wajid Ali, Hayatabad Medical Complex, Peshawar.

⁷ Sania Nishtar (2010) *Chocked Pipes*.

⁸ Transparency International (2002) *Corruption in Public Services: informal payments among users of health services*.

⁹ International Food Policy Research Institute (2009) *The Growth-Poverty Convergence Agenda*.

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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.