

## US Health care reform legislation: Is this a solution of burgeoning out of pocket health care expenditure of Indians?

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Sir,

The President of United States of America, Mr. Barack Obama signed historic healthcare reform legislation at White House on 23<sup>rd</sup> March 2010 which will eventually ensure coverage for almost all Americans. The legislation will tighten regulation of insurance companies and is expected to extend medical coverage to more than 30 million uninsured Americans. Now, every US citizen is required to buy insurance and if they do not, they will be subject to fines and possible jail term. Employers with more than 50 workers are required to supply health insurance. The government will provide premium subsidies to needy individuals and families. The bill will impose pro-patient regulations on private insurers which will prohibit them from denying someone coverage based on pre-existing conditions, or dropping coverage once sickness strikes. The other salient points of the bill are: small businesses can receive tax credits for purchasing health insurance for their employees, insurance recipients will receive free preventive care without any co-payments or deductibles and children can remain on their parents' insurance policy up until their 26<sup>th</sup> birthday.

In India, if we introspect at the current health care infrastructure, expenditure on health and role of health insurance companies, we will see that almost the whole country is vulnerable to a health disaster just like uninsured Americans. Any major shock – be it a death or an illness requiring hospitalization can upset the precarious financial situation of poor households. These poor households must be equipped with risk protection to emerge from, and stay out of poverty. Formal social security systems which are usually run by Indian government or large-scale employers tend to cover only those who work in the formal economy. For wealthier households, voluntary, private insurance is a commonly used risk management mechanism. Poor households have limited access to private insurance, both because premiums tend to be relatively expensive and because insurance companies focus their efforts on better-off urban populations as they offer higher-value business.

In India, 75-85 million people are at present covered by one or another health insurance. Majority of Indians pay a large chunk of their income on their health. As a rule, public spending has lagged well behind private expenditures, and the poorest people pay the highest percentages of their wealth for health often through inefficient and regressive out-of-pocket payments. This perverse economic trend—in which the poorest people have the most costly care, as a percentage of personal income and without the benefits of health insurance or social protection—is a major contributor to a country's ills. Indian Government can take a cue from US legislation and develop our own model. The Union Government and some states have taken an initiative of starting universal insurance scheme for the underprivileged section of the society like the 'Rashtriya Swasthya Bima Yojana'. The premium is highly subsidized.

The 58<sup>th</sup> session of the World Health Assembly in May, 2005, endorsed a resolution urging its member countries to work towards sustainable health financing, defining universal health coverage as access for all to appropriate health services at an affordable cost.

### REFERENCES

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