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DAILY CURRENT AFFAIRS DATED 30.04.2026

GS Paper II: Current Affairs

1. Universal Health Coverage, Health Insurance and Out-of-Pocket Expenditure in India

a. Introduction

A healthcare system is considered effective when citizens can access quality medical treatment without suffering financial hardship. Healthcare therefore involves not only hospitals and doctors, but also affordability, equity, prevention, and financial protection.

One of the most serious challenges in India's healthcare system is the high level of Out-of-Pocket Expenditure (OOPE). A large share of healthcare costs in India is paid directly by households from their own savings rather than through public financing. Medical treatment often forces families into debt, asset sales, or long-term financial distress.

To address this challenge, India has expanded Government-Funded Health Insurance schemes such as Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana, Employees' State Insurance Scheme, Central Government Health Scheme, and various state-level insurance programmes. However, an important policy debate has emerged regarding whether expanding insurance coverage alone is sufficient to improve healthcare access and reduce household financial burden.

The answer is more complex than simply expanding insurance cards. Genuine health security requires a wider framework of public health investment, primary care, regulation, and financial protection.

b. Understanding Universal Health Coverage

Meaning of Universal Health Coverage

Universal Health Coverage means that all individuals should be able to access quality healthcare services without facing financial hardship.

According to the World Health Organization, Universal Health Coverage rests upon three essential dimensions:

- Access: Healthcare services must be available to everyone.
- Quality: Services must be safe, effective, and reliable.
- Financial protection: Treatment costs should not push people into poverty.

Broader Scope of UHC

Universal Health Coverage is not limited to insurance-based hospital treatment. It also includes:

- Preventive healthcare.
- Primary healthcare.
- Nutrition.
- Public health systems.
- Sanitation.
- Maternal and child healthcare.
- Equitable access to medical services.

Thus, UHC reflects healthcare as a social and developmental right rather than merely a market-based service.

c. Meaning and Significance of Out-of-Pocket Expenditure

i. Meaning of Out-of-Pocket Expenditure

Out-of-Pocket Expenditure refers to direct healthcare spending made by households from their own resources.

Major Components

It includes expenditure on:

- Medicines.
- Diagnostics.
- Hospitalisation.
- Doctor consultations.
- Surgeries.
- Transport.
- Follow-up care.
- Other related medical expenses.

ii. Why High OOPE is Dangerous

High Out-of-Pocket Expenditure creates both health and economic insecurity.

Consequences for Households

Families may be forced to:

- Delay treatment due to cost concerns.
- Borrow money at high interest rates.
- Reduce household savings.
- Sell productive assets such as land or jewellery.
- Cut expenditure on education, nutrition, or livelihood needs.

Healthcare thus becomes not only a medical issue, but also a major socio-economic issue linked with poverty and inequality.

The persistence of high OOPE in India is rooted in long-standing structural weaknesses of the health system.

d. Why India Historically Experienced High OOPE

i. Low Public Health Expenditure

India's healthcare system has historically suffered from relatively low public health expenditure compared to many developing and developed countries.

Effects of Low Spending

Low public investment has contributed to:

- Shortage of doctors and healthcare workers.
- Inadequate hospital infrastructure.
- Limited diagnostic facilities.
- Irregular medicine supply.
- Weak rural healthcare systems.

ii. Weak Public Healthcare Delivery

Public hospitals in many regions face overcrowding, limited resources, and uneven service quality.

Result

Patients often shift to private healthcare providers even when government facilities exist.

Since private treatment is expensive, households frequently bear heavy financial burdens.

iii. Dependence on Private Healthcare

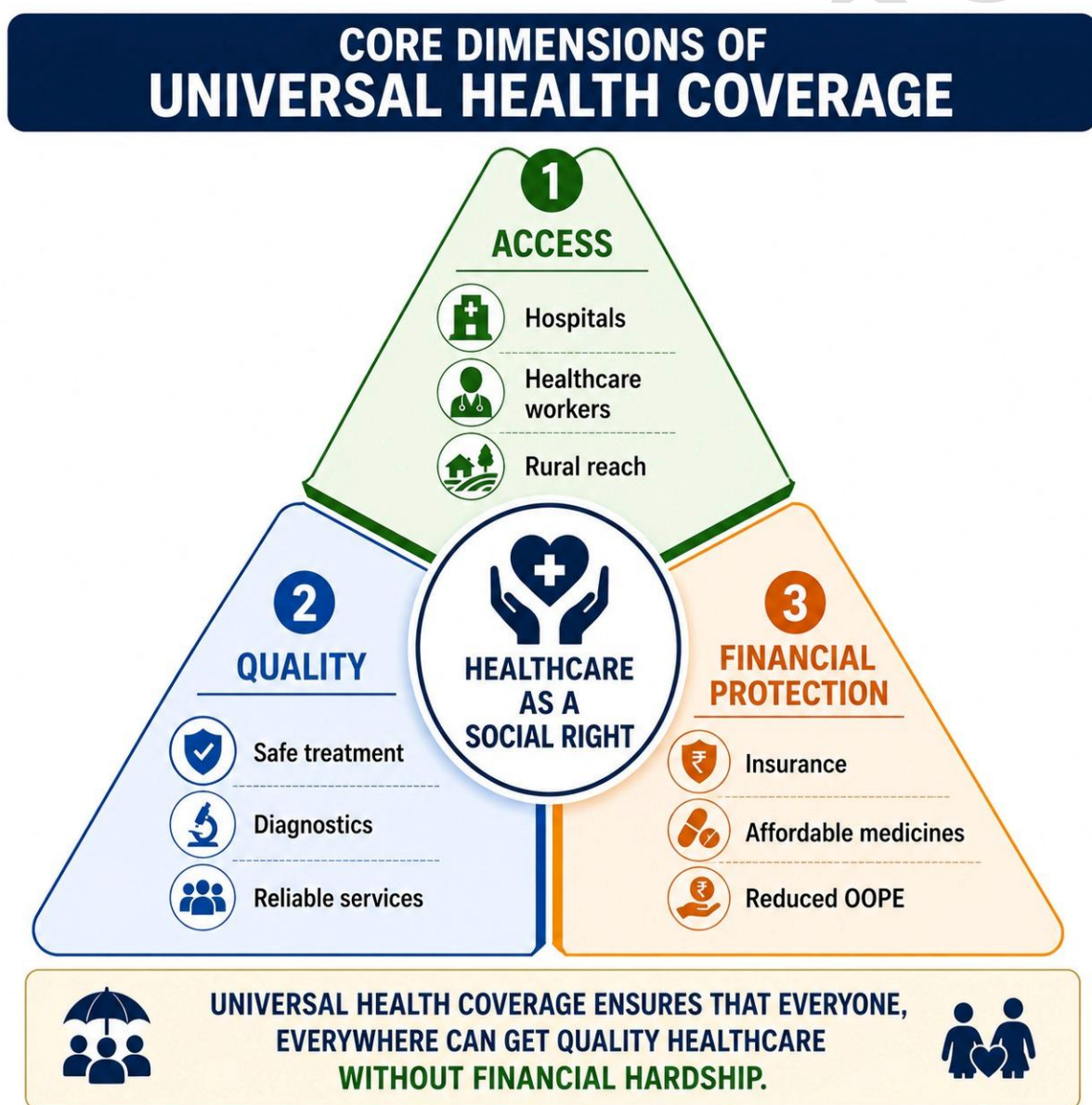
Structural dependence on private healthcare has been one of the major reasons behind India's historically high OOPE.

Why Private Care Increases Costs

Private healthcare often involves:

- High consultation charges.
- Expensive diagnostics.
- Costly medicines.
- Commercial pricing practices.
- Additional hospital charges.

This explains why India expanded health insurance schemes as a financial protection strategy.



e. Expansion of Health Insurance in India

i. Growth of Government-Funded Health Insurance

To reduce financial hardship, India has significantly expanded Government-Funded Health Insurance schemes over the last decade.

Major Objectives

These schemes aim to provide:

- Cashless treatment.
- Financial protection.
- Access to hospital care.
- Support for vulnerable households.

ii. PM-JAY and Its Features

Pradhan Mantri Jan Arogya Yojana is India's largest public health insurance programme, launched under Ayushman Bharat.

Key Features

- Provides annual health coverage of ₹5 lakh per family.
- Covers secondary and tertiary hospitalisation.
- Targets economically vulnerable households.
- Allows treatment in public hospitals and empanelled private hospitals.

The scheme aims to reduce catastrophic health expenditure and improve access to hospital-based treatment.

iii. Growth in Insurance Coverage

Insurance coverage has increased substantially in both rural and urban India due to PM-JAY, state insurance schemes, and welfare-based health programmes.

Significance

A much larger proportion of households today possess some form of formal health coverage compared to earlier decades.

This represents an important expansion of financial protection architecture within India's healthcare system.

However, expansion of insurance coverage has not automatically eliminated financial distress.

f. Why Financial Distress Continues Despite Insurance Expansion

i. Central Problem

Despite increased insurance penetration, Out-of-Pocket Expenditure remains high, financial hardship continues, and hospitalisation rates have not increased proportionately in many areas.

This demonstrates that insurance coverage alone cannot ensure Universal Health Coverage.

Several structural reasons explain this gap.

ii. Rise of Private Healthcare Dependence

A growing number of patients seek treatment in private hospitals due to perceived better infrastructure, faster services, and greater availability of specialists.

Continuing Cost Burden

Even insured patients may face high expenditure due to:

- Consultation fees.
- Diagnostics.
- Medicines.

- Non-covered services.
- Commercial hospital pricing.

Insurance may reduce part of the burden, but it often does not eliminate it completely.

iii. Incomplete Insurance Coverage

Most insurance schemes do not fully cover all healthcare-related expenses.

Expenses Often Left Out

- Medicines purchased outside hospitals.
- Diagnostics.
- Transport.
- Accommodation.
- Food expenses.
- Follow-up treatment.

As a result, households continue spending from their own pockets despite formal insurance protection.

iv. Additional Billing and Commercial Practices

Patients often report additional billing, partial cashless treatment, unnecessary procedures, and denial of complete insurance benefits by private hospitals.

Policy Concern

Being insured does not always mean receiving genuinely free treatment. Hidden expenses and commercial practices continue to create financial stress for patients.

v. Weakness of Public Healthcare Infrastructure

Weak public healthcare infrastructure pushes patients towards private hospitals.

Common Weaknesses

- Overcrowding.
- Staff shortages.
- Medicine shortages.
- Inadequate diagnostics.
- Poor infrastructure.

Therefore, insurance schemes operating in a weak public healthcare environment may indirectly strengthen dependence on private hospitals.

This creates an important debate between public healthcare and insurance-led private healthcare.

g. Public versus Private Healthcare Debate

i. Public Healthcare Model

The public healthcare model focuses on government hospitals, universal access, subsidised treatment, preventive care, and social welfare objectives.

Strengths

- Lower cost for patients.
- Wider population coverage.
- Equitable access.
- Greater focus on prevention and public health.

ii. Insurance-Led Private Healthcare Model

The insurance-led private model relies more heavily on private hospitals, insurance reimbursements, and market-based delivery of healthcare services.

Possible Advantages

- Greater availability of specialised treatment.
- Wider hospital choice.
- Faster access in some regions.

Risks

- Higher treatment costs.
- Increased inequality.
- Commercialisation of healthcare.
- Over-treatment and unnecessary procedures.

Thus, the debate is fundamentally about whether healthcare should primarily function as a public service or as a market-driven system.

iii. Concerns Regarding Dependence on Private Hospitals

Private hospitals largely operate on profit-oriented models.

Risks of Commercial Incentives

This may create incentives for:

- Over-treatment.
- Unnecessary diagnostics.
- Excessive billing.
- Commercial expansion of healthcare services.

When government insurance schemes reimburse private hospitals, public funds may indirectly support private profit generation.

Critics argue that excessive dependence on insurance-led private healthcare may weaken investment in public hospitals and primary healthcare infrastructure.

iv. Fiscal Burden on Governments

Large-scale insurance programmes require substantial public expenditure.

Fiscal Pressures

Governments must spend heavily on:

- Insurance claims.
- Hospital reimbursements.
- Empanelled hospital networks.
- Administrative systems.

If a large share of health budgets is diverted towards insurance payments, fewer resources may remain for strengthening public hospitals, rural healthcare systems, primary care centres, and preventive health services.

Therefore, health financing must balance hospital insurance with long-term public infrastructure development.

This is why primary healthcare becomes central to any serious Universal Health Coverage strategy.

h. Importance of Primary Healthcare

i. Meaning and Role of Primary Healthcare

Primary healthcare is the first level of contact between citizens and the healthcare system.

Key Functions

It includes:

- Immunisation.
- Regular screening.
- Maternal and child healthcare.
- Nutrition support.
- Sanitation-linked health awareness.
- Early diagnosis and treatment.
- Health education.

ii. Why Primary Healthcare Matters

Strong primary healthcare can prevent or control many diseases at an early stage.

Benefits

- Reduces disease burden.
- Lowers hospitalisation rates.
- Minimises long-term treatment costs.
- Improves health equity.
- Reduces pressure on tertiary hospitals.

Preventive healthcare is therefore both economically efficient and socially equitable.

Countries with strong primary healthcare systems generally achieve better health outcomes at lower overall cost.

iii. Ayushman Arogya Mandirs and Community Healthcare

Ayushman Arogya Mandirs are upgraded Health and Wellness Centres developed under Ayushman Bharat.

Focus Areas

They provide comprehensive primary healthcare, including:

- Maternal and child healthcare.
- Mental health services.
- Non-communicable disease screening.
- Preventive healthcare.
- Community-level treatment.

They represent an important shift from purely hospital-centred healthcare towards community-based and preventive healthcare systems.

However, primary healthcare reform must also address wider structural problems in India's health system.

i. Structural Problems in India's Health System

i. Major Structural Challenges

India's healthcare system continues to face several structural weaknesses.

Key Problems

- Relatively low public health expenditure.

- Rural-urban disparities in healthcare access.
- Shortage of healthcare workers.
- High private-sector dominance.
- Weak regulation of private providers.
- Unequal access to medicines and diagnostics.

ii. Impact on Healthcare Access

These structural weaknesses collectively contribute to:

- High Out-of-Pocket Expenditure.
- Unequal healthcare access.
- Delayed treatment by poor households.
- Financial distress during medical emergencies.

Thus, insurance expansion alone cannot resolve problems rooted in weak public systems and unequal access.

This leads to the central conclusion that Universal Health Coverage requires more than insurance.

j. Why Insurance Alone Cannot Achieve Universal Health Coverage

i. Limits of Insurance-Based Healthcare

Insurance primarily focuses on hospital-based treatment after illness occurs.

What Insurance Often Misses

Healthcare also requires:

- Preventive care.
- Nutrition.
- Sanitation.
- Vaccination.
- Disease surveillance.
- Public health infrastructure.
- Accessible primary care.

ii. Need for a Public Health Approach

Universal Health Coverage cannot be achieved solely through insurance expansion.

Reason

Without strong public healthcare systems and preventive infrastructure, insurance schemes may only partially reduce financial distress.

Healthcare policy must therefore move beyond an insurance-centric approach towards a broader public health approach.

This wider approach should guide India's future policy direction.

k. What India Should Do

i. Strengthen Public Healthcare Infrastructure

India must significantly strengthen public healthcare through investment in:

- Government hospitals.
- Primary Health Centres.
- District hospitals.

- Healthcare workers.
- Diagnostics.
- Medicine supply systems.

ii. Increase Public Health Expenditure

Public health expenditure should increase substantially because sustainable healthcare systems require long-term public investment.

Importance

Higher public spending can reduce dependence on private healthcare and lower household financial burden.

iii. Emphasise Preventive and Primary Healthcare

Greater emphasis should be placed on preventive and primary healthcare.

Benefits

- More cost-effective.
- More inclusive.
- Reduces hospitalisation.
- Improves long-term health outcomes.

iv. Regulate Private Hospitals

Private hospitals require stronger regulation regarding:

- Pricing.
- Ethical standards.
- Transparency.
- Insurance practices.
- Prevention of overcharging.

This is necessary to protect patients from commercial exploitation.

v. Make Financial Protection More Comprehensive

Financial protection mechanisms should cover not only hospitalisation but also:

- Diagnostics.
- Medicines.
- Transport.
- Follow-up treatment.
- Post-hospitalisation care.

vi. Prioritise Vulnerable Groups

Healthcare policy must prioritise:

- Rural populations.
- Women.
- Elderly citizens.
- Poor households.
- Socially disadvantaged communities.

A rights-based approach to healthcare must ensure that vulnerability does not translate into exclusion.

These reforms together can create a more balanced and inclusive healthcare system.

1. Way Forward

Build a Balanced Healthcare Model

India requires a balanced healthcare system that combines:

- Strong public hospitals.
- Universal primary healthcare.
- Regulated private participation.
- Effective financial protection mechanisms.

Move Beyond Insurance-Centric Reform

Insurance schemes can support healthcare access, but they cannot substitute:

- Public investment.
- Preventive healthcare.
- Primary care systems.
- Universal health infrastructure.

Treat Healthcare as a Public Right

The long-term objective should be to treat healthcare as a public right rather than a market privilege.

Sustainable Universal Health Coverage will depend not merely on expanding insurance coverage, but on creating an equitable, affordable, and accessible healthcare ecosystem.

Conclusion

India has significantly expanded health insurance coverage through schemes such as PM-JAY, yet high Out-of-Pocket Expenditure and continued financial distress reveal the limitations of an insurance-led healthcare model. Insurance can reduce some financial burden, but it cannot independently guarantee Universal Health Coverage.

Achieving genuine healthcare security requires strong public healthcare systems, universal primary care, preventive health infrastructure, effective regulation of private hospitals, and equitable access for all citizens.

Ultimately, the success of healthcare policy should not be measured only by the number of insurance cards issued, but by whether people can obtain quality healthcare without suffering economic hardship, debt, or social exclusion.

Reader's Note — About This Current Affairs Compilation

Dear Aspirant,

This document is part of the PrepAlpine Current Affairs Series — designed to bring clarity, structure, and precision to your daily UPSC learning.

While every effort has been made to balance depth with brevity, please keep the following in mind:

1. Orientation & Purpose

This compilation is curated primarily from the UPSC Mains perspective — with emphasis on conceptual clarity, analytical depth, and interlinkages across GS papers.

However, the PrepAlpine team is simultaneously developing a dedicated Prelims-focused Current Affairs Series, designed for:

- factual coverage
- data recall
- Prelims-style MCQs
- objective pattern analysis

This Prelims Edition will be released separately as a standalone publication.

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- visual cues

—all optimised for retention.

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