Health Sector Reforms in Orissa

Health Sector Reforms in Orissa: Lessons for Developing Countries

By

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Dedicated to my Parents

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ABBREVIATIONS USED

ADMO	Additional District Medical Officer
AHO	Assistant Health Officer
AIDS	Acquired Immune Deficiency Syndrome
ANMs	Auxiliary Nurse/Midwives
AP	Andhra Pradesh
ASCI	Administrative Staff College of India
BEE	Block Extension Educator
CBHI	Central Bureau of Health Intelligence
CBHI	Central Bureau of Health Intelligence
CBR	Crude Birth Rate
CDMO	Chief District Medical Officer
CDR	Crude Death Rate
CEHAT	Center for Equity into Health and Allied Themes
CHC	Community Health Centre
CMIE	Centre for Monitoring Indian Economy
CPR	Couple Protection Rate
CSO	Central Statistical Organization
CT	Computerized Tomography
DANIDA	Danish International Development Agency
DEO	District Education Officer
DFID	Department for International Development
DFW	Director Family Welfare
DHH	District Headquarter Hospital
DHS	Demographic and Health Survey
DHS	Director Health Services
DIO	District Information Officer
DLO	District Leprosy Officer
DMET	Director Medical Education and Training
DMO	District Malaria Officer
DTO	District Tuberculosis Officer
ECG	Electrocardiogram
ECTA	European Commission Technical Assistance
EEC	European Economic Community
EIF	Equipments Instruments and Furniture
ESI	Employees State Insurance
EU	European Union
GDP	Gross Domestic Product
GNP	Gross National Product
GOI	Government of India

GSDP	Gross State Domestic Product
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
HMIS	Health Management Information Systems
HSR	Health Sector Reforms
IAS	Indian Administrative Service
ICDS	Integrated Child Development Scheme
ICRIER	Indian Council for Research in International Economic Relations
IEC	Information Education and Communication
IMF	International Monetary Fund
IMR	Infant Mortality Rate
IPD	Integrated Population and Development
ISM and H	Indian System of Medicine and Homeopathy
ISPs	Indigenous Service Providers
LHV	Lady Health Visitor
MAC	Medical Aid Centre
MBBS	Bachelor of Medicine/Bachelor of Surgery
MCH	Maternal and Child Health
MCI	Medical Council of India
MDGs	Millennium Development Goals
MHU	Mobile Health Unit
MLA	Member of Legislative Assembly
MMR	Maternal Mortality Rate
MO	Medical Officer
MOHFW	Ministry of Health and Family Welfare
MP	Madhya Pradesh
MPFPs	Mid-Term Plans for Financing
MPHS (F)	Multipurpose Health Supervisor Female
MPHS (M)	Multi Purpose Health Supervisor Male
MPHW (F)	Multi Purpose Health Worker Female
MPHW (M)	Multi Purpose Health Worker Male
MRI	Magnetic Resonance Imagery
NACO	National AIDS Control Organization
NCDs	Non Communicable Diseases
NFHS	National Family Health Survey
NGOs	Non Governmental Organizations
NHP	National Health Policy
NPA	Non Practicing Allowance
NRI	Non Resident Indian
NSS	National Sample Survey
NSSO	National Sample Survey Organization
O&G	Orthopedics and Gynecologist
ODA	Overseas Development Assistance
OECD	Organization of Economic Cooperation and Development
OHSDP	Orissa Health Systems Development Project
PARIKAS	Parivar Kalyan Salahkar Samities

PF	Plasmodium Falciparum
PHC	Primary Health Centre
PHC (N)	Primary Health Centre (New)
PIP	Project Implementation Plan
PMC	Project Management Cell
PRIs	Panchayati Raj Institutions
PSPU	Policy Planning and Strategic Unit
RBI	Reserve Bank of India
RCH	Reproductive and Child Health
RGH	Rourkela Government Hospital
RGI	Registrar General of India
RNTCP	Revised National Tuberculosis Control Program
SAP	Structural Adjustment Programme
SBHI	State Bureau of Health Intelligence
SC	Sub Centre
SCs	Scheduled Castes
SDH	Sub Divisional Hospital
SDMO	Sub Divisional Medical Officer
SDMU	State Drugs Management Unit
SH&FWSRC	State Health & Family Welfare Sector Reform Cell
SHC	Subsidiary Health Centre
SHS	State Health Systems
SHSDPs	State Health Systems Development Projects
SIDA	Swedish International Development Cooperation Agency
SIHFW	State Institute of Health and Family Welfare
SPR	Slide Positive Rate
SRC	Sector Reform Cell
SRS	Sample Registration Survey
STs	Scheduled Tribes
TA	Traveling Allowance
TB	Tuberculosis
TCS	Tata Consultancy Services
TFR	Total Fertility Rate
TN	Tamilnadu
TOT	Training of Trainers
TT	Tetanus Toxoied
U5MR	Under- Five Mortality Rate
UGPHC	Upgraded Primary Health Centre
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UP	Uttar Pradesh
USA	United States of America
UT	Union Territory

WB	West Bengal
WB	World Bank
WHO	World Health Organization
WTO	World Trade Organization
ZSS	Zilla Swasthya Samiti

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Subrata Kundu

INTRODUCTION

Definition and classification of reforms

The Oxford dictionary defines the word 'reform' as to 'make changes in something so as to improve it' and as 'form again'. And it defines a reformist as a person who supports gradual political and social reform. That means reform is basically gradual in nature and tries to bring changes in the system or structure to improve its functioning. It is not a radical change. Cassels defines Health Sector Reforms as *changing health policies* according to priorities and along with this bringing reform in the institutions to implement these policies.[1] Whereas World Health Organization defines health sector reforms as a continuous process which brings some fundamental changes in the policy and institutional arrangements, which is carried out by the government.[2] Thus the WHO definition says that reform has to be a *continuous process* and it involves *some fundamental changes in policy, which is supported by corresponding institutional arrangements* to implement it. Significantly it says that it has to be implemented by the government of a country. Analysis of other definitions of health sector reforms suggest that *any fundamental changes in health policies according to the changing priorities and a corresponding institutional changes to implement it has been termed as health sector reforms.* The institutional change can be in terms of structures of financing and provisioning. In structures of provisioning and financing, a wider role for the private sector could be seen. Also the decentralization measures in these two aspects could be thought out in a federal kind of polity like India or Canada. However the interpretation of these changes could be termed at best as systemic changes. Systemic changes are those in which any system tries to adapt itself according to the changing circumstances. Therefore it has more interest in maintaining the status quo.

If we bring the elements of *health sector reforms* from the wider understandings of *response of the system to new challenges* than we would

[1] Cassels , 1995.
[2] WHO, 1997.

have to include different initiatives by any government to face the new health challenges at any point of time in the history of healthcare. For example there has been a shift in population policy in India since it was conceptualized in the early 1950s. This could be a reform element according to the current understanding. Even the Alma Ata declaration of late 1970s, which emphasized on primary healthcare or for that matter the 1994 Cairo conference in Egypt, which emphasized on a holistic approach to population could be termed as a reform initiative. There was another important issue related to our understanding of health sector reforms. The reforms in health sector are basically seen as a phenomenon of the 1980s and 1990s. Therefore, if we include elements according to our above understanding than we would have to *decontextualise* the phenomenon of 'heath sector reforms'; for than the reforms have existed in health sector since the provision of healthcare services was taken up by any nation state in the history of the world.

Role of a theory[3]

Therefore there is need for a definition, which would not only contextualize the phenomenon, but it would also bring out the dominant trends in the field of healthcare. Before giving a definition of reform, it is necessary to discuss about the role of a theory in explaining a social phenomenon. It has to be understood that, a theory or a paradigm does not try to explain everything about the social reality. In his classic *Structure of Scientific Revolution*, Thomas Kuhn wrote, "To be accepted as a paradigm, a theory must seem better than its competitors, but it need not, and in fact never does, explain all the facts with which it can be

[3]According to Goode and Hatt, "Without no system, some ordering principles, in short, without theory science could yield no predictions. Without prediction there would be no control over the material world…. It can therefore be said that the facts of science are the product of observations that are not random but meaningful, that is theoretically relevant. The development of science can be considered as a constant interplay between theory and fact." P- 9. See *Methods in Social Research by William J. Goode and Paul K. Hatt, MacGraw-Hill Company, 1981*.

In a subject dealing with health sector reforms why the necessity of defining the role of theory or even quoting Kuhn from his famous *Scientific Revolution?* There are several reasons, one of them is that the way *public health* has been taught in various universities in the world, the way text books on *public health* has been written and the manner in which the issue of *public health* is being dealt with in terms of various preventive measures suggest that the term *public health* has been accepted as a *truth statement*, as a given category having universal meaning. However just like any other scientific discipline public health also is a *constructed category* and hence the challenge also lies here to understand the mechanisms through which knowledge is generated in this field. This would place the discipline in its proper context. For example this would help us to see that at present there is not a single definition of public health, which is accepted universally. There are many definitions of the term and there are very few books, which have tried to address this epistemologically significant question. Similarly over the later half of the twentieth century quantitative methods has been equated with proper way of doing research or to generate scientific data. This can be observed from the syllabus of public health departments of various universities all over the world as well as from the national and international public health journals. The quantitative method has been given the status of *the scientific method.* This argument has been extended in the later part of this chapter where it has been argued that quantitative method is only a tool of research as qualitative method is. The real question is about how a phenomenon is problematised and accordingly a quantitative or qualitative method can be used and therefore the nature of a problem defines whether a quantitative method would help to address it better than qualitative method or vice versa.

confronted."[4] It can only claim to be explaining certain trends or dominant aspects of a phenomenon in the social world. It can never explain all the facts. For if a theory tries to explain everything it would try to become a truth statement, which is fallacious[5].

If we look at most of the definitions of health sector reforms[6], they have tried to include almost every big or little change in the health sector as an element of reform. For example the change in the approach from Maternal and Child Health or MCH in the early nineties to Reproductive and Child Health or RCH in the late nineties has been termed as a reform element. If this is the case than we could also include the change in approach towards the population policy in India from the early fifties onwards as a reform element! And for that matter any other initiative taken in the field of health services sector after independence, which tries to bring a change in approach, could be termed as a reform measure. For example, the adoption

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[4] Kuhn S. Thomas, *The Structure of Scientific Revolutions*, Chicago University Press, 1962, pp- 17-18.

[5] "Each science and each specialization within a broader field abstracts from reality, keeping its attention upon a few facts of a given phenomenon rather than upon all aspects". P- 9. See *Methods in Social Research by William J. Goode and Paul K. Hatt, MacGraw-Hill Company, 1981*.

[6] *Definitions of Health Sector Reforms:*

1- "Health Sector Reforms involves a significant, purposive effort to improve the performance of healthcare systems."- WHO Website visited on 18th October 2005.

2- "It is a fundamental rather than an incremental change, which is sustained rather than one-off and purposive in nature." – Cassels, 1997. Further elaborating on this Cassels says, " Health Sector Reforms include:

- Improving the performance of civil service.
- Decentralization of power and resources.
- Improving function of national health ministries.
- Broadening health financing mechanisms.
- Introducing managed competition."

3- Health Sector Reforms as a "Group of projects that include communicable diseases, Reproductive and Child Health Programme and Health System." – Interview with a senior World Bank Official, The World Bank Delhi Office, March 2002 by Rama V. Baru.

4- Heath Sector Reform is a "Mixed bag of donors, projects and the government of India. Overall there is singular lack of vision among all these actors when it comes to Health Sector Reform."- Ibid.

5- It is a "Sustained, purposeful change to improve the efficiency, equity and effectiveness of the health sector."- Berman, 1995.

of Primary Healthcare Approach after the Alma Ata declaration could be termed as a reform measure. Even the Vitamin 'A' campaign in the state of Orissa has been termed as a reform initiative! Therefore the context of the 1980s and 1990s of twentieth century as the beginning of Health Sector Reforms has to be recognized.

It is being argued here that initiatives by the state or central governments might be taken to improve the quality of healthcare services but these are smaller measures within the dominant trends of giving a *greater role to the private sector* in the domain of healthcare. In this frame health or good health is seen as the responsibility of an individual, rather than of the community or of a state[7].

There are some authors like Peter Berman who have defined reforms in technical terms.[8] By giving or trying to interpret in technical terms, an effort seems to have been made to give it the power of a natural science, which can not be questioned.[9] Defining in technical terms also takes away the chance to look at the historical context for the emergence of a phenomenon.

Defining health sector reforms

Let us first have a look at the elements of reform. It has to be remembered that there are different definitions about reform. Here we would be using the definition of reform as *any initiative by the state since the later part of twentieth century, which tries to reduce the role of government in health sector while creating a space for a larger role for the private sector.* Therefore this definition has three important characteristics; one is that it has located health sector reforms in the context of 1980s[10]. This distinction is very important as many of the definitions on health sector reforms have tried to overlook it. It is also important to mention here that while the beginning of health sector reforms has been contextualized in 1980s, this definition does not try to exclude initiatives by different states in twenty

[7] This also suggests selective role for state -- preventive services are state responsibility while curative is individual responsibility.
[8] It suggests about the liberal capitalist model of economic growth giving primacy to the market.
[9] See how Foucault has discussed about *method* in his book "History of Sexuality".
[10] The period, which saw the beginning of the ascendance of neo liberal policies in various countries across the world, which got further accelerated after the collapse of former Soviet Union and the formation of World Trade Organisation in 1995.

first century as reform elements. Because the basic idea is that the state trying to create a larger space for the private sector since 1980s. Another important distinction is that while the role of government gets reduced, that space is occupied by the private sector due to the deliberate policy of the state. The third distinctive aspect is inherent in the definition although it is not explicit and it is that the reforms in the health sector needs to be located within broader economic liberalization or economic integration of various countries with the world economy i.e. health sector reforms carry an ideological content.

However it is important to make it clear that the above definition is a conceptual category and it does not claim to explain all the changes happening in the healthcare sector in recent times, nor does it try to explain all the policy initiatives taken by the different governments around the world with regard to the health sector. On the other hand this definition captures the dominant trends being introduced in the health sector in India and abroad, beginning with the decade of 1980s, which has the potential of affecting the totality of the health sector in the long run.

Traditionally health has been seen as a domain of the government even in countries, which followed a liberal capitalist model of development. However with the oil shock of the 1970s many of the governments in the world faced fiscal crisis, along with this the collapse of the former Soviet Union in 1990 created an atmosphere where liberal capitalist model was seen as the only model of economic development.[11] In this model the private sector and the market forces play a dominant role with the state playing as a facilitator. The assumption is that *market has its own rationality* and in the long run would benefit all even though at the initial stage there would be 'hardships'.[12]

This argument has also been extended to the health sector. Now health is seen as an *individual responsibility*. After the 1990s it has been observed that the governments around the world were increasing the scope for private participation in the health sector. The scope of private participation may vary from one country to another. This private participation may be

[11] Baru R. V, "Private Health Care in India: Social Characteristics and Trends", Sage Publications, New Delhi, 1998.

[12] See for example Amartya Sen's understanding of the notion of Development from his different writings. Although he talks about inclusion of the poor in the overall development framework, he places his faith in the market forces in the long run.

on a small or large scale but it is redefining the concept of 'health for all'. With this the issues of universality and equity are also involved. Because this private participation is happening in an era when the market plays a dominant role in the process of world economic growth. Any kind of control by the state is seen or perceived negatively.

What is not reform?

For defining the concept of Health Sector Reforms it is equally important to identify what it is not[13]. Health Sector Reforms is different from *systemic changes*. Systemic changes are any initiative by the state to maintain the 'efficiency'[14] of the system so that it could produce optimum output[15]. Therefore systemic changes are not specific to a particular time period as compared to health sector reforms and hence we could say that systemic changes are an integral part of any health system. Systemic changes exclude any initiative by the state for increasing private participation or for decreasing the role of state from the health sector[16].

In this introductory section we have given a new definition of health sector reforms keeping in view different country experiences. Apart from defining what is reform we have also explained about those aspects, which could not be termed as reforms. Before giving a definition of health sector reforms we have tried to explain the role of a theory in explaining the social phenomenon. This was because the field of Public Health has been accepted as a given category and as a result the phenomenon of health sector reforms has been assumed as being out there in the field. Therefore we have argued that health sector reforms were a constructed category and

[13] In a lecture on "Class and Power" given at Jawaharlal Nehru University, New Delhi on 18th October, 2005, Professor Andhre Betteille, mentioned that the Marxist definition of 'class' was an important way of defining a concept, for apart from mentioning about 'what is class' it also says 'what is not class'.

[14] We can mention 'efficiency' as 'the best way/means to achieve certain targets/objectives'.

[15] Here it needs to be mentioned that the term 'efficiency' has been associated with health sector reforms by various definitions as if the health systems in different countries before 1980s were never interested to make themselves efficient to achieve their objectives!

[16] This distinction has been made for our clarification for even the health sector reforms could be mentioned as systemic changes! Therefore this distinction has been made to prevent a teleological argument.

hence they required a definition, which would help to classify them into a group of phenomenon, which could be studied scientifically.

Using our new definition of health sector reforms, in first chapter we have discussed about review of literature, which has looked at the process and experience of health sector reforms in various countries of the world.

CHAPTER ONE

REVIEW OF LITERATURE

The decade of nineties

In the nineties Human Development Index or HDI was used for the first time by UNDP[1] and it identified three measures like longevity, education and per capita income to measure a countries HDI. With the adoption of this index by the United Nations the whole notion of *development* was reduced to some measurable index. This also caught the imagination of various world leaders and finally in the year 2000 Millennium Development Goals[2] were adopted for which targets were set to be achieved by the year 2015.

The adoption of HDI index by various countries also brought into front the idea that the sectors like education and health requires the role of state not only for regulation but also for financing and provisioning. Thus the agencies like World Bank, which had been in the forefront of giving the argument that the state had a very little role in social sectors, started to argue for a larger role for the state in these areas,[3] in the later part of the nineties. However a close look shows that these arguments have remained only at the realm of ideas and has not been implemented at the ground level.

There was another event that shows a different direction of movement in the nineties and it was the 1994 Cairo Conference on Population, which emphasized a change in approach to population policies. It suggested about integrating population control with maternal and child health. It

[1] UNDP suggests United Nations Development Program.
[2] It is interesting to note that at present the donor agencies like World Bank and European Commission or DFID have set their developmental funding in accordance with the targets of Millennium Development Goals.
[3] This could be observed from the annual documents of the World Bank.

talked about interlinking the issue of population growth with larger aspects of development. These were lofty ideals as it presented a case for respecting human life particularly for women and to give people more power to control their lives. However the agreements at Cairo could not bring any substantial changes in various countries population policies[4]. One of the major reasons was that the dominance of liberal model of economic growth around the world nullified any movement toward these goals.

Another significant event in the 1990s was the formation of World Trade Organization or WTO in 1995 with 144 member countries agreeing for free trade among them. The formation of WTO legitimized the opening off of various economies of the world and those that were out of this group were in the danger of facing the blocked of these 144 countries. The importance of WTO could be observed from the fact that China, which was not a member of the WTO, tried to give many concessions[5] to USA to become a member. WTO was being seen as one of the few democratic institutions at the international forum where its rulings have been followed by every member country[6]. The arrival of WTO has further legitimized a liberal model of economic growth and the democratically elected leaders at the national level have left with few choices for taking economic decisions, which could address the immediate needs of the poorer sections of their population.

HSR: A review of International experience

The adoption of a liberal capitalist model of economic development[7] by different countries around the world not only created an atmosphere for greater role for the market in larger economy, it also legitimized the *rationality*[8] *of market forces* in the social sectors like health and education. With the collapse of communism in former USSR and its disintegration led to the adoption of market economy by the newly created countries out

[4] This has been observed by various authors.
[5] In terms of access to its market.
[6] For example see the speech by Indian Prime Minister Dr. Manmohan Singh published in Indian Express, 22 October 2005.
[7] After the collapse of communism in the former USSR.
[8] The *rationality of the market forces* means the inherent assumption that if market is left on its own without any state intervention than it can produce best results for every body in the long run. However this is an unquestioned assumption or an assumption, which is not based on verifiable research.

of it and also by the East European countries which were earlier following a socialist model of growth. Similarly communist China had liberalised its economy in the late seventies of the twentieth century.

Thus major powers in the world and most of the countries except perhaps Cuba have accepted the liberal capitalist model of economic development where the private sector and the market forces are playing the dominant role and the state is trying to facilitate this process through favorable legislation and playing the role of a regulator to promote fair competition among the various private players. Along with economic liberalization many developed and developing countries have allowed the increasing role of private sector in the healthcare. This was the trend in UK, USA, China, Canada, Australia and many of the countries of Europe where the private sector was playing a dominant role in different aspects of healthcare.

Now let us have a look at the process and experience of reforms in health sector in various countries.

United Kingdom[9]

Over the years the healthcare system in UK had been based on National Health Service or NHS, funded from central taxation. The NHS created in 1948 had the universal coverage and was based on the principles of equity. However in the 1990s the market elements were introduced to make the system *efficient, effective, and responsive to the needs of the patient* and adoption of management practices of the private sector. While in the 1980s the NHS was being under funded, the reforms in the early 1990s focused on *structure and management* of NHS. The effort was to utilize the existing resources 'efficiently' to improve performance. To generate additional resources private finance was encouraged. The reforms in NHS were closely linked with the reforms in education and civil service and with the then government's approach to public sector reforms.

One of the major assumptions of reform initiatives taken was that the competition between NHS healthcare institutions would produce greater

[9] For reviewing the experiences of UK we have referred to Hunter, 2002; Allen, 1997; Collins, Green and Hunter, 1999; Coote and Hunter, 1996; Dobson, 1999; Ethoven, 1985, 2000; European Health Management Association, 2000; Ferlie, Ashburner and Fitzgerald, 1996; Ham, Hunter and Robinson, 1995; Hazell and Jervis, 1998; Hunter, 1992, 1996, 1998; James and Manning, 1996; Klein, 1998; Le Grand, 1999; Maynard and Bloor, 1996; Pollock, 1995; WHO, 2000.

efficiency and responsiveness to the users. However there were no independent studies to assess the impact of reforms introduced between 1991 and 1997 in NHS. Beginning with early 1970s a series of organizational and managerial changes were introduced to improve the efficiency and the effectiveness of healthcare provisioning through NHS. However these initiatives were taken to improve the functioning of National Health Services. At that time the element of large scale privatisation of public sector had not emerged in the public domain.

In the 1980s there were allegations of under funding of NHS, however the reforms focused on utilising the existing resources judiciously, rather than increase in funding. In this context a review of the entire NHS was done by the prime minister's office rather than the department of health in 1988. The NHS review suggested introduction of new management practices, introducing competition among the institutions of NHS and creating more user choices. The basic idea was to generate greater efficiency among the NHS healthcare institutions and responsiveness to the users of healthcare.

As part of reform initiative within the NHS, a patient's charter was created which mentioned about patients rights with regard to issues like, right to information about services available in a particular institution, waiting times, guaranteed admission date in a hospital etc. However these were not legal rights and critics were of the view that this had raised expectations among the public which the NHS was not in a position to provide with its then existing resources.

Therefore the reforms introduced in the NHS were not based on pure scientific evidence and had more to do with the ideology of privatisation. Thus while the Conservative government led by Thatcher tried to give role to the private sector in healthcare provisioning within the publicly funded NHS, the Labour government elected in 1997 continued with this practice of mixed provisioning of healthcare.