

# Budget 2009-10 and the health sector

Dr. Sania Nishtar

The health sector was marked by six policy highlights in the expansionary fiscal policy of the government in the federal budget for 2009/10. These policy dimensions center on the following: scale up of the existing budget; pronouncement of a health insurance scheme; enhanced allocations for the two key national public health programs; a dedicated allocation for an action plan for emergency diseases; changes in tariffs for some essential medicines and increase in the excise tax with regard to tobacco. This comment briefly touches upon the context of each fiscal policy decision.

First, there are many caveats to the aggregate increase in allocation, which by itself is a positive step. The writer has raised the questions of quality of expenditure, the issue of the allocation-disbursement-expenditure disconnect and the tendency to scale back initial allocations towards the end of the year in view of fiscal deficit constraints, as potential impediments in this regard, in these columns on June 23<sup>rd</sup> 2009. In the budget of 2009/10, reliance on foreign assistance to finance much of the social sector outlay is an additional threat. However, even if the increased allocation is actually accrued to public financing for health, it would not represent a quantum leap. According to the Federal Bureau of Statistics' National Health Accounts, which have been released in May this year, public spending for health amounts to \$14 per capita and with this increase, will only take this up to less than \$16 per capita—still far short of the \$34 per capita, considered as minimum by the World Health Organization to deliver essential services in a country. Increased allocations for health must therefore be seen in the context of these realities.

Secondly, the budget documentation refers to the launching of a health insurance scheme. The government must carefully take into consideration, the context and imperatives of any envisaged scheme and their capacity in this regard. Majority of Pakistan's population who need to be secured for health are in the informal sector, which makes it impossible to levy payroll taxes or bind employers to make contributions; unless the state is willing to make per-capita contributions and inject significant additional resources to underwrite costs, comprehensive health insurance reforms will not be possible. Additionally, the institutional infrastructure to ensure provider buy-in and administer policies in far-flung areas is weak and most packages, which are currently being piloted, do not cover catastrophic expenditure on health, which is where the actual problem with health financing lies in Pakistan.

The question of health insurance therefore has to be viewed from the broad lens of the need to *cover the population for essential services through public financing*; the government should adopt a locally-suited approach and pursue a combination of measures to increase public financing in this regard. Increasing revenues in order to better equip basic health facilities so as to facilitate access to care, free at the point of service and augmenting pools of funds to finance waivers for those in the informal sector, who run the risk of spending catastrophically, should be part of this approach. Social health insurance can then be used in combination with these health financing arrangements to expand the base of existing health protection arrangements.

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Thirdly, more than 50 percent of the allocations this year round have been earmarked for the two programmes—the National Programme for Family Planning and Primary Health Care (the Lady Health Worker programme) and the Expanded Programme for Immunisation. Although these programmes have had some level of success—e.g., increase in immunisation coverage from 35 percent in 1991 to 47 percent in 2005 and better coverage of skilled birth attendants in LHW-covered areas—progress has been unacceptably slow. Here it is important to appreciate that the performance of these programmes is deeply interlinked with broader issues. These include but are not limited to problems with social-sector service delivery, issues of public finance management and procurements, the federal-provincial-district disconnect with respect to roles and responsibilities, and broader issues of governance in relation to staff deployment, oversight and accountability. The programmes are additionally federally controlled in most instances; transfer of resources from the federal government to the districts, outside of provincial-district accounting channels has led to lack of ownership of these programs by the provinces. Confusion around decentralisation further compounds these challenges. We therefore need to be very pragmatic with the level of achievement to be expected with the modest increase in resources, while overwhelming structural issues continue to prevail.

In the fourth place, allocations have been earmarked for an "Emergency Plan for Diseases"—presumably for emergency preparedness in health. These allocations should be used for ensuring epidemiological security in the wake of threats from emerging and re-emerging infections and public health emergencies of national and international concern.

There is some evidence of a recent increase in occurrence of emerging and re-emerging infections in parts of the country. The emergence of avian influenza in the poultry belt of the NWFP and the chain of transmission beginning with poultry-to-human transmission followed by probable human-to-human transmission is particularly important in this regard. Virus transmission in this case was fortunately unsus-

tained; however, entrenchment of the virus means that more human cases will occur in the future. Each initial human case gives the virus an opportunity to improve its human-to-human transmission and thus develop into a pandemic strain. Pakistan must take this evidence seriously and put mechanisms in place to ensure that its public health system is capable of responding to disease outbreaks. As a signatory to World Health Organisation's International Health Regulations 2005, Pakistan is bound to ensure compliance with its stipulations.

The world is still under the threat of the influenza pandemic and if it is hit again the current backdrop of the financial crisis, the impact could be truly catastrophic. Pakistan must be better prepared as part of its collective global responsibilities and ensure that allocated resources are used strategically to step up surveillance, stockpile medicines as needed, set up appropriate laboratory infrastructure and meet legal requirements to report notifiable diseases.

In the fifth place, concessional tariffs on some pharmaceutical raw materials are noted. However, the budget is silent with respect to many other measures, support for which could have been signalled and allocations earmarked in an attempt to curb the menace of spurious drugs and make drugs affordable, accessible and of good quality. The writer outlined some key policy interventions in this connection in these columns (Feb 14), drawing attention to the need to resource and reengineer oversight and regulatory arrangements.

Finally, it is noted that tobacco excise duty is being increased. Tax policies as a tool to control tobacco consumption are based on the premise that the demand for tobacco is strongly determined by price. It needs to be explored if the strategy can be effective in Pakistan in terms of impacting consumption patterns, given its limitation to impact the illicit cigarette manufacturing sector; furthermore, increase in excise duty will augment the government's reliance on tobacco taxation as a source of revenue, which, in turn, could influence advertising and other restrictions.

In sum, therefore, increase in aggregate allocations for health in the federal budget is a welcome trend. However, the likely impact of this increase is limited, given the huge gap that exists in public financing for health within the country and inherent issues at the health systems level. Concerted long-term action is needed to restructure policies, laws, institutions, norms and regulatory and oversight mechanisms in the health and related sectors in order to improve the health status of the people of the country.

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