

Hospitalisation means India's poor go hungry



Woman receiving a health check © World Bank

Summary and policy-relevant findings

New research shows that the costs of a hospital stay can mean that poor families in India go hungry. This is because poor families often have to pay for hospital stays and lose an average of 36 days' worth of earnings. Researchers from the Institute for Social and Economic Change (ISEC), Bangalore, India; the Centre for the Study of African Economies (CSAE), University of Oxford, Oxford; and the London School of Economics (LSE), London analysed data from 4000 households in 300 villages in southern India in 2009. Poor households also face a higher debt burden than rich households if they have to pay for hospitalisation. As a result, there is unequal access to good quality health care in India.

Policy conclusions: The government should help poor people get better access to good health care. A health insurance scheme which charged a premium equal to the average expenditure on health care would reduce the financial risks from illness for the poor.

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Policy context

The Indian government has been spending US\$6.4bn or 1.2% of GDP on providing free health care to the people, especially the poor. Previous research has shown that the poor spend considerable amounts on private health care as they do not have sufficient and reliable access to public health care.

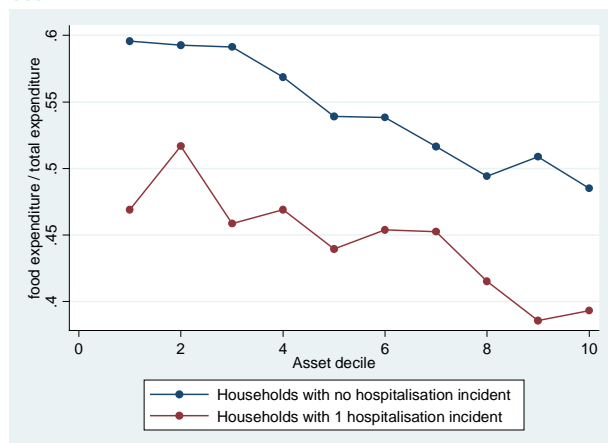
Project findings in more detail

ISEC, the CSAE and the LSE undertook a survey of more than 4,000 households across some 300 villages in Karnataka, South India in 2009. The survey provides detailed information on how poor households cope with the financial effects of illness.

The analysis shows poor people report more incidents of sickness than rich people. At the same time, they are less likely to be admitted to hospital.

The research also showed that households with an incident of hospitalisation tended to spend less on food and go hungry more often (see Figure 1). This is because hospitalisation results in an average loss of 36 days' earnings.

Figure 1 – Hospitalisation reduces share of expenditure on food



Hospitalisation dramatically increases the amount of money households spend on health. Whilst the increase in expenditure due to hospitalisation is higher for rich households, it is nonetheless

substantial among the poor. In addition, the research found that poor households which had suffered an incident of hospitalisation had a higher ratio of debts to assets. This implies that hospitalisation deepens indebtedness among the poorest. As a result poor households suffer two-fold from hospitalisation: from the direct costs of paying for the hospital and the indirect costs of lost earnings.

Ongoing and Future research

The researchers will use the data to evaluate the impact of the National Health Insurance Programme (RSBY) on the health, labour supply and incomes of the poor in rural South India.

For more detailed information

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