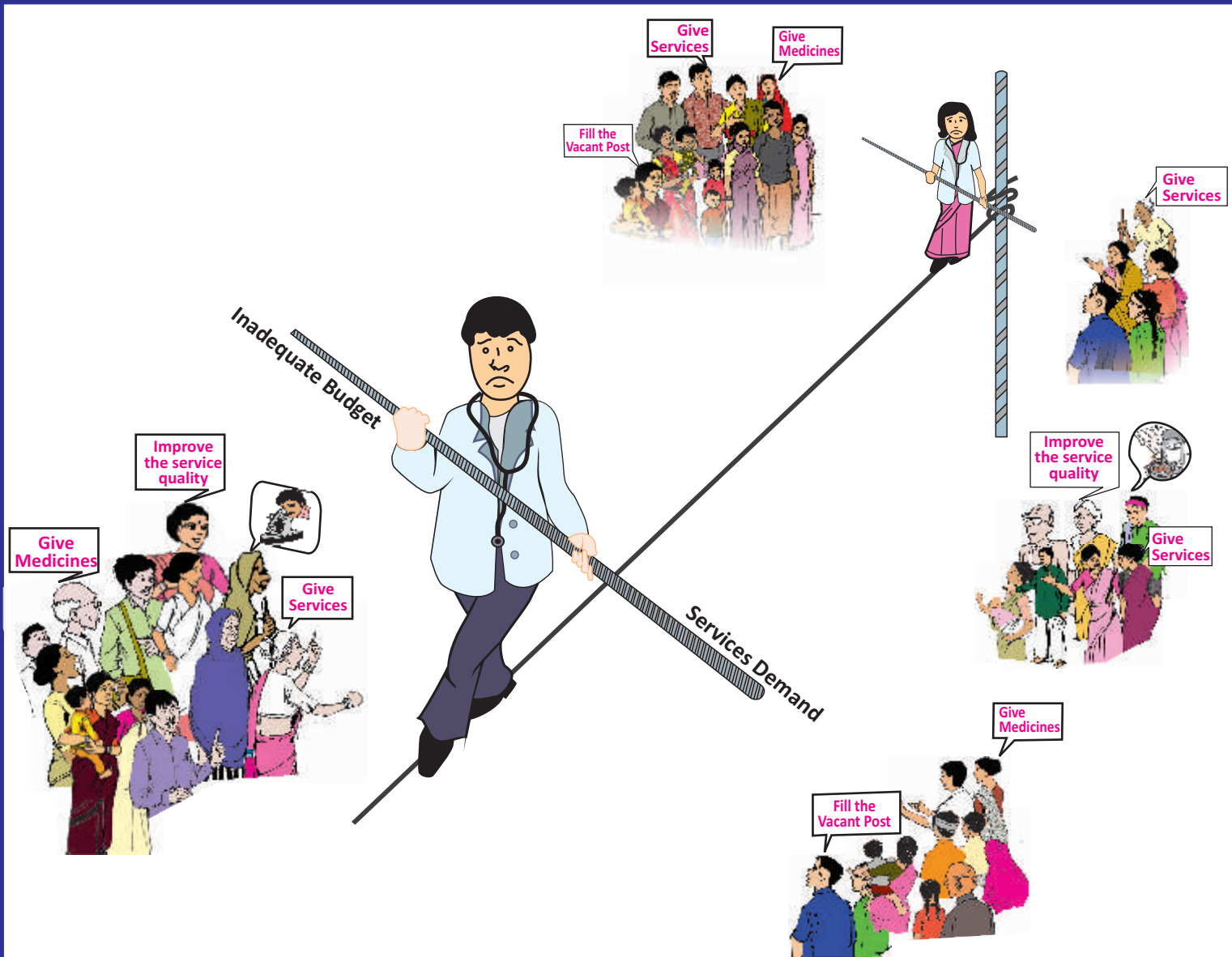


How PHC Functions?

A case study on understanding budget allocation verses annual expenditure required for effective functioning of Primary Health Centre in Maharashtra



Key findings

Based on the study, following Key findings were emerged.

- Primary Health Centre in remote region received amount of Rs.2,37,11,147/- per year, which per person Rs.51/- of total population of that PHC.
- Out of available amounts to the PHC, total amount spent by PHC Rs.2,16,00,684/- which is 91 percent of the available funds.
- Hence state government Maharashtra is spending Rs.83/- per person per month on health, but in reality, the amount available for the PHC is Rs.47/- per person

per month which need to be increased at least double. On the other hand, if we take national level figures about allocated per person per month expenditure which comes Rs.125/-. The state should set up a target to reach up to average of national level per person expenditure.

- Major Limitation we have faced in the context of calculating amounts for medicines. As we have calculated medicine and equipment costs based on available wholesale rate in the market. However, this can be calculated by actual purchase rate by the state government. This information is very difficult to obtain.

Introduction-

While looking at the budget of the Health Department of the Maharashtra Government indicates that the State Government is reducing its expenses on health services as compared to the previous years. For eg, In relation to the State GDP, expenses made on health services in the year 2017-18, amount to 0.48% of the GDP. For example according to the revised estimates of Maharashtra Health Budget for 2017-18, the Health Department's budget was Rs. 14488/- crores, and accordingly an increased budget was expected in the estimated for 2018-19. But actual allocated budget for 2018-19 was Rs. 13450/- crores. A closer and deeper look into this issue, indicates that an analysis of required funds for any particular PHC, can be useful in the process of the state budget planning, accordingly the presentation and demand for budget can be made. Financial planning for health services is crucial for providing good quality health services to the common citizens of the country. With this intention, this study was conducted through SATHI and Rachana Society for Social Reconstruction in PHC Karanjawane, Block Velha, district Pune.

Objective of the study -

This study was proposed to examine the expenses incurred by a PHC providing reasonable health services in the district, for a year and use this information for the state health budget planning.

Criteria for the study-

- Karanjawane is a PHC which provides excellent health services in the Velhe block and has been rated as "A" category in the Government's service ranking.
- It fits in the population criteria of the Government for a PHC.
- Velhe is a mountainous and remote block and has 3 PHCs. Of these three, the Karanjawane PHC, is on the main road, hence experience shows that most people in the block prefer to come here to access services. The number of patients accessing both OPD and IPD services is quite high.
- This PHC was selected for the study as it fits into the criteria of both Kayakalp, as well as National Accreditation Board for Hospital and Healthcare provider (NABH) programme.
- The MO of the PHC as well as the THO agreed to provide all the information required to study the expenses incurred by the PHC in the year, hence this PHC was selected for the study.

Required criteria for establishing PHC

While setting up a PHC in any village, a few minimum factors are followed as basic criteria. The village is selected based on the following criteria:-

- The village must have at least a primary school (upto 4th standard), the village must be connected by the State Transport department bus, the village must have water and electricity supply.
- The village must gift land to the Government, for building the PHC, as the Government does not incur the expenses of purchasing land. A minimum of 2 acres of land is necessary for constructing a PHC. The PHC building is built in one acre, and the staff quarters and post mortem room are built in the remaining one acre.
- Once the village has transferred land for building the PHC to the Governments name, a proposal for construction of the PHC building is prepared and sent it to the State Government and once the state Government approves the plan, the funds for the construction of the PHC are provided. The funds for the building cost is Rs. 5 crores.
- These funds provide for construction of the PHC building, 4 staff and official quarters (2 quarters with 4 rooms each and 2 quarters with 3 rooms each), one post mortem room and parking for vehicle.

The Karanjawane PHC has been built as per these criteria.

Necessary information required for the study -

All information for financial year 2017-18 was sought from this PHC, for this study. 2 types of information was sought during this study -

The first information sought was figures about the services provided by the PHC. Further information was sought about the services being provided by the PHC, the population for which services were being provided, number of deliveries conducted during this financial year, number of patients being provided services through the OPD, the numbers in the PHC IPD, number of male and female patients who have undergone family planning operations, number of patients provided with vehicles for referral, number of patients who have been provided

Figures for the services rendered by the PHC during the year

No	Services	
1.	Population for which services are being provided by PHC	38000
2.	No of patients who have taken services in the IPD during the entire year	1200
3.	No of patients who have taken services in the OPD during the entire year	24000
4.	No of patients who have done all kinds of tests in the entire year	6108
5.	Total deliveries in the year	120
6.	No of patients provided with referral services during the year	159

laboratory services, services provided under the National programmes, and also various programmes like Pulse polio etc. apart from this information, maintenance expenses required for the PHC, electricity bill and other necessary expenses has been collected.

The second type of information was the funds received by the PHC as per A, B, C category, under the NHM, for the year 2017-18, funds received from the Zilla Parishad and other sources, medicines received by the PHC, funds required for the salaries of all the PHC staff, along with the expenses incurred on the honorarium for the ASHA workers and the ASHA supervisors, expenses incurred for providing the various health services etc.

Apart from the information about the income and expenses of the PHC, aspects like the costing for the equipment and machines, other facilities, building, furniture, vehicle and others required for providing health services, were also considered in the study.

Analysis of the information received-

■ **Honorarium given to the ASHAs** – The information about the honorarium provided to the ASHA workers was first analysed. The monthly and annual expenses incurred for payment of honorarium for 37 ASHAs was ascertained. At Rs.2237/- per ASHA, the monthly expenses for payment of honorarium to 37 ASHAs comes to Rs.82785/-, and the annual expense is Rs. 9,10,630/-. Similarly the honorarium for the 3 ASHA block facilitator amounts to Rs. 15000/- (Rs.5000 x 3) per month, the annual tab amounting to Rs. 1,80,000/-.

■ **Expenses undertaken on the salary of the officials and PHC staff** – A total of 39 officials and staff come within the ambit of the PHC, this includes those working in the PHC and those working in the 11 sub-centres which come under the PHC, 29 being regular and 10 being part time sub-centre employees. The total salary expense for all these employees per month, is Rs. 4,58,937/-, the annual tab is Rs. 55,07,243/-.

■ **Funds received from the NHM and the Zilla Parishad** – The PHC received a total fund of Rs. 19,68,270/- through the NHM and the Zilla Parishad. Of this, Rs. 1,99,500 was received through the Sharada Gram Sanjeevani Yojana of the Zilla Parishad. The PHC received a fund of Rs. 1,67,500/- for the various camps that it runs. Some funds were received for running National Programmes, some for implementing schemes like the Vaibhav Lakshmi Yojana, the PHC got a refund on some of the bills paid by it to the Block Development officer, some funds were received through RKS, and all these funds received for the year 2017-18 were collated.

Besides, the PHC has received funds of Rs. 2,00,000/-

through the Kayakalp programme, and the PHC also received Rs. 52000 from the NABH programme. The PHC received a total funds of Rs. 2,37,11,147/-, and an amount of Rs. 2,16,00,684/- was spent, on the PHCs regular expenses, employees' salary, various camps and programmes, referral services, honorarium for ASHAs and ASHAs block facilitators, diesel expenses for the vehicle, implementation of National programmes, purchase of medicines which are in short supply, cleanliness, electricity bills, internet bill, and such other things.

■ **Medicines provided to the PHC** – Information was sought on the medicines supplied to the PHC at the district and other levels. As a part of this study information was collected about the monthly requirement of medicines for the PHC as ordered by the distributor and the amount actually supplied to them. An average of how many medicines were used during the year, was derived from this information. The wholesale rate of these medicines in the market was enquired, and accordingly the expenses made on medicines were estimated. As per this estimate, an amount of Rs. 85,08,125 was spent on the medicines utilised in the year 2017-18.

■ **All equipment required for the PHC** – (Labour room, Operation theatre, all equipment and tools required in this), furniture required for the PHC, chairs, tables, cupboards and other items required, were enlisted per room, and the wholesale price of these items required in each room, was found. As per this estimate the total cost of all the equipment amounted to Rs. 25,95,910/- .

Categorywise major expenditure done by the PHC

No	Head	Annual expenses
1.	ASHA Honorarium	Rs. 9,10,630/-
2.	ASHA block facilitator	Rs. 1,80,000/-
3.	Salary of officials and staff	Rs. 55,07,243/-
4.	Expenses made from the NHM and Zilla Parishad funds received by the PHC along with Kayakalp reward fund and funds received from NABH	Rs. 18,78,077/-
5.	Cost of medicines required for providing health services in the PHC	Rs. 85,08,125/-
6.	Total annual expenses of the PHC	Rs. 1,69,84,075/-
7.	Cost of all the equipment and furniture of the PHC	Rs.26,53,563/-
8.	Total expenses incurred by the PHC in providing health services	Rs. 19,637,638/-

*The funds collected through case papers, the cost of laboratory equipment under NABH and NQBH, and remaining funds from the RKS, these have been left out of the above table. When all the expenses are combined, the annual expenses amount to Rs. 2,16,00,684/-.

Limitations of this study –

1. While analysing the information received from the PHC regarding the expenses, it was not possible to separate the expenditure on patients accessing health services in the PHC and that on providing out reach health services to villages coming under the PHC.
2. The expense of the PHC has been derived only based on figures available for this financial year.
3. Information about vacant posts in the PHC could not be accessed, and the salary for these posts accordingly could not be calculated as these salaries depends upon number of years of experience of the persons, hence it has not been incorporated in the study.
4. Also while calculating the cost of medicines the expense over medicines actually used in the PHC has

been incorporated in the study. But as the medicine supply was less in this financial year, many a times, the patients have been given a rationed supply of medicines. As the medicines have not been given as per the demands of the patients, the cost calculated in the study is very less. How much it would be in reality cannot be estimated.

The depreciation cost of the building and furniture has not been incorporated in this entire analysis. The Income Tax Act stipulates a 10% depreciation in cost of any building or thing for every year after its purchase. So the depreciation cost per year, based on the cost of the building needs to be estimated and taken into account, the same applies to the cost of furniture as well. This needs more in-depth work and the amount needs to be incorporated in the total expenses for every year.

Concrete suggestions based on the study

- Karanjawane is an 'A' category PHC as per Government criteria. The actual expenditure of this PHC has been derived through this study. But as per the performance of the PHC, it is essential to derive the actual annual expenditure of one PHC in each category – A, B and C.
- The state Government needs to increase the budget for the PHC, and a minimum amount of Rs. 100 per patient needs to be spent annually.
- If the PHC is expected to provide good quality services, then the system of providing funds based on the annual targets for the year needs to stop, rather the PHC should be provided funds as per its requirement.
- The study indicates that although the Karanjawane

PHC is providing good health care services to the patients in the block, the number of staff for the PHC continues to be less. Hence if all PHCs are expected to provide good quality health services, then vacant posts for health officials and staff need to be filled as per a definite action plan.

- The information collected on medicines as a part of the study indicates that the annual stock of medicines received by the PHC is always lesser when compared to the needs of the patients. To resolve this issue, the state Government should adopt a concrete Drug Procurement and Distribution policy on the lines of Rajasthan, Tamil Nadu and Kerala. This will enable the Government to provide sufficient medicines to all PHCs in lesser funds.

Reference- <https://www.ncbi.nlm.gov/pmc/articles/pmc4990301/>

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Tel : 91-20-25472325, 25473565
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