Critical Review of the Current Scenario of Health Insurance in India: a Comparative Review Study of Urban & Rural Population

Sumit Kumar Bhalla[1]
and Nanda Lal Banik[2]
Siam Technology College, Thailand
[1]mr.sumit@hotmail.com
[2]nbanik@hotmail.com

Abstract - **Health insurance is a social security instrument laid out for the rural population which has emerged, for people with chronic health problems, which arises due to prevalence of major & other diseases and inability & inaccessibility to an affordable health care system. This is a major threat for people who have low income earning capacity. The Insurance Regulatory and Development Authority (India) have laid down the path for health insurance intermediaries such as third party administrators (TPAs) who play a major role in setting up an easy & highly managed healthcare system. To provide better services to the policyholder, TPAs have been set up. They also imitate some negativity of private health insurance but still are pivotal for health industry. However, if we see the demand side and supply-side complexities of private health insurance and healthcare markets, insurance intermediaries face immense challenges. TPAs manage claims & reimbursements, which is purely described by the IRDA. So it is totally a managerial role played by TPAs for an ease in health insurance industry. They play role of controlling costs of healthcare and ensuring appropriate quality of care is less well-defined. As insurance sector in India are showing clear cut signs of requiring insurers to be innovative in their approach towards achievement of sustainable growth and the most important being expansion. The report explores and details the underlying trends in customer awareness levels and their implications on insurers. The specific objective of the survey was to draw a comparison of awareness levels of rural & urban population and how do they assess the experience of households with illness and health care utilization and the associated financial risks, including informal risk sharing mechanisms, perceptions about financial risks, demand for protection from these risks, and knowledge of health insurance and risk pooling mechanisms. The study also made an attempt to analyse social capital in the target populations, especially levels of institutional trust. A survey was carried out where 60 respondents were asked to fill the questionnaire. On that basis further interpretation & analysis was carried out & people were then taught about what things they need to keep in mind while they have the health insurance in hand, or before seeking one.**

Keywords - **Chronic Health Problem, Third Party Administrator, Health Insurance**

I. INTRODUCTION

A. Current Scenario Health Insurance in India

Health is a human right. It's accessibility and affordability has to be ensured. The escalating cost of medical treatment is beyond the reach of common man. While well to do segment of the population both in Rural and Urban areas have accessibility and affordability towards medical care, the same cannot be said about the people who belong to the poor segment of the society. Health care has always

been a problem area for India, a nation with a large population and larger percentage of this population living in urban slums and in rural area, below the poverty line. The government and people have started exploring various health financing options to manage problem arising out of increasing cost of care and changing epidemiological pattern of diseases. The control of government expenditure to manage fiscal deficits in early 1990s has let to severe resource constraints in the health sector. Under this situation, one of the ways for the government to reduce under funding and augment the resources in the health sector was to encourage the development of health insurance. In the light of escalating health care costs, coupled with demand for health care services, lack of easy access of people from low income group to quality health care, health insurance is emerging as an alternative mechanism for financing health care. Indian health financing scene raises number of challenges, which are:

- Increase in health care costs.
- High financial burden on poor eroding their incomes.
- Need for long term and nursing care for senior citizens because of increasing nuclear family system.
- Increasing burden of new diseases and health risks.
- Due to under-funding of government health care, preventive and primary care and public health functions have been neglected.

In the above scenario, exploring health financing options became critical. Naturally, health insurance has emerged as one of the financing options to overcome some of the problems of our system. In simple terms, health insurance can be defined as a contract where an individual or group purchases in advance health coverage by paying a fee called "premium". Health insurance refers to a wide variety of policies. These range from policies that cover the cost of doctors and hospitals to those that meet a specific need, such as paying for long term care. Even disability insurance, which replaces lost income if you cannot work because of illness or accident, is considered health insurance, even though it is not specifically for medical expenses. Health insurance is very well established in many countries, but in India it still remains an untapped market. Less than 15% of India's 1.1 billion people are covered through health insurance. And most of it covers only government employees. At any given point of time, 40 to 50 million people are on medication for major sickness and share of public financing in total health care is just about 1% of GDP. Over 80% of health financing is private financing, much of which is out of pocket payments and not by any pre-payment schemes. Given the health financing and demand scenario, health insurance has a wider scope in present day situation in India. However, it requires careful and significant efforts to tap Indian health insurance market with proper understanding and training.

II. LITERATURE REVIEW

B. Reshmi, N. Sreekumaran Nair, K.M. Sabu and B. Unnikrishnan (2007): To find out the awareness of health insurance in an urban population in south India, a community-based cross-sectional study was carried out. A total number of 242 respondents from 242 households (male 38.4%; female 61.6%) were interviewed by using a pretested proforma after obtaining informed consent from the participants. The awareness of health insurance was found to be 64.0 per cent. Around 45.0 per cent of the respondents came to know about health insurance from the media which played an important role in the dissemination of information. The mean premium amount agreeable to be paid by the respondents for health insurance was found to be Rs 1804.00, even the low socio-economic group of people were also willing to part with a reasonable amount of Rs. 697.00 annually for health insurance. The middle and low socio-economic groups favoured government health insurance compared to private health insurance. The findings indicate that government should come

out with a policy, where the public can be made to contribute to a health insurance scheme to ensure unnecessary out-of-pocket expenditures and also better utilization of health care facilities.

Rajeev Ahuja (2010): Community based health insurance (CBHI) is more suited than alternate arrangements to providing health insurance to the low-income people living in developing countries. The universal health insurance scheme, launched recently by the Prime Minister of India, is only one of the forms that CBHI can take. While analysing the proposed scheme, we examine alternate forms of CBHI schemes prevalent in the country. The development of private health insurance market in the country will not leave the poor unaffected. Insurance sector reform can affect the poor through its effect on the provision of health services (i.e., cost, quality and access) used by the low-income people as well as through its access to financing of health care. In this paper we also explore how insurance sector reforms alter health insurance prospects facing the poor in India, and what changes on the health front affecting the poor have happened or are likely to happen as a result of insurance sector reforms. We conclude that in diverse settings of India all forms of CBHI have a role to play and therefore need to be encouraged by the government through appropriate interventions. Formal insurance providers can also be reigned to serve low income population. At the same time, developments in formal health insurance market need to be guided so as to minimise cost escalation of health care provision.

J. Yellaiah (February, 2013): Health insurance as a tool to finance healthcare has very recently gained popularity in India. Government has been putting serious efforts to introduce health insurance for the poor in recent years in order to improve access of poor to quality medical care and for providing financial protection against high medical expenses. There have been several attempts to introduce similar schemes in other states but Andhra Pradesh has been one of the only states to successfully roll out the scheme. The Insurance scheme covered 198.25 lack families out of total across 229.11 Lack families (87% families covered) residing in 27138 villages 1128 mandals of all districts of the State in five Phases. The scheme started with 330 procedures covered and has been gradually extended to 938 procedures. The majority of beneficiaries utilizing the scheme are illiterate and have a rural address. Since inception of the scheme (01.04.2007) till 18th January 2013 - 35713 Medical camps were held by the network hospitals in rural areas. Total Surgeries/Therapies done by under this scheme is 1753466, Government is 440655 and Private is 1312811.

R. Ramamoorthy; Dr. S.A. Senthil Kumar (March, 2013): The health insurance industry has changed rapidly in the changing economic environment throughout the world. The overall Insurance Industry contributes about seven percent GDP of our economy. The increased rate of market competition due to liberalization and privatization forced health insurers to be competitively serving in a better way to the customers. In that point view to huge untapped market, the concept of health insurance was introduced by the IRDA. Health insurance is a new and an emerging model of channel of distribution adopted by insurance players to increase the market share and insurance penetration. The present empirical based study was conducted with an objective to understand the growth of health insurance in Indian health Insurance Industry and to measure the customer awareness, satisfaction and perception towards buying health insurance products from insurers. The various concepts related to health insurance have been discussed in this paper. Health insurance is accelerating the growth of Insurance business, decrease cost, Low awareness of health insurance among customers. This paper concludes that there is a tremendous scope and growth opportunity available for health insurance in future in the Indian Insurance market.

III. NEED OF STUDY

Health is a very important constituent of human resource development. Good health is real wealth of society. It not only increases

human efficiency but also decreases private and public expenditure on sickness and diseases. Health has been declared as a fundamental human right. Healthcare services help to reduce infant mortality rate, check crude death rate, keep diseases under control and raise life expectancy. The economic gains are relatively greater for poor people, who are typically most handicapped by ill health and who stand to gain the most from the development of underutilized resources." Various studies examine effect of Out-Of-Pocket (OOP) health expenditure on poverty head count and whether such expenses push households deeper into poverty. Adversities related to out-of-pocket spending are apparent in the form of intensified poverty and ill fare in the country. Health insurance can provide financial protection to households in the event of health shock and can reduce catastrophic out-of-pocket expenditure on health care. So that it can protect families from impoverishment and empower the patient to seek health care as a right. This study is being carried out to study the perception of urban & rural population with respect to the health insurance. Also to know the concept clarity of the need of insurance for health as health insurance is an upcoming & emerging industry in India. Also this study focuses on drawing out comparison of perception & to bring out favourable recommendations for better knowledge & understanding amongst people who lack the true knowledge before seeking for health insurance.

IV. OBJECTIVE OF STUDY

1. To draw a comparison of level of awareness amongst the rural & urban population.

2. To identify the various problems faced by the policy holders of Health Insurance Policies.

3. To assess the awareness level and sources of awareness about health insurance.

4. To examine the type of health insurance preferred by the respondents.

5. To identify the purpose of taking health insurance.

V. RESEARCH METHODOLOGY

A research design is the detailed blueprint used to guide a research study towards its objective. The type of research selected for the study is "Descriptive Research" as it is conclusive in nature, as opposed to exploratory. This means that descriptive research gathers quantifiable information that can be used for statistical inference on your target audience through data analysis as we are describing about the market characteristics.

A. Sample Size

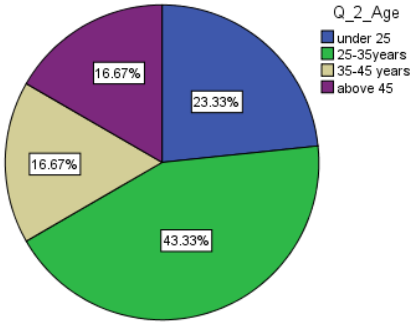
The kind of sample are included in the study covers a wide area depending on the age, gender, income, market segmentation etc. So, the sample size is decided to be carried out in the Preet Nagar, Kirti Nagar, Jalandhar city and its nearby area. Sample size that would be taken for the research is 60. 30 respondents from urban population were asked to fill the questionnaire & 30 persons from rural population were helped to fill the questionnaire. The reason for covering the 60 respondent is that we can cover all maximum variety of population for the survey.

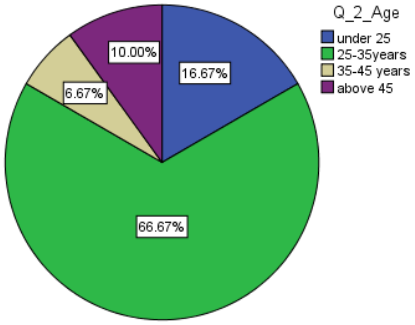
B. Sampling Technique

After selecting a sample of a population we went for technique by which we select the respondents. There are the following types of sampling techniques which can be followed to carry out the survey namely- Stratified random sampling – In this sampling technique we prepare certain strata, according to some criterion like socio-economic status, age, gender, income etc. As this will cover our targeted sample of a population. Convenience non-probability sampling which also called as accidental sampling. The sample which is most available one is chosen. This is good sampling technique because subjects were selected according to their convenience, accessibility and proximity to the researcher. Simple random sampling in which every individual will get an equal chance of being selected for the survey. Since, we are covering a large population for the study so every individual feel himself as a part of survey.

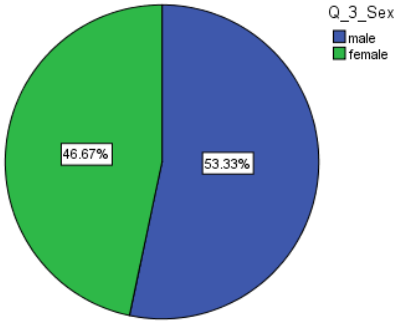
VI. DATA INTERPRETATION & ANALYSIS

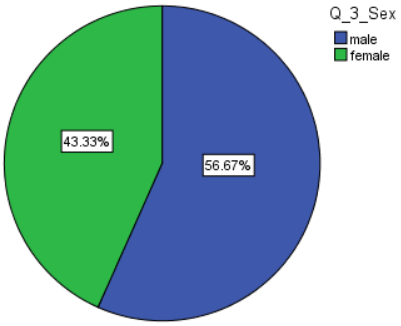
A. Comparison of Age of Respondents



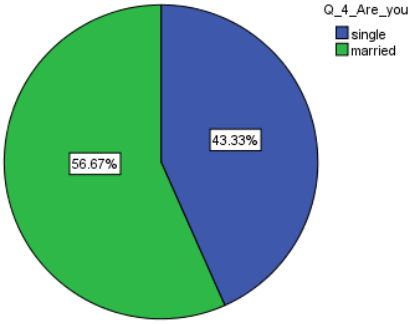


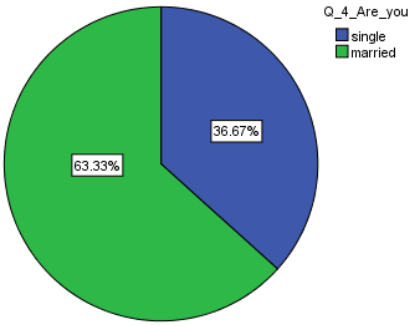
B. Sex Ratio Surveyed



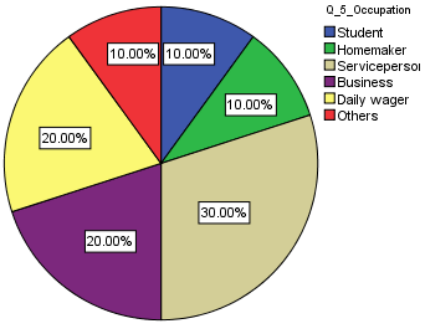


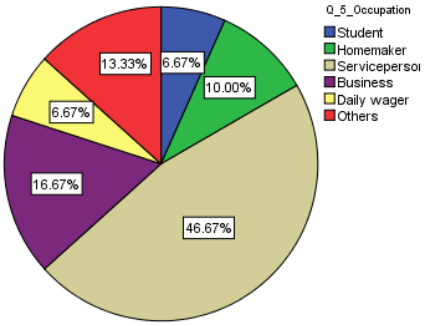
C. Single / Married



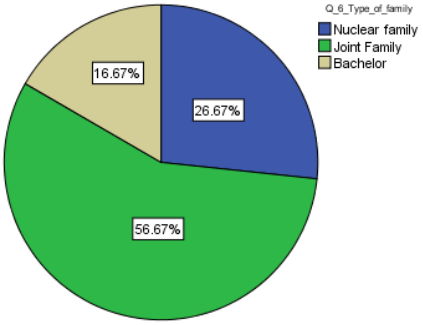


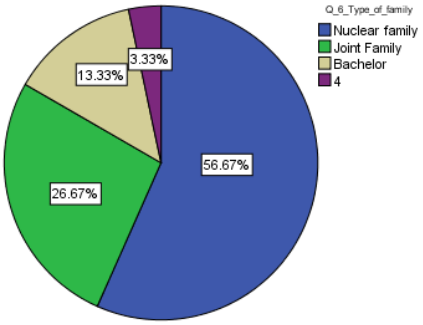
D. Occupation



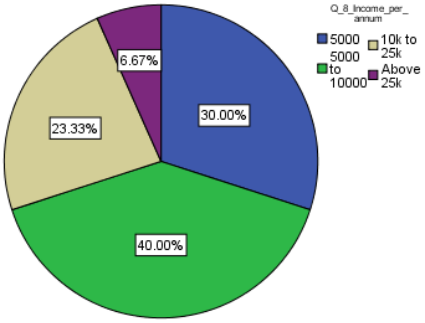


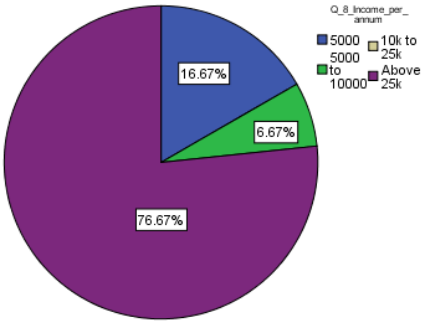
E. Type of Family



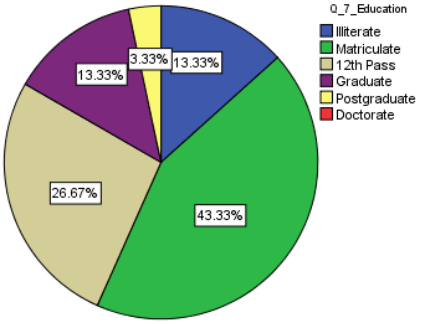


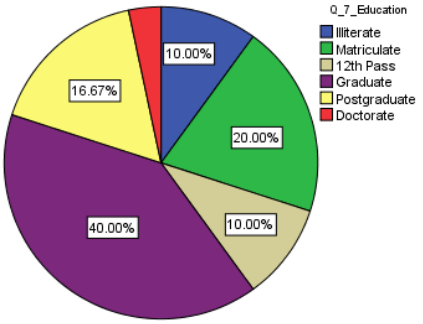
G. Income



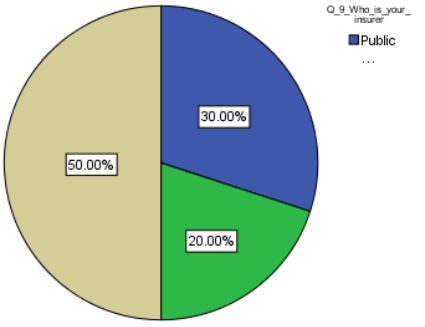


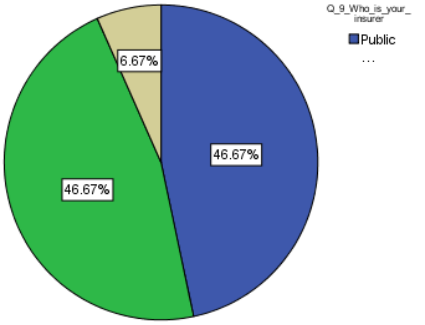
F. Education



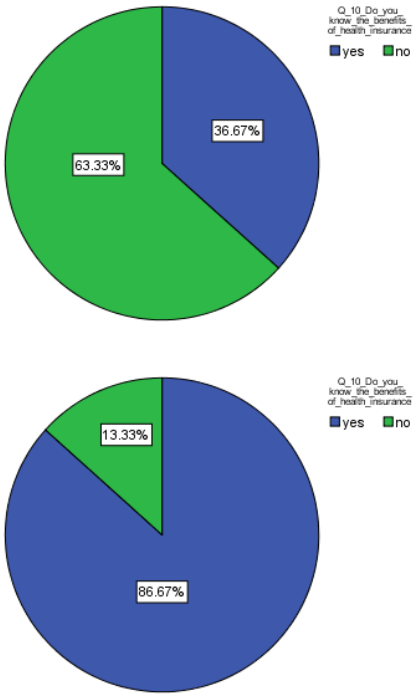


H. Insurer

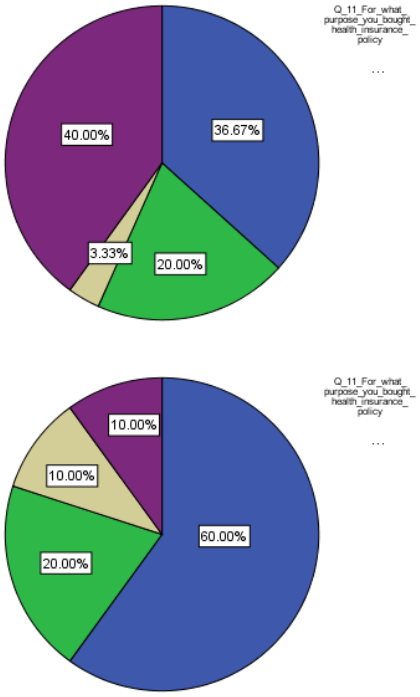




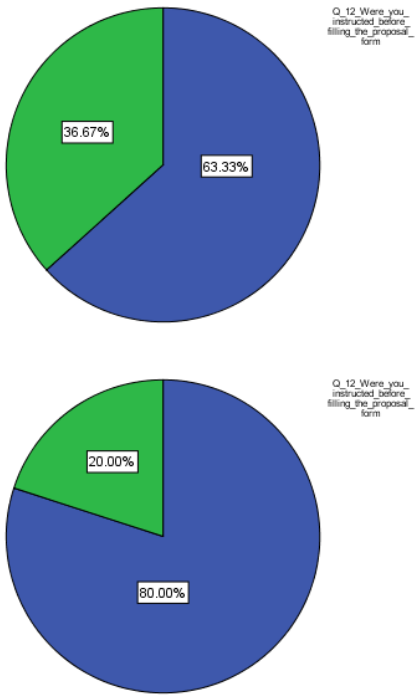
I. Benefits of Insurance



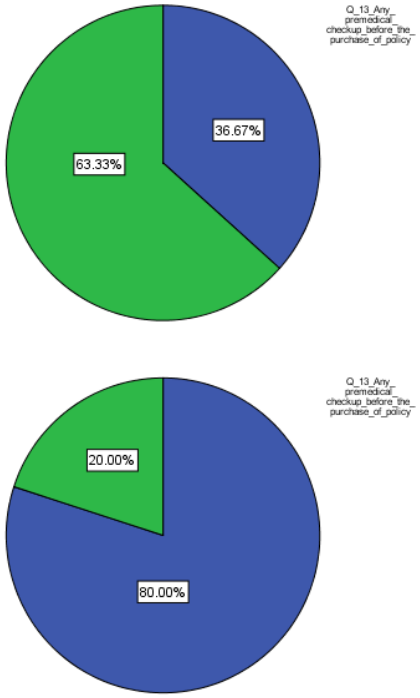
J. Purpose of Buying Insurance



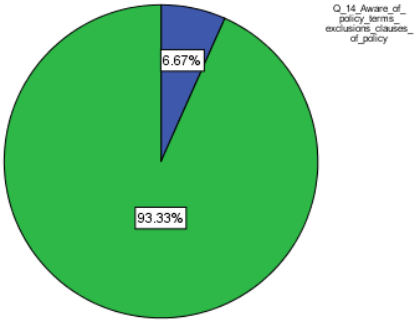
K. Instructed before Filling the Proposal Form

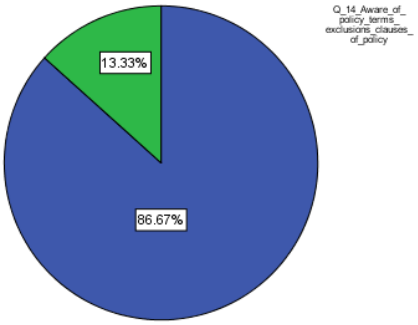


L. Pre-Medical Check-up

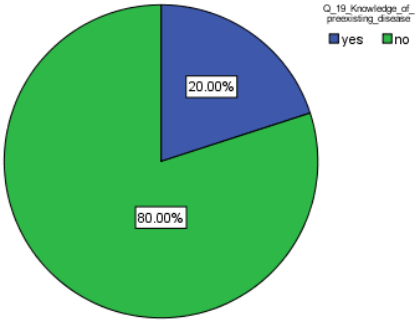


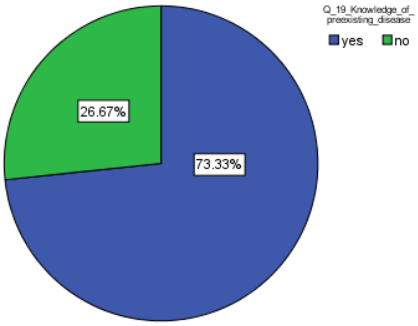
M. Policy Terms & Conditions



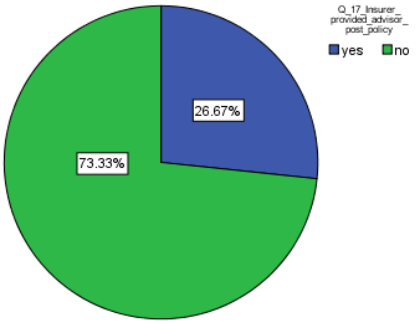


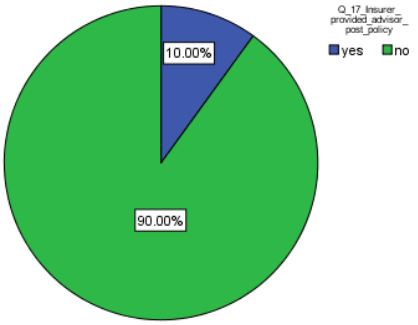
O. Knowledge of Pre-Existing Disease



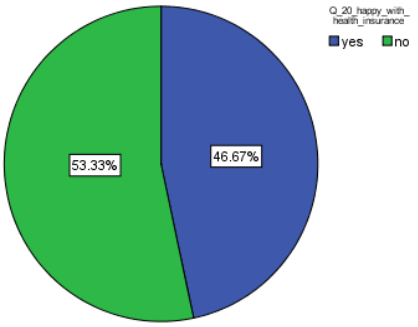


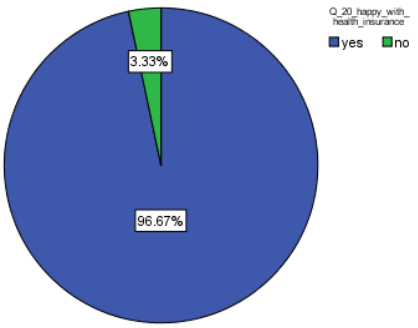
N. Advisor Post Policy





P. Happy with your Insurance Company





VII. PROBLEMS IDENTIFIED DURING RESEARCH WORK

Following is the list of problems identified:

1. Rural people are not at all instructed before they take the policy.

2. Also they need the utmost guidance, so they are not provided so.

3. They are not aware of policy terms & conditions as well as exclusion clauses of your health policy.

4. They lack the information of what pre-existing disease is and they do not provide the same information at the time of proposal.

5. Lack of knowledge about how they can file their claims (cashless/ reimbursements).

6. They were not instructed about hospital details that need to be kept in mind to avail benefits.

7. No insurer provided any advisor post policy purchase.

VIII. CONCLUSIONS

India has a grand opportunity to spearhead a feasible and spirited health insurance sector and encourage the development of a sound high quality health delivery system. What is required is a good understanding of the actuarial and other risks in the business, a long term vision for those entering it, simple product design, supportive regulation and sustained customer education. It is fact that, availability of improved health services to the poor is one of the important priorities before the Government. Since government means are limited, private sector involvement in providing health services to rural areas is necessary. However, private health care is costly and in majority of the cases it is beyond the means of the average rural household. Under such circumstances, health insurance coverage of rural people can be a viable and vital means for getting health care services. In order to implement successfully health insurance coverage to the rural household, it is necessary to understand basic dynamics of consumer preferences, acceptability and pricing of health insurance products. Finally, we can say that there is an immense need for massive propaganda to develop consciousness among the people regarding the need for financing health care in context of high out-of-pocket expenses on health. If we can successfully use insurance in covering our health hazards we might create a headway in front of the entire south-east Asia to come up with a solution to this formidable challenge to the society.

REFERENCES

(Arranged in the order of citation in the same fashion as the case of Footnotes.)

[1] Prinja, S., Kaur, M., and Kumar, R. (2012). "Universal Health Insurance in India: Ensuring Equity, Efficiency, and Quality". Indian Journal of Community Medicine: Official Publication of Indian Association of Preventive & Social Medicine, July-September 2012, Vol. 37(3), pp. 142-149. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3483505/>.

[2] Sood, N., Bendavid, E., Mukherji, A., Wagner, Z., Nagpal, S., and Mullen, P. (2014). "Government health insurance for people below poverty line in India: quasi-experimental evaluation of insurance and health outcomes". <http://www.bmj.com/content/349/bmj.g5114>. Accessed 25 September 2014.

[3] National Health Portal. (2015). "National Health Insurance Schemes". <http://www.nhp.gov.in/national-health-insurance-schemes_pg>. Accessed 4 April 2015.

[4] Rashtriya Swasthya Bima Yojana. (2017). "About RSBY- genesis of the RSBY". <http://www.rsby.gov.in/about_rsby.aspx>. Accessed 31 March 2017.

[5] Business Insider. (2015). "8 Insurance Schemes Modi launched and how they benefit you". <http://www.businessinsider.in/8-Insurance-Schemes-Modi-launched-and-how-they-benefit-

you/articleshow/47418104.cms>. Accessed 25 May 2015.

[6] Press Information Bureau. (2015). "Sehat Unique Initiative for Health Care Launched Yet Another Giant Step to Digitally Empower have Nots-Minister for Communication". <http://pib.nic.in/newsite/printrelease.aspx?relid=126318>. Accessed 25 August 2015.

[7] Zeenews. (2013). "Health Insurance in India still remains an untapped market". <http://zeenews.india.com/bbv/exclusive/health-insurance-in-india-still-remains-an-untapped-market_877989.html>. Accessed 20 September 2013.