

Chapter 10

The Cost Burden – When Illness Becomes Debt

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Introduction: The Poor Pay the Price

India may be the world’s pharmacy, but for millions of its citizens, **affording medicines remains a daily struggle**. Despite being a top producer of generics, Indian patients often pay **up to 70% of their total health expenses on drugs alone** – making out-of-pocket spending among the highest in the world.

While state-run schemes aim to provide free or subsidized medicines, they are patchy, underfunded, and poorly monitored. The burden disproportionately affects the **poor, elderly, and chronically ill**, pushing many into debt, rationed care, or total non-treatment.

1. Out-of-Pocket Expenditure: A Global Outlier

India’s health financing is heavily **out-of-pocket (OOP)**. Unlike countries with insurance or universal coverage, **more than 62% of healthcare spending comes directly from individuals’ pockets**.

| **Table 1: Out-of-Pocket Health Expenditure Comparison (2022)** |

Country	% OOP of Total Health Spend	% OOP on Medicines
India	62%	67%
China	32%	36%
UK	15%	12%
USA	10%	19%

Source: WHO Global Health Expenditure Database, 2022 [1]

Medicines are the **single largest component** of OOP health spending in India—**more than diagnostics, doctor fees, or hospitalisation.**

2. Drug Prices: A Market Without Controls

While India has a **Drug Price Control Order (DPCO)** under the **National Pharmaceutical Pricing Authority (NPPA)**, it covers only about **16% of all formulations.**

| **Table 2: Price Variation in Common Drugs (2023)** |

Drug (Dose)	Cheapest Brand (?)	Costliest Brand (?)	% Variation
Atorvastatin (10 mg)	2.40	15.50	546%
Pantoprazole (40 mg)	2.20	12.80	482%
Metformin (500 mg)	1.50	10.90	627%

Source: *NPPA Price Monitor Report, 2023* [2]

Doctors often prescribe **costlier brands**, and pharmacists are not allowed to **substitute with cheaper alternatives**, unlike in other countries.

3. Jan Aushadhi: The Untapped Lifeline

The **Pradhan Mantri Bhartiya Jan Aushadhi Pariyojana (PMBJP)** aims to provide low-cost, quality generics via a network of **9,000+ retail outlets.**

Benefits:

- Savings of **50–90%** compared to branded equivalents
- Covers **over 1,500 formulations**
- Widely available in Tier 2 & Tier 3 cities

Yet uptake remains limited due to:

- **Lack of doctor prescriptions**
- **Low public awareness**
- **Sporadic stockouts**
- **Brand trust issues**

“I went to Jan Aushadhi with my prescription, but the chemist said my medicine wasn’t available. I had to buy the branded one.” – Patient, Gorakhpur

4. The Burden of Chronic Illness

Chronic conditions like **diabetes, hypertension, asthma, and epilepsy** require lifelong medication. For patients without insurance or public sector access, this leads to **monthly drug bills of ₹1,000–₹3,000**, often more.

| **Table 3: Annual Drug Cost for Chronic Conditions (Urban, 2023)** |

Condition	Avg. Monthly Spend	Annual Cost (Branded)
Type 2 Diabetes	₹1,200	₹14,400
Hypertension	₹800	₹9,600
COPD/Asthma	₹1,000	₹12,000
Epilepsy	₹1,500	₹18,000

Source: CSE Drug Affordability Survey, 2023 [3]

Many patients **skip doses, alternate days, or self-reduce doses** due to cost—undermining outcomes and increasing long-term complications.

5. Medical Bankruptcy: A Hidden Epidemic

The NSSO 75th Round Health Survey (2018) found that **17% of hospitalised patients borrowed money or sold assets** for treatment. A more recent 2022 study by the Public Health Foundation of India (PHFI) showed:

- **38% of cancer patients** had to sell land or jewellery
- **56% of families with ICU cases** took high-interest loans
- **68% of uninsured households** delayed or skipped follow-up treatment due to medicine cost

“It’s not the diagnosis that breaks us—it’s the price of staying alive.” – Caregiver of liver transplant patient, Delhi

6. Insurance Loopholes and Drug Exclusions

Most health insurance plans in India **do not cover outpatient drug purchases**, even for chronic illness.

| **Table 4: Insurance Coverage Features (Top 10 Plans, 2023)** |

Feature	Coverage Status
Inpatient treatment	<input type="checkbox"/>
Doctor consultation (OPD)	<input type="checkbox"/>
Prescription medicines (OPD)	<input type="checkbox"/>
Post-hospitalisation medication	<input type="checkbox"/> / Partial
Chronic illness medication cover	<input type="checkbox"/>

Source: IRDAI Comparative Product Sheet, 2023 [4]

As a result, even insured families must **bear the full cost of medicines**, particularly for **outpatient and follow-up care**.

7. Public Sector Shortfalls: Stockouts and Shortages

While public hospitals offer free drugs under state schemes, they suffer from:

- **Irregular supply chains**
- **No stock visibility** for patients or doctors
- **Corruption in procurement**
- **Poorly trained dispensing staff**

In Rajasthan, despite its free drug policy, **only 56% of essential medicines were available at any given time**, according to a 2022 audit by CHAI [5].

8. Gendered Impact of Drug Costs

Studies show that women are:

- **Less likely to seek medical care**
- **More likely to ration or forgo medicines**
- **Last to receive treatment in a household with limited money**

This has serious consequences in **maternal health, anaemia, thyroid disorders, and mental health**, where **drug adherence is critical**.

“My husband gets his blood pressure medicines every month. Mine are optional.” – Woman with hypothyroidism, Jharkhand.

9. COVID-19 Exposed the System’s Fragility

During the pandemic:

- Drug prices spiked (e.g., Remdesivir, Favipiravir, steroids)
- Oxygen cylinders and basic drugs went black-market
- Families spent **₹20,000-₹2 lakh per week** on medicines
- Insurance rarely covered at-home COVID drug costs

The result was a **wave of drug-linked bankruptcies** – especially among the lower-middle class.

10. Toward Rational and Equitable Drug Pricing

India must shift from a **market-based drug economy** to a **patient-centred model**. Key reforms include:

| **Table 5: Drug Cost Relief Reforms – Recommendations** |

Proposal	Feasibility	Status
Expand DPCO to 50% of drug market	High	Not done
Include drugs in outpatient insurance	Medium	Pilot in NHA
Mandate INN prescribing	High	Advised by NMC
Enforce substitution at pharmacies	Medium	Policy under review
Digital price comparison tools	High	Prototype phase

Conclusion: Health Without Bankruptcy

In India, a diagnosis is not just a health event—it’s a financial shock. The current drug pricing and prescription model **incentivizes brand over affordability, marketing over need, and opacity over access**.

To reverse this, the system must **recognize patients as central stakeholders**, not passive recipients. Until then, the country will remain both the **global pharmacy** and a place where **millions cannot afford their own prescriptions**.

References

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