

EXECUTIVE SUMMARY

Why CAG did this audit

Health is a vital indicator of human development. In view of the criticality of health facilities in providing necessary healthcare to the citizens, the Government spending on the same and the glaring gaps in the available health infrastructure which came forth with COVID-19 outbreak, CAG took up a Performance Audit to study the overall performance of health sector in Kerala.

Audit scope covered scrutiny of records for the period 2016-22, with an objective to examine (1) the availability of necessary human resources at all levels e.g., doctors, nursing staff, paramedics, etc., (2) the availability and management of healthcare infrastructure, (3) the availability of drugs, medicines, equipment and other consumables, (4) the adequacy of funding for healthcare, (5) the adequacy and effectiveness of the regulatory mechanisms for ensuring quality healthcare services and (6) whether the State spending on health has improved the health and wellbeing of people as per Sustainable Development Goal-3 (Good health and wellbeing).

Major Audit Observations

Shortage of doctors against sanctioned posts was noticed in all levels of hospitals under Modern system of Medicine. The shortage was more severe in the case of specialist doctors. Shortage of doctors was also noticed in tertiary level hospitals test-checked under AYUSH. Similarly, shortages of nurses, pharmacists and lab technicians were also noticed in the test-checked hospitals. The deficiency of manpower in public hospitals not just affects the accessibility of public to quality healthcare but also exerts pressure on the available resources thereby compromising on effective delivery of healthcare services. The doctor to population ratio was most adverse in two out of 14 districts of the State. The shortage of Accredited Social Health Activists in the districts ranged from three to 33 *per cent* in 13 out of 14 districts of the State.

Family Health Centres were not providing services as intended under Aardram Mission due to lack of infrastructure, required manpower, etc. and thus the aim to provide augmented services at reasonable cost, time and satisfaction had not been met. The number of doctors in the Out-Patient Departments of the hospitals was not commensurate with the number of patients seeking medical care creating overload for doctors as well as inconvenience for patients. The minimum essential services as prescribed by Indian Public Health Standards (IPHS) were not available in many of the hospitals. The entire gamut of desirable pathological services and equipment was not available in different categories of hospitals.

The main objective of formation of Kerala Medical Services Corporation Limited (KMSCL) was to avoid scarcity of drugs in hospitals at all times which can be realised only if indents are realistic and procurement of the indented

quantity is effected. Audit observed that the above objective was not met resulting in stock out of drugs in hospitals during the period of Audit. The shortage of drugs in hospitals was attributable to inadequate indenting due to financial cap set, lack of response to bid, delay/ non-supply of drugs by the vendors etc. Suppliers of around 82 *per cent* of the drugs delayed their consignment and in many instances, they were not penalised by KMSCL for the delay. The policy of subjecting only 10 *per cent* of drugs to quality check (QC) did not yield desired results as all the batches of 46 drugs and all supplies from 14 suppliers escaped QC during the audit period. Many vital medical equipment were not available in hospitals due to delay in purchase and non-maintenance of equipment. A mechanism for regular maintenance of equipment did not exist in the tertiary hospitals resulting in denial of services to patients.

For strengthening the healthcare system in the State, creation of essential infrastructure and deployment of trained work force are essential. The shortage of Primary Health Centres and Community Health Centres in the State when compared with IPHS was 14 and 35 *per cent* respectively. The progress in creation of planned infrastructure was slow. There was inordinate delay in commencement/ completion of infrastructure works mainly due to reasons such as delay in statutory clearances, defective planning, not identifying suitable sites, etc. Abandonment of works/ projects was also noticed due to lack of funds, change in plan etc. The projects/schemes meant to improve the tertiary care system in the State remained incomplete due to delay in issuing administrative sanction, release of fund, laxity in monitoring, etc., defeating the very objective of the projects/ schemes.

The percentage of health expenditure with reference to allocated funds declined from 97.64 *per cent* in 2016-17 to 93.28 *per cent* in 2020-21, however, the expenditure increased to 98.92 *per cent* of the outlay on health in the year 2021-22. State sector health spending did not meet the target of more than eight *per cent* of the budget as envisaged in the National Health Policy, 2017. Against the expenditure of ₹48,735.92 crore on health during the Audit period, the capital expenditure was only 4.24 *per cent*. The allotment of fund to KMSCL for purchase of drugs was not based on requirement.

Implementation of selected Centrally Sponsored Schemes in the health sector was not satisfactory. Under Pradhan Mantri Jan Arogya Yojana (PMJAY), inordinate delay in payment of insurance claims to beneficiaries was noticed. A District Implementation Unit to support the implementation of PMJAY and combined unit for anti-fraud, medical audit and vigilance at state level with district level officers were not formed. The number of beneficiaries covered under Janani Suraksha Yojana and Janani Shishu Suraksha Karyakram was low.

In several instances, the regulatory mechanism in the health sector was found to be inadequate. The implementation of Clinical Establishments Act and Rules which, *inter alia*, had the objective of prescribing standards of facilities and services had not progressed much and the objectives remain unachieved. Some blood banks in the State were found to be functioning without licences. The existing bio-medical waste treatment and disposal facilities in the State were

under stress and there was an immediate requirement for establishing more such facilities. Radiographic equipment was being utilised in some hospitals without Atomic Energy Regulatory Board licence.

Kerala has not yet formulated the action plan/ vision document for achieving the targets under Sustainable Development Goals. The assessment of the performance of the State with the inclusion of a few indicators *viz.* suicide rate, death rate due to road accidents and per capita out-of-pocket expenditure on health resulted in relegation of the State from first to ninth position in 2020-21. The per capita out-of-pocket expenditure on health in the State was second highest in the country. Similarly, the suicide rate per one lakh population and death rate due to road accidents exceeded the national average.

What CAG recommends

In this Report, 15 recommendations have been made covering the need to increase the outlay for health, enlarging healthcare facilities, purchase of adequate quantity of drugs, purchase and maintenance of essential equipment, strengthening enforcement of Clinical Establishments Act, establishment of bio-medical waste treatment plant, etc. The following recommendations have been made in this Report:

- Government should assess the requirement of doctors and paramedical staff at different levels and regions and ensure availability of human resources required as per the norms stipulated in IPHS/ Aardram Mission.
- Government should take action for reducing the wide disparity in doctor to population ratio in the State by increasing the strength of doctors in the districts with most adverse ratio.
- Government should ensure that minimum assured services, as per IPHS norms, are available at all levels of hospitals along with prescribed patient amenity services.
- Government should ensure availability of pathological services, equipment and manpower in hospitals for timely and quality treatment of patients.
- Government should issue necessary directions to KMSCL to take action to ensure availability of drugs in hospitals and supply should be based on the actual requirement, thereby ensuring that the drugs indented are purchased without delay.
- Government should issue guidelines to be followed for purchases made during crisis situation with emphasis on improved transparency and accountability so that a better equipped public procurement system capable of helping Government to respond effectively during such situation is in place.

- Government should ensure that vital medical equipment are available in the hospitals especially tertiary hospitals and that a proper system for maintenance and upkeep of the available equipment and condemnation of obsolete equipment is in place.
- Government should ensure that PHCs and CHCs proportional to population, required as per IPHS are available in all districts.
- Government should identify and analyse the infrastructure works which are pending completion and take remedial action for their expeditious completion. Government should also ensure that only those works which satisfy conditions like availability of unhindered land, etc. are sanctioned and there is no delay in the process of issuing requisite sanctions and release of funds.
- Government should formulate an action plan to enhance State sector health spending in line with the target set by the National Health Policy.
- Government should ensure that no eligible beneficiaries are deprived of the benefits envisaged under Janani Suraksha Yojana and Janani Shishu Suraksha Karyakram. This may be done through creating awareness about the projects among potential beneficiaries as well as by involving health workers /ASHAs.
- Government should ensure that the Clinical Establishments Act is implemented in the State in a time bound manner so that permanent registration is provided to those establishments which maintain prescribed minimum standards.
- Government should ensure that the Drugs Controller establishes a mechanism to monitor the validity of licences of blood banks and also ensures that the same are renewed without delay. Further, programmes may be conducted for Departmental staff to create awareness about the importance of adhering to relevant Acts and Rules.
- Government should ensure that urgent and time bound action is taken for establishment of new Bio-Medical Waste (BMW) Treatment Facility in the State and a mechanism established for assessing the BMW generated in the State, so as to ensure that all BMW is properly disposed of.
- Government should ensure that urgent steps are taken to formulate an Action Plan to achieve the targets under SDG-3 and improve performance against National level indicators relating to reduction of out-of-pocket expenditure on health etc.