

# **The Price of Poor Health: How Illness Fuels Poverty**

*By Twisha Singh*

Health is meant to be the foundation on which opportunity is built, but for millions of families in a country that aspires to make medical care accessible for all, the reality remains clear, and of grave concern. For India's most vulnerable communities, illness doesn't just bring discomfort and grief: it can place a household into a never-ending spiral of financial instability.

Studies by the World Bank as well as national surveys consistently show one highly concerning trend – that medical expenses are a leading driver of financial insecurity. In fact, out-of-pocket payments (OOPs) make up more than 60% of medical related spending in India, oftentimes forcing families facing illness to compromise on essentials such as nutrition, shelter, and education. The same study finds that when health-related OOPs are accounted for, the poverty headcount rises by almost 3%, which, in a country that boasts India's large population, can approximate to about 6.5 million households.

Poor health is not just a medical failure, but a creeping economic trap.

## **The Hidden Economics of Illness:**

In low income households, illness and poor health impacts two basic financial components: spending, and earning. In India, OOP payments account for approximately 48-63% of total health expenditure. This rate is one of the highest globally, showing that families and households must pay directly from their pockets for most treatments and medical needs rather than relying on insurance, which is often limited, not covering outpatient care, constant costs of chronic illness, or regularly required medication. India's public health system contributes to this rising issue, due to its persistent underfunding and lack of resources, especially in rural areas. Every illness, injury, and accident, is inflated to form a potential financial shock. In fact, World Bank estimates a whopping 4% of Indian households fall below the poverty line annually due to health shocks, which means that for families on the lower end of the income spectrum, a bill of medical costs could plunge them into debt.

Falling below the poverty line mainly occurs when health costs exceed a certain percentage of household consumption, a threshold known as the catastrophic health expenditure. The NSS office's studies show almost 18% of rural households and 14% of urban households experience this manner of spending, showing that the costs for even a month of medication for the treatment of a chronic condition can soak up funds otherwise meant for education, transport, or even food.

This combination of factors can turn out to be lethal, creating what economists call a health-poverty trap – an endless cycle of poor health reducing the ability to work, which lowers income; lower income makes it harder to afford timely care as well as a high quality lifestyle, which then leads to more severe illness and higher expenses in the household. Over time, this leads to the extreme depletion of savings, the buildup of debts, and the complete fade of financial security.

### **Financial Strain and the Health-Poverty Loop:**

As mentioned before, the impact from illness or chronic disease in the family extends much beyond the medical episode itself. Immediate costs and medical bills push households to the edge of debt, but the long chain of missed days and follow-up appointments keeps them financially unstable for years to come. Instead of bouncing back and replenishing savings, they find themselves trying to make up for lost time and income, resorting to short-term coping strategies such as selling valuables and belongings, interrupting education to save on school fees, and borrowing funds from unreliable lenders at high interest rates. These decisions, although keeping the family afloat in the short run, turn out to be the very force eroding their economic cushion, making them more vulnerable to future financial crisis.

Over time, the painful cycle of illness and expense create lasting impacts in every aspect of a household's life. One medical episode is enough to dip households slightly above the poverty line to below it, becoming a structural, influential force. Families now have to rethink lifestyle aspects such as investing in education or pursuing larger, cleaner shelter. The health-poverty loop tightens not only expenditure, but future decision making.

## **Breaking The Cycle:**

If all it takes to put entire households underwater is illness or medical expenses, strengthening the system, specifically healthcare access, is the most effective anti-poverty tool we can invest in. The two main things that must be altered are the cost of the care, and the regular availability and quality of the care itself.

While large systems require time and funds to change, on a national scale, this means making consistent, important decisions such as increasing public health spending, the improvement of insurance policies and the availability of coverage for outpatient costs, and ensuring chronic illness medication remains fairly priced to reduce the financial burden on struggling households.

Small communities can make the largest contribution to this crisis. This is where organisations like CareForAll step in, in order to make a tangible difference. By offering services such as free healthcare checkups, health camps, on-site support, and subsidised medication in underprivileged communities, CareForAll helps ensure that medical costs don't taper into a financial crisis for low-income households. Beyond these camps, their work represents a feasible model for community-driven healthcare in the country.

While systemic acts are real and have massive impacts, change often begins with small, empathetic acts of care. Healthcare may be a complex and vast topic, but its impact on poverty and the health-poverty cycle is simple yet significant.