



## **Collusive Behaviour in Health Delivery in India: Need for Effective Regulation**

*Tuesday, 6<sup>th</sup> July, 2010, New Delhi*

### **Objective**

*To gather inputs from key stakeholders about possible ways of addressing collusive behaviour in healthcare delivery in India through appropriate regulatory intervention and subsequently improving the affordability and quality of healthcare in general and especially for the poor*

### **Background**

Access to healthcare, which has been universally recognised as a basic human need and an inalienable right, has been sought to be ensured in India through constitutional commitments. However, these commitments have not been translated into appropriate policies and effective practice as more than 50 percent of population does not have access to essential medicine because of simple lack of availability or unaffordable prices. Even when there is access, quality is often suspect as poor recipients of health services often get entangled in a vicious cycle involving commercially motivated doctors, pharmacists and diagnostic clinics, who compromise on medical treatment to maximize their own revenues.

The problem with existing healthcare delivery in India is multidimensional. Inefficient use of already low levels of public financing coupled with prohibitively expensive, substandard and often unregulated private healthcare gives rise to inappropriate practices and sub-optimal outcomes. Collusion among agents in the supply chain is a serious concern. Collusive activities can range from cartelisation to vertical arrangements among service producers in the supply chain for medical services. Although there has been no systematically documented and compiled evidence of such activities in India, information garnered from various sources points to significant involvement in collusive behaviour of all major players in the health delivery system.

These imperfections in the market for medical services (especially in the absence of proper regulatory oversight and strict enforcement) often lead to proliferation of market malpractices at various levels resulting in poor market outcomes. Such market failure calls for identification of necessary remedial action, a closer monitoring and regulation of the private sector

### **Context**

Against this background, CUTS International with the support of Oxfam India has undertaken this approach towards arriving at a project-based solution, which would then help to formulate a robust criterion to identify the collusive and other market malpractices practices and formulate needed policy and regulatory guidelines for enhancing access to affordable healthcare through promotion of competition and alleviation of anti competitive practices.

Support for such research and advocacy as well as feedback to the proposed methodology from the relevant stakeholder group including Ministry of Health and Family Welfare, Government of India, the medical community, consumer groups, regulators and the media would greatly enhance the effectiveness of the project.