

PROJECT REPORT  
ON  
**MODICARE: AFFORDABLE HEALTHCARE  
OR PIPED DREAM**

UNDER THE GUIDANCE  
OF  
**DR. ANAND KUMAR SAURABH**  
(ASSISTANT PROFESSOR)



Computer science and engineering-  
(Internet of things and cyber security using block  
chain technology)

**A.C. PATIL COLLEGE OF ENGINEERING**

**2022-23**

SIGNATURE:

DATE:

REMARK:

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Submitted to:

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## **ABSTRACT**

As per Union Health Ministry, AB-PMJAY is the world's largest Government funded health assurance scheme. PMJAY provides health assurance up to Rs.5 Lakh per family per year for secondary and tertiary healthcare hospitalizations. It is a completely cashless and paperless scheme. The benefits under the scheme are portable across the country. There is no cap on family size, age or gender. The automatically enrolled beneficiary families are households without shelter, people living on alms, manual scavenger families, primitive tribal groups, landless labourers and bonded labourers. The scheme can also be availed by a household dwelling in one room with kutcha walls and roof, construction workers, street vendors, coolies and all those households identified under the deprivation criteria by the SECC 2011. The total hospitalisations since launch has reached 2 crore. Over 16 crore Ayushman cards distributed across 33 states/UTs

# Chapter 1

## 1.1 INTRODUCTION

Dubbed as ‘Modicare’ (named after the Indian prime minister), India’s National Health Protection Scheme (NHPS) is being considered as the world’s largest government funded healthcare scheme. The scheme is expected to benefit 500 million people by providing them with cover for secondary and tertiary care hospitalization. While the recent press around the scheme focuses largely on the implementation and funding challenges, we are looking at Modicare from the perspective of opportunities it will bring to the table for healthcare industry players.

Announced during the 2018 union budget, NHPS is a government-funded secondary and tertiary healthcare plan aimed at 100 million financially vulnerable families, referred to as Below Poverty Line (BPL) families, in India. Expected to be launched on 2nd October 2018, NHPS will replace the existing central-government-operated Rashtriya Swasthya Bima Yojana (RSBY), which provides an annual insurance cover of INR30,000 (~US\$460) for a family of maximum five members, and is operational in only 15 (out of total 29) Indian states. The new scheme will offer insurance cover of INR500, 000 (~US\$7,700) per family.

NHPS is expected to provide secondary and tertiary healthcare access to more than 40% of the Indian population, which was earlier deprived of it due to financial constraints. This will create a new healthcare market, giving boost to the entire healthcare ecosystem in India. Companies across the entire healthcare value chain, including medical education providers, healthcare service providers, construction firms, pharmaceutical and medical devices companies, etc., are expected to witness ample growth opportunities. One can expect increased investments in the Indian healthcare sector by private companies as well as foreign investors. Since the scheme is aimed primarily at making healthcare affordable and accessible for BPL population, opportunities will be up for grabs for companies to tap and expand their reach in areas where the BPL population resides in India. Based on the currently available scheme details, we have tried to identify top five states in India that are ripe for opportunities with the expected launch of the new scheme. Secondary healthcare services include those provided by skilled medical practitioners, for outpatient treatment, or a brief stay at a hospital for serious illness. Tertiary care is for patients who are admitted to hospitals for longer bouts of illness, and require the attention of specialist doctors. Tertiary care is extended to patients who are suffering from acute pain, or terminal illness

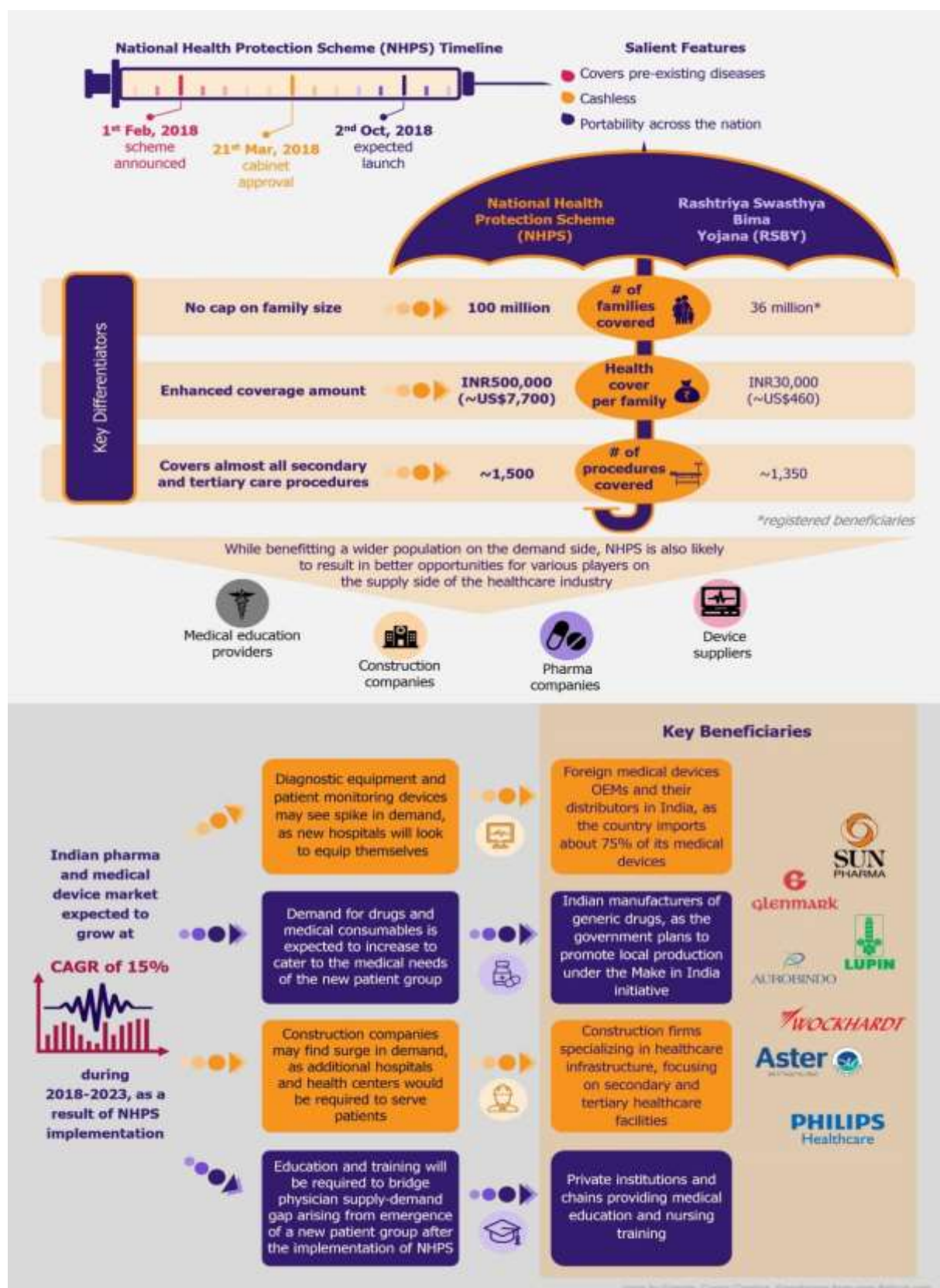


Fig 1.1



.Modicare, which shares its blueprint with the Affordable Care Act that was championed by Barack Obama in the United States, will provide a shot in the arm for the healthcare sector, increasing the insurance cover per family by over 1500% from Rs. 30,000 under the extant RSBY, to Rs.5 lakhs. The number of beneficiaries will also increase, as more states enrol for the scheme. However, the share of the States to the NHPS has not been detailed in the budget document. The NHPS, which is modelled along the lines of Obamacare, indicates the government's intent to further the beneficiary pool for healthcare sops. "India cannot realize its demographic dividend without its citizens being healthy," said Mr. Jaitley in his budget speech.

Ancillary to the NHPS, the government plans to set up 1.5 lakh Health and Wellness Centres under the Ayushman Bharat program. These centres will provide treatment for non-communicable diseases, and disburse primary care to young mothers and children. Free supply of essential medication and diagnostics is also on the anvil. In order to meet the demand for greater accessibility to healthcare, more Government Medical Colleges and Hospitals are planned to be instituted towards the goal of having at least one medical college for every three parliamentary constituencies. At present, there are 479 medical colleges affiliated to the Medical Council of India (MCI) as opposed to 543 parliamentary constituencies. However, their spatial distribution is uneven, with more colleges being clustered around urban centres .The number of doctors per lakh population is also below par. A World Health Organization (WHO) report titled *The Health Workforce in India* states that on an average, there are 79.7 doctors per one lakh people in the country. Chandigarh has the most doctors per capita with 279.9 doctors per lakh of the population. Meghalaya has only 27.5 doctors per lakh of the population. All the north-eastern states lag behind the national average in the number of healthcare professionals. Arunachal Pradesh and Nagaland have 32.5 and 35.6 doctors per lakh citizens respectively

Another unflattering statistic which Modicare would seek to remedy is India's low per capita expenditure at constant Purchasing Power Parity (PPP). Purchasing power parity is the net expenditure on a particular commodity after normalising the cost by accounting for the exchange rate. This metric is often used to compare income levels or the price of a basket of goods in different countries.

According to data compiled by the World Bank, India's health expenditure per capita amounted to \$267 in 2014, far below the world average of \$1,271. The per capita spending on healthcare in India is less than other Developing countries like Indonesia, and African countries like Djibouti and Gabon, where the average citizen spends \$338 and \$599 respectively on healthcare. Developed countries that invest in the health of their citizens, view the expenditure as a means to further the end of a more economically equitable society. The Heritage Index of Economic Freedom 2018, which ranks

The pecuniary freedom of citizens, found that the top ten nations in the list all had universal healthcare schemes. Hong Kong, Singapore, Australia, New Zealand, Canada, Switzerland, and Denmark are among the countries that make the top ten. India ranked 130 out of 180 countries in the study.

Modicare has been initiated on the same lines as Obamacare however there are a few differentiating factors such as:

- 'Modicare' is specifically targeted at India's poor while Obamacare was for the poor but also benefited middle class Americans.
- In respect to the number of people the two schemes cover, Modicare will provide cover to a much larger population as compared to Obamacare.
- Under the Modi care, government will invite bids from insurance companies to cover these 10 crore families. Under the Obamacare Act, the United States government pays subsidy in the premium to those whose income falls between 100-400 per cent of the Federal Poverty Line.

## 1.2 HISTORY

In 2017 an Indian version of the Global Burden of Disease Study reported major diseases and risk factors from 1990 to 2016 for every state in India. This study brought a lot of interest in government health policy because it identified major health challenges which the government could address. In 2018 the Indian government described that every year, more than six crores' Indians were pushed into poverty because of out-of-pocket medical expenses. Despite various available regional and national programs for healthcare in India, there was much more to be done. The Indian government first announced the Ayushman Bharat Yojana as a universal health care plan in February 2018 in the 2018 Union budget of India. The Union Council of Ministers approved it in March. In his 2018 Independence Day speech Prime Minister Narendra Modi announced that India would have a major national health program later that year on 25 September, also commemorating the birthday of Pandit Deendayal Upadhyaya.



FIG 1.2

In June 2018 the applications opened for hospitals through an "empanelment process". In July 2018, the Ayushman Bharat Yojana recommended that people access benefits through Aadhaar, but also said that there was a process for people to access without that identity card. AB PM-JAY was first launched on 23 September 2018 at Ranchi, Jharkhand. By 26 December 2020 the scheme was extended to the Union Territories of Jammu Kashmir and Ladakh. The program has been called "ambitious."

## 1.3 FEATURES

A health and wellness centre established as a part of Ayushman Bharat Yojna at Mahua community development bloc, Bihar. Features of PM-JAY include the following



FIG 1.3

- Providing health coverage for 10 crores households or 50 crores Indians
- Providing a cover of ₹5 lakh (us\$6,300) per family per year for medical treatment in empaneled hospitals, both public and private
- Offering cashless payment and paperless recordkeeping through the hospital or doctor's office
- Using criteria from the socio economic and caste census 2011 to determine eligibility for benefits
- No restriction on family size, age or gender; all previous medical conditions are covered under the scheme

- It covers 3 days of pre-hospitalisation and 15 days of post-hospitalisation, including diagnostic care and expenses on medicines
- The scheme is portable and a beneficiary can avail medical treatment at any pm-jay empanelled hospital outside their state and anywhere in the country
- Providing access to free covid-19 testing.
- It is the world's largest medical insurance scheme that is financed by the Govt. of India
- It covers close to 1,393 procedures including the treatment cost, room charges, doctor's fees, Operation theatre, ICU, diagnostic services, surgeon charges, etc.
- 3 days of pre-hospitalization cover is for 3 days and post-hospitalization cover is for 15 days including medicines and diagnostics
- Both secondary and tertiary care hospitalization is covered
- Hospitalization cover across private and public panel hospitals in India
- Cashless hospitalization cover is offered to the beneficiaries
- The scheme does not put restriction age, family size and gender

# Chapter 2

## 2.1 ELIGIBILITY CRITERIA FOR URBAN AND RURAL PEOPLE

The primary concern for healthcare facilities in the rural area is accessibility which goes on to increase with the soaring cost of medical healthcare. Often it is observed that people fall into debt traps to repay the hefty medical bills. The PMJAY is available to the following types of people in the rural areas -

- Families without any male member in the age band of 16 to 59 years.
- Families without any adult in the age range of 16 to 59 years.
- Family with a disabled member and no able-bodied adult members.
- Households belonging in the Scheduled Caste and Scheduled Tribes.
- Landless households who earn a major part of their income from manual labour.
- Families living in a single room house with temporary walls and roofs.
- Families working as manual scavengers.
- Families not having any household.
- Primitive tribal groups.
- Legally released bonded labour.
- Those living in extreme poverty or living on alms.

With a ₹ 5 lakh insurance cover per family, the Ayushman Bharat scheme shall benefit the following category of people in the urban regions –

- Rag Pickers
- Beggars
- Domestic Workers
- Street vendors, cobblers or hawkers or other individuals providing services on the pavements.
- Construction workers, plumber, Labourer, painters, welders, security guards
- Sweepers and sanitation workers
- Individuals who offer transport services like drivers, conductors, helpers, cart or rickshaw pullers along with head load workers.
- Home-based workers, artisans including tailors and handicraft workers.
- Shopworkers, assistants or peons in small establishments, delivery boys, and waiters.
- Washer-men or chowkidars.

## 2.2 CHALLENGES THAT THE HEALTHCARE SECTOR IS FACING

**Inadequate infrastructure:** The Indian healthcare infrastructure can be categorized into two segments: public and private. Private healthcare in India is good quality but not affordable for the majority of the rural population due to low income and a lack of basic health insurance facilities. On the other hand, the public healthcare system lacks basic infrastructure and digital-led solutions. Rural government hospitals are underserved primarily due to insufficient amenities such as buildings, equipment, instruments and inconsistency in staff. Technological advancements and Public-private Partnerships (PPP) in the healthcare sector are altering the landscape of the Indian healthcare system. Such enhancements and integrations of medical facilities help with accessibility and help prevent many chronic health conditions through early detection. **Shortage of health personnel:** Despite increased demand, medical personnel are scarce, and India's doctor-patient ratio is widening. According to WHO, the recommended doctor-to-patient ratio is 1:1000. However, India has a ratio of 1:1456; this has grave repercussions on the accessibility to healthcare, especially for those living in rural areas. Given the current trends, the imbalance will increase in the coming years as the population grows. In addition, the shortage of doctors and trained paramedical staff impedes the reach of health services. Four nurses and paramedics should ideally support each doctor. Therefore, to bridge the availability-to-requirement ratio, India needs to train more paramedic professionals.

**Lack of affordability:** Besides accessibility, another connected and underlying challenge in the healthcare sector is affordability. Since they're uninsured, a significant portion of the Indian population has to pay out-of-pocket (OOP) to access healthcare services. Most government programs and private health insurance plans do not cover considerable expenditures, including medical tests, medications, and post-surgical costs. The Covid-19 pandemic has been crucial in underlining the system's shortcomings and the gap in the healthcare ecosystem. **Less emphasis on preventive care:** There is minimal to no emphasis on preventative healthcare in India. Preventive care may be crucial in addressing a myriad of challenges for the patients, such as controlling the spread of the disease, prompt action under medical supervision, preventing the ailment from turning chronic, and reducing the mortality rate. Awareness and proper preventative care can help patients save money and ease the strain on the healthcare system. India's out-of-pocket expenditure on healthcare is more than 60 per cent, according to Niti Aayog's latest report. This is significantly above the average for lower-middle income countries

## 2.3 NEED FOR AFFORDABLE HEALTHCARE

Health is one of the central pillars of a nation's human development index (HDI) that indicates its prosperity. Health is not only a basic necessity for an individual but also an integral ingredient of human-capital for the nation. Given this, every nation aims to provide good healthcare to its citizens at an affordable cost through various initiatives and schemes. PMBJP is one such noble initiative in India to facilitate affordable and accessible healthcare. India is the biggest democratic country and one of the fastest-growing economies in the world. Despite this, the budget allocation to healthcare is less than 3 per cent. India's population is dominated by rural domiciles and mid-income groups. About one-third population of our country is devoid of health insurance. The prevailing diseases and pandemic outbreaks add to the perils of the situation. Considering these vital factors, it is important to make healthcare affordable to the population. Medicines (aushadhi) and surgical equipment have a larger share in healthcare. Making them reach the common mass of our society solves a major issue in healthcare. This makes 'Jan Aushadhi' a jan-upyogi (useful for the mass). Patented drugs have taken over generic drugs, with the emergence of privatisation, market competition and profit hunger in the pharmaceutical industry. This resulted in burning a hole in the pockets of individuals for maintaining essential health hygiene.

## 2.4 KEY FACTS AND FIGURES:

- The National Health Protection Scheme intends to cover 10 crore families involving 50 crore family members, nearly 40 per cent of the country's population, with health insurance.
- The Scheme provides a cover of ₹5 lakh per family for secondary and tertiary hospitalization.
- NHPS covering 50 crore beneficiaries, will be the world's largest government-funded healthcare programme to provide quality health cover to population larger than combined citizenry of US, UK, Germany and France.
- The Centre had drawn up health plan for the scheme in which 40% of fund for the scheme has to come from state
- It would be a cashless and Aadhaar enabled scheme.
- The government has stated that a premium of Rs1100 or Rs 1200 per month will be set to be paid under this scheme.
- The implementation of the scheme will be carried out in three phases.



## 2.4 INDIA COURTS PRIVATE HOSPITALS TO BOOST 'MODICARE' INSURANCE PROGRAMME



India will offer incentives to private hospitals to take part in the government's health insurance programme, potentially the biggest of its kind in the world, a senior government official told Reuters. The "Modicare" programme offers families health cover of up to 500,000 rupees (\$7,000) a year for serious ailments - a significant amount by Indian standards - but the scheme has struggled to gain traction. India has so far registered about 20% of the eligible 500 million people, due to lack of public awareness of the scheme and low private sector participation, said Indu Bhushan, CEO of the National Health Authority (NHA), which runs the programme

"There is a challenge of creating awareness and building the required infrastructure," Bhushan said in an interview. "We need to work more on awareness. give us time." Under the programme, more than 6 million people have so far received treatment free of charge, currently, 60% of the approximately 20,000 hospitals registered under the programme are in the private sector, Bhushan said, adding that increasing their participation was critical to the scheme's success. Private hospitals, however, are concerned about costs. A report by Indian lobby group FICCI and consultants EY said in August that private hospitals complained that treatment rates offered by the NHA covered only 40-80% of their costs.

# Chapter 3

### 3.1 REGULAR HEALTH INSURANCE PLANS VS GOVERNMENT HEALTH INSURANCE SCHEME

Features	Basic Health Insurance	Government Health Insurance Scheme
<b>Eligibility</b>	Available to all sections of society	Available to lower-income groups only
<b>Sum Insured</b>	Maximum sum insured of up to Rs 1 crore	Maximum sum insured of up to Rs 5 lakh
<b>Premium</b>	Rs 200 per month onwards (depending on the plan)	Rs 100 per month onwards or fully paid by the government (depending on the plan)
<b>Coverage</b>	Offers a broader coverage	Offers a narrow coverage
<b>Private Hospital Room</b>	Available (depending on the plan)	May or may not be available
<b>Policy Purchase</b>	Policy can be purchased instantly	Policy purchase may take time
<b>Network Hospitals</b>	Wide network of empanelled private hospitals	A large number of public and private network hospitals
<b>Maternity Benefits</b>	Available (depending on the plan)	Available (Only for a single child under some cases)
<b>Ambulance Charges</b>	Available under most plans	Available under a few plans
<b>Domiciliary Hospitalization Cover</b>	Available (depending on the plan)	Not available
<b>Online Renewal</b>	Can be renewed online	May or may not be renewed online
<b>Cumulative Bonus</b>	Available if no claim was filed in the previous policy year	Not available
<b>Health Check-up</b>	Covered under some plans	Not covered
<b>Monthly Premium Instalment Facility</b>	Available under some plans	Not available
<b>Tax Benefits</b>	Available under Income Tax Act 1961	Not available

## 3.2 ARGUMENTS IN SUPPORT OF THIS SCHEME:

- India spends a little over one percent of its GDP on public healthcare, which is one of the lowest proportions in the world. The launch of the National Health Protection Scheme will bring healthcare closer and more accessible to people.
- The Economic Survey had pointed that people had to spend an average Rs. 26,000 for treatment per hospitalized in case of private facilities. Mr Jaitley mentioned that the government had been "seriously concerned" that millions had to struggle to receive adequate treatment in hospital.
- The new NHPS will cover the flaws of the existing Rashtriya Swasthya BimaYojna.
- According to the estimations by NITI Aayog, country's apex policy think tank, Modicare is set to significantly lower the cost of healthcare at private hospitals by scaling up the healthcare market.
- According to Rajiv Kumar, Vice-Chairman of NITI Aayog, "The fact that the scheme will be available across the country will bring private sector healthcare providers to Tier-3 and Tier- 4 towns and expand operations there. The healthcare market will expand hugely and it will have the potential to bring prices down because of its scale."
- As other health insurance scheme are mainly focused on offering coverage to expensive medical treatments so not many people are able to take benefit of these insurance schemes. By implementation of Modicare majority of people will be able to draw the benefits of the scheme.
- It is expected that ' Modicare ', has the potential to turn India into the largest pharma manufacturer of the world in the next three years. In order to provide affordable healthcare to the poor Modicare calls for the expansion of the pharma sector and the medical devices industry.
- For the effective execution of NHPS, the government plans to set up 1.5 lakh Health and Wellness Centers under the Ayushman Bharat program. These centers will provide treatment for non-communicable diseases, and disburse primary care to young mothers and children. Free supply of essential medication and diagnostics is also on the plan.
- In order to meet the demand for greater accessibility to healthcare, more Government Medical Colleges and Hospitals are planned to be instituted towards the goal of having at least one medical college for every three parliamentary constituencies.

### 3.3 ARGUMENTS AGAINST THE SCHEME:

- Though the scheme is being widely promoted as a new flagship initiative under Modi regime, it is merely an expanded, repackaged version of the social security scheme of 2016.
- Given the magnitude of the project, insurance companies would not make money on these policies when pooled. It would be impossible to settle claims leading to non-viability of the business.
- Congress has dubbed it “as nothing but a pack of lies”. As there are a few elections this year before the big and major one, so the accurate judgment of this highly promoted scheme would not be possible within this short duration.
- The previous health insurance schemes have not been able to provide the benefits to the intended mass because of the creation of bogus beneficiaries by insurance companies to earn premium subsidies from the government. The new scheme will plug these loopholes or not is still a question.
- The next general elections are to be held in 2019, in this backdrop, the project is said to be nothing but a gimmick meant to hoodwink voters in an election year.

### 3.4 BENEFITS COVER UNDER PM-JAY

Most of the Government-funded medical insurance schemes offer a limit cover up to Rs 3 Lakh only. However, Ayushman Bharat Yojana or PM-JAY provides cover up to Rs 5 Lakh along with cashless medical treatment facility to the beneficiaries in both public and private hospitals in India. Each family in India who fit the Ayushman Bharat Yojana eligibility criteria can avail this sum insured for defined secondary as well as tertiary care conditions. This scheme recompenses all the expenses incurred on the following medical treatments:-

- Medical examination, treatment and consultation
- Pre-hospitalization expenses
- Post-hospitalization follow-up care up to 15 days
- Diagnostic procedures and lab investigation charges
- Cost of Medicine and medical consumables expenses are covered
- Non-intensive and intensive care services
- Accommodation benefits
- Medical implantation services (where necessary)
- Food services

### **3.5 WHO ARE EXCLUDED UNDER THE MODICARE**

The following individuals or households shall be excluded from PMJAY –

- Any household falling under the bracket and paying income taxes or professional taxes.
- Those households with a government employee as a member.
- Those who are employed in non-agricultural enterprises registered with the government.
- Any member of the family earning more than ₹ 10,000 per month.
- Those households who have Kisan Cards with a credit limit of ₹ 50,000.
- Individuals who own a two, three or four-wheeler or a motorised fishing boat.
- Households that have refrigerators and landline phones.
- Those who own more than 2.5 acres of land with irrigation equipment.
- Those who reside in permanent house structures.

### **3.6 HOW TO CHECK YOUR NAME IN AYUSHMAN BHARAT YOJANA SCHEME LIST?**

There are various methods to check your name in the PM Jan Arogya Yojana -PMJAY beneficiary list. Listed below are some of the ways that you can try:

- Online Method- Ayushman Bharat online list can be checked by the beneficiaries. All you need to do is visit the official online site of the National Health Authority for Ayushman Bharat Yojana.
- Common Service Centres (CSC)- If you are a beneficiary of Ayushman Yojna you can also visit the nearest Common Service Centres. If it is not possible to do so you can also visit any of the empanelled hospitals to collect the information form.
- You can check the Ayushman Bharat hospital list on their site or in your policy documents. Contact their Helpline No.- You can call on any of the government of India provided helpline numbers (e.g., 1800111565) to contact their customer care and seek the information about PMJAY Scheme,
- Ayushman card/e-card, Ayushman card apply, Ayushman card download and even Ayushman Bharat Scheme registration.

# Chapter 4

## 4.1 IMPLEMENTATION

### Participation by states and union territories

India's 28 states and 8 union territories each make their own choice about whether to participate in Ayushman Bharat Yojana. In February 2018 when the program was announced 20 states committed to join. In September 2018 shortly after launch some states and territories declined to participate in the program. Maharashtra and Tamil Nadu initially declined to join because they each had their own state healthcare programmes. Those programs, Mahatma Jyotiba Phule Jan Arogya Yojana and the programme for Tamil Nadu, were already functioning well. These states later both joined Ayushman Bharat Yojana with special exceptions to make it part of their existing infrastructure. In a similar way, Kerala, despite having its own health program agreed to begin using Ayushman Bharat yojana from November 2019. West Bengal initially joined the program but then opted out in favor of establishing their own regional health programme. Telangana did the same. By January 2020 Odisha had not joined the scheme. In March 2020 Delhi announced that it would join the program.

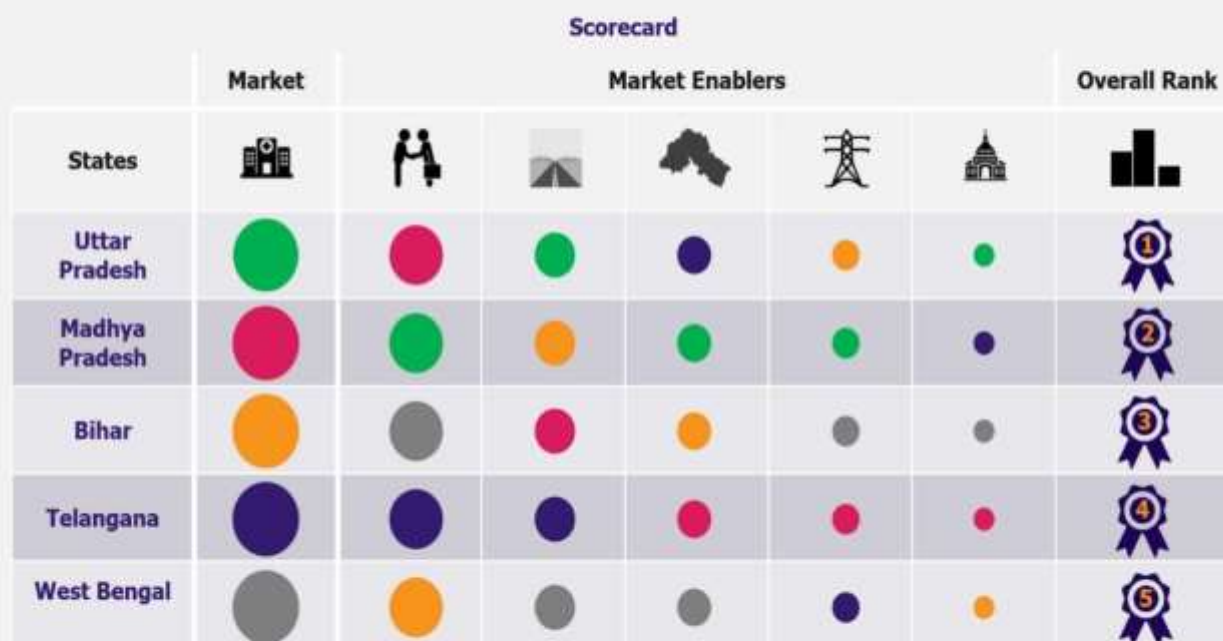
### Participation by local people

In May 2020 Prime Minister Narendra Modi said in his radio show **MANN KI BAAT** that the Ayushman Bharat scheme had recently benefited more than one crore people. By May 2020, the scheme had provided more than 1 crore treatments with a value of ₹13,412 crore. The number of public and private hospitals empanelled nationwide stands at 24,432.<sup>[31]</sup> The Ayushman Bharat Yojana programme announced a special collaboration with the Employees' State Insurance programme in November 2019.<sup>[32]</sup> From June 2020, the program had entered a pilot to cover 120,000 workers with that insurance at 15 hospitals



## 4.1 TOP 5 INDIAN STATES WITH OPPORTUNITY FOR INDUSTRY

### Top Five Indian States with Opportunities for Industry Players



● Rank 1 ● Rank 2 ● Rank 3 ● Rank 4 ● Rank 5

Size of the circle represents weightage of each parameter

### Description of Parameters



This is the representation of market opportunity arising due to the size of BPL population and the current state (lack of it) of healthcare infrastructure



It represents degree of administrative support; lower the red-tape, more conducive is the atmosphere to conduct business



This is for road infrastructure; a good road infrastructure is required for timely healthcare support as well as smooth healthcare products supply chain



This represent real state cost; the lower the land prices, the more attractive is the state to establish business



This is for electricity/power situation in a state; regular power supply is crucial for providing healthcare services, especially those related to secondary and tertiary healthcare



This represents the political stability of a state; stable political environment is essential for smooth implementation of policies

## 4.1 PERSPECTIVE

Taking into account various factors, including red tape, electricity supply, political stability, etc., as well as the current state of healthcare infrastructure and BPL population, we project the states of Uttar Pradesh (UP), Bihar, Telangana, Madhya Pradesh (MP), and West Bengal (WB) will be most attractive for healthcare industry players.

Uttar Pradesh offers greatest opportunities on the basis of a large BPL population residing in it. The state boasts of a robust road infrastructure and a stable political climate. UP has legacy issues related to administrative challenges, however, the state has taken major steps in cutting the red tape.

Madhya Pradesh is the leading state in India in terms of ease of doing business. The state has electricity surplus, with good road infrastructure, and reasonably priced real estate (as compared with the remaining four states), making it an ideal destination to invest.

One of the largest BPL populations resides in Bihar, a fact that makes it one of the most attractive markets expected to be created after the introduction of NHPS. However, the administrative bottlenecks and lack of infrastructure (as compared with the other four states) may act as constraints for the market players in realizing the full potential.

Telangana, a newly formed state, offers excellent opportunities due to a reasonably large BPL population. The state has performed well on administrative reforms front, and it is expected to improve infrastructure (including electricity availability) in the future, to make it more attractive.

West Bengal has shown remarkable improvement in the field of administrative reforms (in cutting of the red tape), to make it one of the most attractive destinations for any industry. It has to focus more on further improvement in the infrastructure to make it a natural choice for the industry players to invest in the state.

# Chapter 5

## 5.1 THE PROBLEM WITH MODICARE

The Union Budget is a big financial event in India. Each year, the finance minister of the nation sets the national priorities and also the plan to fund them. The 2018 budget came in as a shocker for most people in India. The middle class was hoping for a significant tax reduction. However, there was no reduction in taxes. Instead, the taxes were increased to some extent. On the other hand, India has announced the most ambitious health care scheme known to the world. It is colloquially being called Modicare because it is being introduced under the leadership of Prime Minister Narendra Modi. This scheme is likely to provide insurance to 100 million families, i.e., about 500 million individuals. The insurance provided will be to the tune of Rs.5 lakhs per family.

Critics are not very upbeat about Modicare. The scheme has started facing criticisms from various people even before any changes have been implemented. we will understand the various shortcomings of the proposed Modicare scheme.

- **Transfer of Wealth:** The biggest criticisms being levelled against Modicare is that it is not economically viable. Many economic experts believe that this scheme has been created only to gain political mileage. It is for this reason that the benefits are targeted towards a specific class of people who become the majority of the vote bank. This is where Modicare is in sharp contrast to Obamacare. Obamacare provided a universal health benefit to every American regardless of their economic status. Even the middle class was covered under Obamacare. On the other hand, Modicare specifically excludes the middle class. The plan is meant to only fund the lower class. The irony is that middle class is expected to pay the entire bill. Income tax revenues in India are largely generated by the middle class. However, they will not receive any benefits. Hence, it can be said that Modicare is a giant transfer of wealth scheme. It taxes the middle class to pay for the lower classes in order to achieve political gain.
- **Lack of Funding:** Another major problem with Modicare is the lack of funding that the government has in place to fund a program of this magnitude. The Indian government has allocated 2 trillion rupees towards this scheme. This amount is woefully inadequate given that 50 billion individuals are going to be covered by this scheme. Hence, the government has budgeted only Rs. 40 per individual per annum. Obviously, the health insurance premiums are not that low. Hence, it is likely that the expenditure from this scheme will cause a drastic spike in the fiscal deficit. Once again, the comparison with Obamacare provides some context

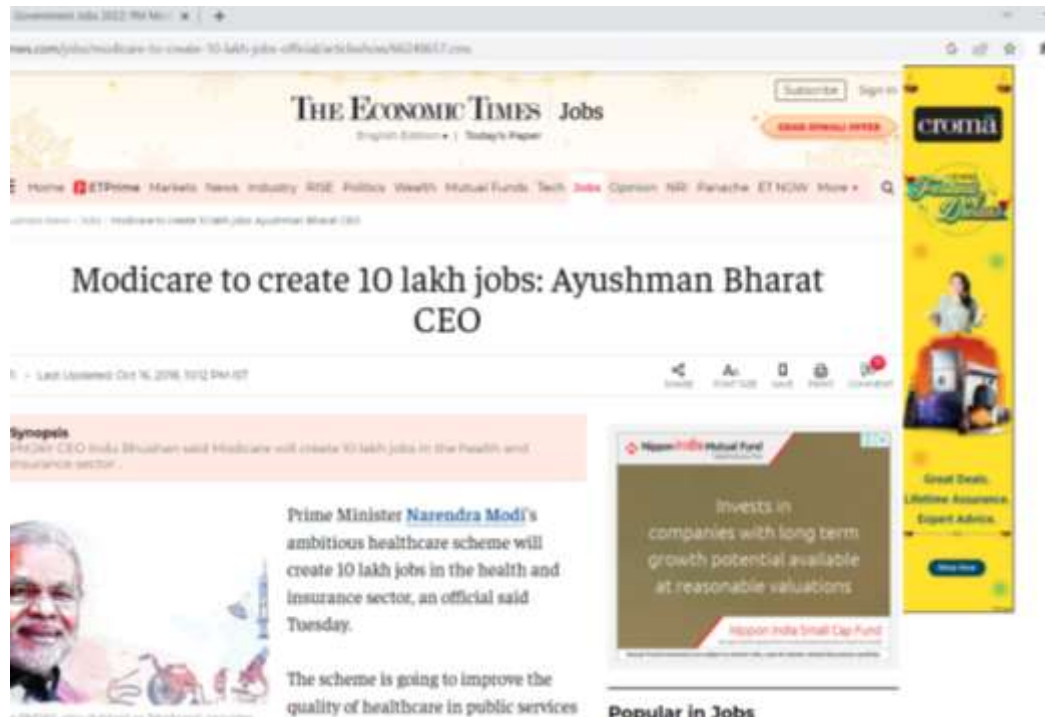
- **Fragmented Healthcare System:** Modicare is likely to face another major challenge. The fact of the matter is that healthcare is highly fragmented within the nation. The cost and quality of healthcare received vary widely depending upon the location. Hence, it would be difficult for the government to keep a check on whether the insurance claims they are paying out are genuine.

Also, the hospitals that are being built in India are only in Tier-1 and Tier-2 cities. There are very limited healthcare facilities that are provided in smaller cities. It is for this reason that the government is likely to face problems in implementing this problem. They will face problems such as availability of healthcare professionals, distribution of medicines, etc. Mexico has already tried to implement a similar healthcare program. They have also faced the same difficulties since a majority of their population resides in rural areas whereas the majority of the healthcare infrastructure is in urban areas.

- **Healthcare Inflation:** healthcare inflation is closely linked to the percentage of the population that is insured. When people pay from their pockets, they are very cognizant of the costs that they are paying for different treatments. On the other hand, if the insurance company is paying, people stop comparing costs or even thinking about them. This is the reason why an increase in insurance coverage almost inevitably leads to an increase in healthcare costs. The United States has suffered from these increasing healthcare costs. Most Americans who do not have insurance are simply not able to afford healthcare. They often have to fly to other countries like India in order to obtain cost-effective healthcare.

To sum it up, Modicare is a political program. The sole objective of the program is to garner political benefits for the ruling party. The program is neither morally correct nor economically feasible. It is a forceful redistribution of wealth from the middle class to the poor. The middle class now have to pay their own insurance premium as well as that of the people below poverty line.

## 5.2 ARTICLE IN THE ECONOMIC TIMES



Prime Minister Narendra Modi's ambitious healthcare scheme will create 10 lakh jobs in the health and insurance sector. The scheme is going to improve the quality of healthcare in public services and also in the private sector, Indu Bhushan, the CEO of Pradhan Mantri Jan Arogya Yojana said while addressing an event organised by industry body Assocham here. The official also pointed out that India still has a very high level of expenditure on health compare to other emerging economies. "Six crore people in India go into poverty because of out-of-pocket expenditure on health out of pocket expenditure is 2/3rd of total health expenditure in the country," he said. Poor people tend to use less healthcare services, hospitalisation, Bhushan added. The PMJAY, also dubbed as 'Modicare', provides Rs 5 lakh annual insurance cover to more than 10.7 crore poor families and will be funded with 60 per cent contribution coming from the central government and the remaining from the states.



A release from the Prime Minister’s Office said the drive will be a significant step forward towards fulfilling the continuous commitment of Mr. Modi to provide job opportunities for the youth and ensuring welfare of citizens.

In line with his announcement a few months ago to provide 10 lakh Government jobs in a “mission mode” in the next one and a half years, Prime Minister Narendra Modi on Saturday launched “Rozgar Mela” to hand over appointment letters to 75,000 newly inducted appointees.

The new recruits, selected from across the country, will join 38 Ministries or Departments of the Government of India at various levels in Group A and B (gazetted), Group B (non-gazetted) and Group C. These jobs, among others, are from home, defence, railways, banking and labour. The posts on which appointments are being made include Central Armed Force Personnel, Sub Inspector, Constable, LDC, Steno, PA, Income Tax Inspectors, and MTS among others.

Addressing the appointees via video conferencing, the Prime Minister said, “Today marks the day when a new link in the form of Rozgar Mela is being anchored to the employment and self-employment campaigns in the country that are going on for the last 8 years.” While making “Diwali” for the newly inducted youths a little more “special”, Modi connected with youngsters in the selected 75 places where Ministers and MPs were also present with the appointees.

Information & Broadcasting Minister Anurag Thakur was in Chandigarh, Rural Development Minister Giriraj Singh in Bihar, Education Minister Dharmendra Pradhan in Odisha, Railways Minister Ashwini Vaishnav in Rajasthan and Finance Minister Nirmala Sitharaman in Tamil Nadu.

Similarly, Commerce Minister Piyush Goyal was presented in Maharashtra, Tribal Affairs Minister Arjun Munda in Jharkhand and Health Minister Mansukh Mandaviya was in Gujarat to attend the event. This is the first time in the country that such a “Rozgar Mela” by the Centre is being organised and appointment letters handed over on the spot.

Speaking on the occasion, the Prime Minister said more of such “Rozgar Melas” will be organised by the Government. “The Central Government is working on multiple fronts simultaneously to create more and more jobs,” he said. The PM said that completion of the process of selection for the lakhs of vacancies in a few months and issuing appointment letters is an indication of the change that the Government system has undergone in the last 7-8 years.

“Today, work culture is changing,” he said. “The efficiency of Government departments has increased due to the efforts of our karma yogis,” he added. He recalled the days when applying for government jobs was “a cumbersome process and favouritism and corruption were rampant in selections.”

Modi said the steps during the initial years of his government like self-attestation and abolition of interviews in Group C and Group D posts of the Central Government, have helped the youth. “Today, India is the 5th biggest economy. This feat has been achieved because of the reforms undertaken in the last 8 years,” he said. The country, the Prime Minister pointed out, “leapt forward from the 10th to 5th position in the last 7-8 years.”

While acknowledging the enormity of the economic challenges that the country faces, the Prime Minister said that India could manage to contain the negative repercussions of Covid-19 to a great degree. “This has been made possible because in the last 8 years we got rid of those shortcomings of the country’s economy which created hindrances”, he said.



## 5.3 CONCLUSION

The scheme has been praised for promoting affordable health. “For the first time, there is discernible effort for moving from selective primary healthcare such as maternal and child health and family planning to broader package of comprehensive primary healthcare. Emphasis on health promotion and specific protection, screening, early diagnosis and prompt treatment as well as public health are clearly evident

The government is also planning to create a common working group comprising the health ministry and the department of science and technology for research and innovation in the health sector by converging the resources and potential of both the ministries.