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Regulation of the for-profit private healthcare sector in India: Whose voices are being heard in policy making?



By [Shweta Marathe](#)
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Indian civil society networks and health professionals are urgently demanding better regulation of the for-profit private healthcare sector. India's health system is dominated by the for-profit private healthcare sector, which accounts for around 75% of outpatient care. In 2016-17, the hospital industry in India was already worth around Rs. 4 trillion (54.34 billion USD). It is expected to almost double to [Rs 8.6 trillion \(116 billion USD\) by 2022](#), which shows the pace at which the private healthcare sector is growing in India. Within the private sector, the proportion of larger providers (e.g., corporate hospitals) has been growing while the share of smaller providers (e.g., independent doctor's offices) has been reducing over the [last two decades](#), illustrating a shift from simple commercialisation to deep corporatisation of healthcare.

Today, the private healthcare sector lacks effective mechanisms for its regulation. The Clinical Establishment Act, which sets standards around quality, transparency and accountability, was passed in 2011 but has been adopted by only 11 of India's 36 states and territories. Moreover, in the states that have adopted the act, its implementation is not in good shape. Medical professionals' bodies like the Medical Council of India and the Indian Medical Association also seem to be ineffective. Thousands of cases are pending with them waiting for justice. Current mechanisms for grievance redressal against patients' rights violation in private healthcare sector are reported to be [non-transparent and biased](#).

The consequences of this rapidly growing and nearly unregulated private sector are painfully visible with all kinds of negligence, malpractices, and [exploitation of patients](#). The average cost of healthcare in India has [tripled from 2005 to 2015](#), due to unregulated private healthcare expenditure. Research studies have also reported serious issues like denial of care, unnecessary procedures, and fraud, including when the private sector has been involved in implementing [publicly funded insurance schemes](#). And yet, despite this lack of regulation and clear failure to behave in the best interests of the public, the governmental health sector is increasingly partnering with the private sector for the provision of healthcare. Despite calls to strengthen states' capacity to regulate the private sector and provide [better stewardship](#), the government appears to lack power and motivation when it comes to regulation of this sector.

Over the last few years, the regulation of the private sector has been high on the agenda of civil society networks, health activists and public health professionals. Demand for regulation of the private healthcare sector and adoption of a patients' rights charter have been raised persistently through a range of actions including: a national campaign by the People's Health Movement for the Clinical Establishment Act; a public hearing organised by the National Human Rights Commission in 2016 on cases of violation of patients' rights; an online petition for adopting a patients' rights charter in mid-2019; a huge (national-level) protest in Delhi in February 2019; and a patients' [satyagraha](#) (non-violent civil resistance) in October 2019 for demanding immediate implementation of the patients' rights charter.

Despite raising voices at multiple levels through action, research and advocacy, government policies seem to be going in a different direction.

The national health policy (2017) includes an objective to align the growth of private healthcare with public health goals through strategic purchasing. The government promptly implemented this objective with the launch (in 2018) of Pradhan Mantri Jan Arogya Yojana (PMJAY), touted as the world's largest insurance scheme. The private sector is "aggressively" involved in the implementation of the scheme, without much consideration of its regulation. Despite serious issues with insurance schemes engaging with the private sector and extensive critique of using public funds for [private benefit](#), insurance-based schemes are being promoted in a major way under the rubric of Universal Health Care.

The National Institution for Transforming India (NITI Aayog) is the Government of India's premier policy think tank, providing both directional and policy input. A 2019 report by NITI Aayog, called '[Building Blocks](#)', emphasised risk pooling, strategic purchasing, health service provisioning and digital health. This report does mention the need for a regulatory framework for commercial insurance. However, it does not comment specifically on the profit-centred private sector in India, its implications and the need for its regulation before engaging with it. In 2020, [NITI Aayog announced](#) a public-private partnership model to link the new and existing private medical colleges with functional district hospitals in the country. The thinktank's rationale for the launch of this scheme is wilfully ignorant of decades of research on achieving primary healthcare, eagerly dismissive of the potential for public sector strengthening, and blind to the flaws of private-for-profit healthcare, stating: "*India has a dire shortage of qualified doctors. It is practically not possible for the Central/State Government to bridge the gaps in medical education with their limited resources and finances. This necessitates formulating a Public-Private Partnership (PPP) model by combining the strengths of public and private sectors.*" Criticising several noxious points in this document is a topic for a separate write up. However, the concern is that the PPP model is being pushed across the country without taking cognisance of strong evidence on its failures.

From the above, two critical questions emerge: Whose voices are being heard in the policy making? And who really influences policy making? Campaigns, consultations, expert committees, ... all their reports and research studies demand strengthening of the public health system, bringing in patients' rights, and implementing the Clinical Establishments Act, ... They also underscore the dominant presence of an overwhelmingly commercialised private healthcare sector, while pointing to the need for developing a social accountability framework for the private sector along with the public health sector. However, it seems recent policies do not recognise and engage with these demands. Instead, they are prepared in line with proposals and recommendations by certain experts from national or international level, favoring the growth of the health industry with corporate healthcare providers. In short: does policy formulation involve multi-stakeholder members with civil society representation? Or it is settled only with a particular set of experts who support a flourishing private healthcare sector with government backing?

The COVID pandemic has underscored some of the major failures of the private healthcare sector in India, but has also offered [reason for modest hope](#). Maybe at last the demand for more regulation can get a receptive ear, including in government circles. Moreover, while people with COVID have experienced (and continue to experience) denial of care and high bills, some states have also rapidly introduced and [enforced rate regulation](#), so let's hope this will trigger a momentum. In any case, it is high time to move towards public-centered Universal Health Care based on a blend of a robust public health system and regulated private healthcare providers. Healthcare setups should be viewed as a social institution and not as an arena for revenue generation. But only when civic voices are provided due space and heard in policymaking, such pro-people health policies will become a reality.

About the **SHAPES** article series

Welcome to the SHAPES article series, hosted by IHP. SHAPES is a thematic working group within Health Systems Global, which facilitates discussion, debate and collaboration around social science approaches for research and engagement in health policy & systems. In the months leading up to the 6th Global Symposium on Health Systems Research in Dubai (Nov 2020) SHAPES members will be blogging about the Symposium's theme of "re-imagining health systems for better health and social justice" through a social science lens.

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