

OPINION HEALTH

Health Spending, COVID-19 and Desired Outcomes

To understand how vulnerable a country to a pandemic is, it is necessary to create an index that not only consider existing level of health infrastructure but also ability of a country to spend, to create more healthcare assets.

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The COVID-19 pandemic has crippled the global economy and showcased the urgent need for better health infrastructure and efficient accessibility to healthcare services.

India's healthcare system is not in great shape. There are gaping holes when it comes to availability of hospital beds, doctors, and paramedic staffs to react to a health emergency. What is true for India is true for many other countries – a poor healthcare infrastructure may make it difficult to react to a health emergency.

However, as COVID-19 has shown, merely spending more on health may not necessarily lead to a desired health outcome.

For instance, [data reveals that](#) the US government spent almost double the amount on medical care in comparison to eleven other wealthier nations. The higher amount spent by the US (and this excludes money spent by the private insurers) is mostly on account of high costs of labour, pharmaceuticals, and administrative costs, and this do not translate to having better health outcomes. Life expectancy is still lowest and infant mortality rates still the highest in the US, in comparison to the 11 developed countries in the OECD group.

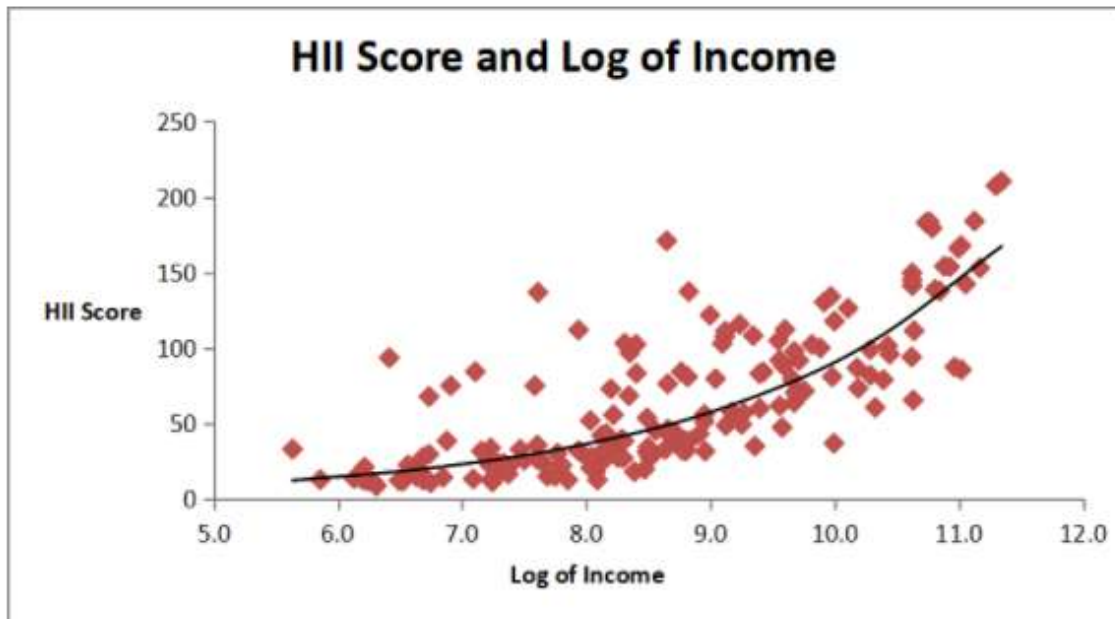
To understand how vulnerable a country to a pandemic is, it is necessary to create an index that not only consider existing level of health infrastructure but also ability of a country to spend, to create more healthcare assets.

We create a new index – Health Infrastructure Index (HII). HII ranks countries based on availability of physicians, dentists, nursing and midwifery personnel, pharmacists, hospital beds, number of hospitals, and skilled health care professionals – such as anaesthesiologists, radiologists, etc. – all of which are normalised with respect to the population. Additionally, HII accounts for variables such as money spent on account of healthcare activities by the governments.

India gets a lower rank, 113 out of 184 countries, putting her in the vulnerable category in the fight against COVID-19. Luckily though, the COVID-19 fatality rate is low. This may be because of factors such as tropical climate (virus are less active in hot and humid climate), young population (less likely to be comorbid), and universal vaccination program (administering Bacille Calmette-Guérin “(BCG)” vaccination).

South Asian neighbours offer a mixed bag: Bangladesh (120), Pakistan (160), Nepal (109), Sri Lanka (108), Bhutan (135). In general, we find the high-income countries scores well in terms of HII (Figure 1). Western European and Scandinavian nations have high HII scores, which is not surprising. Monaco (1), Switzerland (2), Norway (3), Iceland (4), and Germany (5) are the among the countries with highest HII scores. Number in the parenthesis indicates the rank. It implies these countries are better equipped to handle pandemic. Whereas African countries such as Somalia (184), Niger (182), Guinea (181), and Central African Republic (180), have a very low HII score making them most vulnerable. Afghanistan ranked 183.

Figure 1: HII Score and Log Income

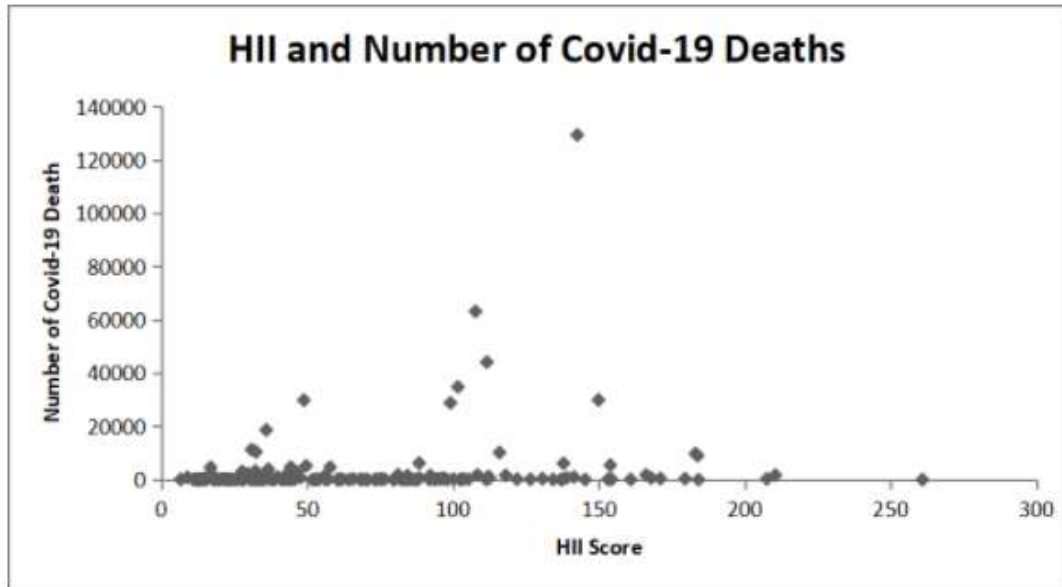


Among the middle-income countries, Cuba (10), Uzbekistan (21), Kazakhstan (25), and Russian Federation (27) performed well, making them less vulnerable. Per-capita availability of doctors is highest in Cuba, making it less vulnerable. The erstwhile Soviet block scores well in terms of availability of hospitals and hospital beds, and money spent as a percentage of GDP on healthcare.

The HII index highlights critical areas where domestic or multilateral interventions are required. For instance, multilateral organisations such as WHO, IMF, or World Bank, may want to give more funding to the countries, which are more vulnerable in terms of HII. Even within a country, HII showcases the areas where a government, or multilateral organisations, should intervene, and how they may prioritise such interventions.

It is to be noted, although, COVID-19 is equally likely to affect all the low, middle, and high-income countries in terms of spread of the virus. Plotting HII against the number of COVID-19 deaths (Figure 2), reveals a horizontal trend suggesting that COVID-19 is equally likely to affect countries irrespective of their level of per-capita income.

Figure 2: HII and number of COVID-19 deaths



However, the lower-income households, within a given country are more to be severely affected thus far. [Evidence suggests](#) 5% of the poor income-households residing in the low- and middle-income countries, spend disproportionately more than the rich as a percentage of household income on health care. For a rich nation, like US, life expectancy for the bottom five percent of poor people did not change between 2001 and 2014. However, during the same period, the life expectancy of people in the high-income bracket showed improvement. Poor health outcomes for individuals with lower income directly result from exposure to harmful environments. In Europe, it was found for the disadvantaged, unmet need for medical care tended to be higher in countries with larger income inequalities, regardless of the average economic standard in terms of GDP per capita.

Irrespective of what the HII suggests in terms of disbursement of COVID-19 fund, some world leaders are demanding that China should pay the price. China's actions in combating the pandemic are in violation of Article 6 and 7 of International Health Regulation (IHR). If any government wants to sue China, must do so by identifying the jurisdictional basis for such action. Article 56 of IHR allows such punitive action but it can only be executed when China agrees to the wrongdoing on its part. Similarly, to protect their

economic and tourist activities, some countries such as Turkey, Indonesia, Russia, etc., have under reported number of COVID-19 cases. Governments of the affected countries can also ask for compensation. To play it safe, WHO had to introduce a total cross country travel ban.

There can be a spillover effect. Many governments are imposing sanitary and phytosanitary sanctions and imposing restrictions on goods originating from China. This has seen an increase in the number of lawsuits, especially, under Article XI of WTO (dealing with quantitative restrictions). Investment arbitration to settle disputes between foreign investors and host States can come in handy.

International Investment Tribunals, and other tribunals can be asked to review the States' guidelines against the pandemic and thus can address many disputes related to the same. Peru, for example, has developed online digital platform aimed at providing public access to key pieces of information about arbitration. With more countries following the suit and COVID-19 fatality waning, we may be heading for a better time.

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