

# **The Utilization of Healthcare Services in India: Do education and income matter?**

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This paper is concerned with understanding the determinants of utilization of curative health services, paying particular attention to the role of education and income. The analysis is based on the 52<sup>nd</sup> (1995-96) and 60<sup>th</sup> round (2004) data of National Sample Survey Organisation. The untreated morbidity rates have considerably increased among men and women both in rural and urban areas. In 2004, while the hospitalisation rate amongst the poor was 16 per thousand population, it was 28 per thousand amongst the non-poor. Both public and private hospitalizations increase with income but rate of growth is higher in the private sector. The paper provides an analytical framework for analyzing both the binary decision to seek formal health care in the event of illness, and the multinomial choice of health care provider. The results show that income is not an important determinant of health care choices in India in case of outpatient care. Nevertheless, it plays a significant role in choosing the healthcare provider for inpatient treatment.

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## **Introduction**

Utilisation of healthcare services is multidimensional in nature. First, the recognition of health problem can be perceived as the “need” for care. The prevalence of morbidity has increased substantially during the period 1995-96 to 2004. The rise in morbidity level coupled with increase in chronic conditions and disabilities is therefore expected to augment the demand for healthcare services.

However, apart from the recognition of health problem, access to health services also depends on its social legitimization in the household – in other words, its affirmation and endorsement of health seeking behaviour (Sen, 2000). Furthermore, factors such as availability and affordability of care, healthcare consciousness of the population, responsiveness of healthcare system, price of healthcare services, and perceived quality of care determine the utilisation of available healthcare services. Despite considerable investments in developing and maintaining an extensive network of public health facilities, the utilisation of health services is still far from satisfactory (Peters *et al.*, 2002).. Another dimension of the problem is related to the pattern of utilization of healthcare services. It has been found that majority of Indian’s prefer to seek outpatient and inpatient care at private health facilities, a trend which has been increasing over time (Mahal *et al.*, 2001).

The following reasons are often cited for the low utilization of healthcare services: poor quality of public health services, closed public facilities, high monetary payments for private care and informal payments for public care, inadequate and inappropriate care (Mishra & Chatterjee, 2003; Banerjee & Deaton, 2004; Borah, 2006).

Apart from low utilization of healthcare services, recent studies on India and Uttar Pradesh have also found substantial socioeconomic inequalities in healthcare utilization (Peters *et al.*, 2002; Mahal *et al.*, 2001) favouring the economically better-off. Overall utilization of publicly provided services is skewed towards the rich as more individuals from the higher income groups are likely to seek health care services.

As part of the wide ranging reforms in the health sector, many of the state governments introduced user fees and charges for various services at all government run facilities. These measures are likely to affect the healthcare utilisation in a number of ways. First, the “need” for care could change and hence, this will affect the demand for care. Second, the costs associated with utilisation of services may change. However, the implications of these policies on the utilization of public care are yet to be assessed.

In the light of the above discussion, this study attempts to understand how individuals choose between alternative outpatient care providers as well as inpatient care providers. This paper examines the determinants of utilization of inpatient and outpatient care, paying particular attention to the role of SES variables such as education and income. Furthermore, attempts will also be made to carry out an analysis of equity in health services use for both public and private source of care.

Methodology, analysis and write-up are in progress.

Table 4.1 Rates of untreated ailments by sex and residence (Percent)

	Rural			Urban		
	1995-96	2004	% change	1995-96	2004	% change
Male	16	18	12	9	10	11
Female	18	18	-	9	11	22
Person	17	18	6	9	11	22

Figure 1 Concentration curve for untreated morbidity, India, 2004

