

The impact of the economic crisis on the Sri Lankan health financing

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Introduction

Sri Lanka is an island nation located in South Asia with a land area of 65,610 km² in close proximity to the southernmost tip of India and separated from it by a strip of sea. The country has a population of approximately 22.15 million with an annual average population growth rate of 0.53% [1,2]. Sri Lanka was recognized as a low-middle-income country with a Gross Domestic Product (GDP) per capita of USD 4013.7 in 2021 [2]. Following the 30-year war that ended in 2009, the country's GDP grew at an average of 5.3% from 2010-2019 driven by factors such as FDIs (Foreign Direct Investments), tourism, the exportation of goods and services, and improved international trade relationships. The GDP growth rate was recorded as -3.6% in 2020 attributed to the COVID-19 pandemic. In 2022, at the peak of the country's worst-ever economic crisis, the GDP growth rate plunged -7.8%, marking the country's greatest contraction in history, following a 3.5% GDP growth in 2021 [3].

Sri Lankan pluralistic health system has been universal and freely accessible to the public since 1930, consisting of the western-allopathic approach and other systems, namely Ayurveda, Siddha, Unani, Acupuncture, and Deshiya chikitsa. Allopathic medical care is the major contributor, of which 95% of inpatient care and 50% of outpatient care are provided by the public sector and the rest by the private sector [4]. According to the ministry of health in Sri Lanka, the government expenditure on health in 2020 was 1.68% of the Gross National Product (GNP). After 40 years since the establishment of the Act of

Parliament No.12 of 1952 "The Health Services Act", the first-ever National Health Policy for Sri Lanka was formulated in 1992 which identified many policy issues pertaining to the Sri Lankan health sector concentrating on decentralization of the health administration to the divisional level [4]. Currently, healthcare delivery is decentralized to a major degree and the ministry of health at the central level is responsible for the management of the health services of the country, as the lead agency in providing stewardship to health service development, implementation, delivery of strategies for health sector reform including the promotion of public-private partnership in health, development of health manpower including the enhancement of human resources, administrative and financial management and ensuring the provision of resources for health. The Provincial ministry of health is governed by the minister of health of the respective provincial council which further ensures a healthy population in the concerned province.

Despite the country's civil war that lasted for over two decades, Sri Lanka has achieved a significant progress in human and social development amidst an exacerbated budget deficit, and during the post-war the budget deficit was reduced from USD -3.89 billion in 2008 to USD -1.08 billion in 2020 [1], but with a volatile and a sluggish economic growth. The country's total expenditure on healthcare, both public and private, was 3.9% of the GDP in 2020 [2]. However, equitable distribution of healthcare resources and professionals has been quite challenging considering the economic status of