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**EPRA International Journal of
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A STUDY ON HEALTH INSURANCE SCENARIO IN INDIA

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ABSTRACT

Financial burden due to health care expenditure is a major issue in India. Health care cost in inpatient and outpatient medical treatment is increasing day by day. A majority of population in India has no financial resources to finance medical care. Moreover rural people have a relatively higher burden of indirect cost associated with illness episode. In most of the times poor households have to borrow money or to sell assets to meet both medical expenditure and other household consumption needs proving the linkages between health expenditure and poverty. Disease not only creates out of pocket expenditure but also have consequences on future economic welfare. Health insurance can be effective solution in such situation. But the health insurance coverage in India is not satisfactory and there exist various issues regarding health insurance in India. All these issues are needed to be consider for a better health insurance coverage in the country in both public and private sector. This paper attempts to study the health insurance scenario in India and major factors affecting to not interested in health insurance in India.

KEYWORDS: *health insurance, health expenditure, households.*

INTRODUCTION

Good health is real wealth of society. Health of individuals impacts on the economic growth of the nation in better way. The present concern of both developed and developing countries is not only to reach the whole population with adequate and better

health care services but also to reduce health care cost associated. Public expenditure on health care is probably a far more efficient economic investment that many other kinds of investments, (Yojana,2014). The government of developing countries increase the efforts to improve the provision of health care in both

urban and rural areas. In developing country like India the health care situation is not much developed in rural areas, where living standards are very low, access to quality health care services are not adequate due to the absence of formal financial protection in terms of insurance schemes or the likes.

Health insurance is emerging as important mechanism to finance health care needs of peoples. It can be form of group insurance where individuals pay premiums or taxes in order to protect themselves from high or unexpected health contingencies. Health insurance works by estimating the overall risks of health care expenses.

According to Health Insurance Association of United States, health insurance is defined as “coverage that provides for the payments of benefits as a result of sickness or injury.”

International labor Organization defines “Health Insurance as the reduction or elimination of the uncertain risk of loss for the individuals or households by combining a larger number of similarly exposed individuals or households who are included in a common fund that makes good the loss caused to any one member.”

Rising health care cost becomes a serious issue for country like India where still 40 percent of the population lives below poverty line. Around 100 million people are becoming poor globally every year because of high health care cost. In India also higher spending on health care is one of the major causes for pushing people into poverty. About 3.5 percent of the population in India falls below poverty line every year and 5 percent households suffer catastrophic health expenditure due to unaffordable health care cost, particularly the poor income people suffered the most. From the last two or three decades health care cost has become almost unaffordable.

OBJECTIVES OF THE STUDY

The objectives of the study are

- i) To study the present scenario of health insurance in India
- ii) To study the major factors affecting health insurance in India.

RESEARCH METHODOLOGY

This is an attempt to study the health insurance coverage in India and related issues.

This study is based on secondary data. Data regarding the objectives has been collected mainly from various annual reports of Insurance Regulatory and Development Authority (IRDA), Ministry of Health and Family Welfare (MOHFW), Insurance Information Bureau (IIB). .Data has also been gathered from various reputed research journals.

RESULTS

HEALTH INSURANCE IN INDIA

In India approx 15 percent population have any kind of health insurance coverage and this percentage includes those who also are in government health insurance schemes (IRDA report 2015).

Rising health care cost become a serious issue for a country like India where government health facilities are not functioning well. Around 100 million people are becoming poor globally because higher health care cost. In India higher spending on health care is one of the major factor pushing people into poverty. Every year about 3.5 percent population falls into poverty line due to higher cost of health care.

After the independence health care system in India has expanded. In lack of proper health care facility, most of the rural people when fall ill seek care from private sector rather than public sector. In 2015, 30 percent of rural residents and 20 percent of urban residents had no fund for health care. Health insurance could be an effective solution for this situation. Health insurance in India is not much familiar among the people, so it coverage also not that satisfactory. The number of life covered under health insurance policies during 2015-16 was 36 crore which is approximately 30 percent of India’s total population. The number has seen as a increase every subsequent year as about 28 crore had health insurance policy in the previous year. The Indian health care sector is a mix of public health insurance and government health insurance and community based health insurance.

For the low income people for the last few decades insurance was never to be an option as they have low income and lack of savings. Therefore government assume the responsibilities for meeting health care cost and to reduce financial burden of health payments, Indian government has undertaken various health insurance schemes.

- i) **Rastriya Swasthya Bima Yojana (RSBY):** Rastriya Swasthya Bima Yojana (RSBY) has been launched by Ministry of labor and Employment, government of India to provide health insurance coverage for BPL categories. In case of Assam, as on April 2016, a total of 1,42,104 families are enrolled under this schemes.
- ii) **Employment Health Insurance Scheme:** This scheme is a multidimensional schemes aims to provide socio economic protection to weaker section.
- iii) **Aam Admi Bima Yojana :** This is a social security schemes for rural landless households.
- iv) **Pradhan Mantri Jivan Jyoti Bima Yojana (PMJBY):** PMJBY is a

government health insurance schemes available only for the people having a bank account. This wscheme provides a life insurance coverage of Rs 2 lakh for an annual premium of Rs 330.

- v) **Atal Amrit Yojana:** On December 2016, government of Assam rolled out Atal Amrit Abhiyan a health insurance schemes which aims tom provide coverage against several critical illness. Both BPL and APL families with an annual income of below 5 lakhs are eligible for this schemes.

Although a number of private insurance companies have entered after the liberalization of the insurance market in 2000, no significant change in

health insurance has been observed either in terms of new health insurance products.

Private health insurance is a type of health insurance where people can enroll and purchase the health insurance of their liking by paying premium. Private health insurance companies have different kinds of health insurance products.

Following are some of the major health insurance providers and health insurance products in India:

- i) Bharti AXA Health plan
- ii) ICICI Lombard
- iii) Star Health & Allied Insurance.
- iv) Apollo Munich Health Insurance.
- v) SBI life insurance .

Table 1.: Health insurance coverage in terms of population

Years	No of population covered under health insurance (in lakhs)
2010-11	16.3
2011-12	28.3
2012-13	43.3
2013-14	72.3
2014-15	111
2015-16	181

Source : IRDA annual Report for respective years.

The table 1 shows that health insurance coverage in India over the years and it is reveal from the table that

health insurance coverage is gradually increasing from 16.3 lakhs in 2010-11 to 181 lakhs in 2015-16.

Table .2: Market Share of health insurance between public and private sector :(in percent)

Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-2016
Private sector	28	33	31	28	41	38
Public Sector	72	67	69	62	59	62

Source : IRDA annual reports for respective years

Table 2 shows market share of public and private health care sector in India. As the data are showing in the table the public sector insurer still maintain their position of market leader but losing their share gradually over the years with the entry of new private

health insurance companies . The current market share of public sector remains 62 percent. The share of private sector is increasing gradually because private sectors have new technology, better marketing policy and better strategy.

Table 3: Health insurance policies and insured members in India

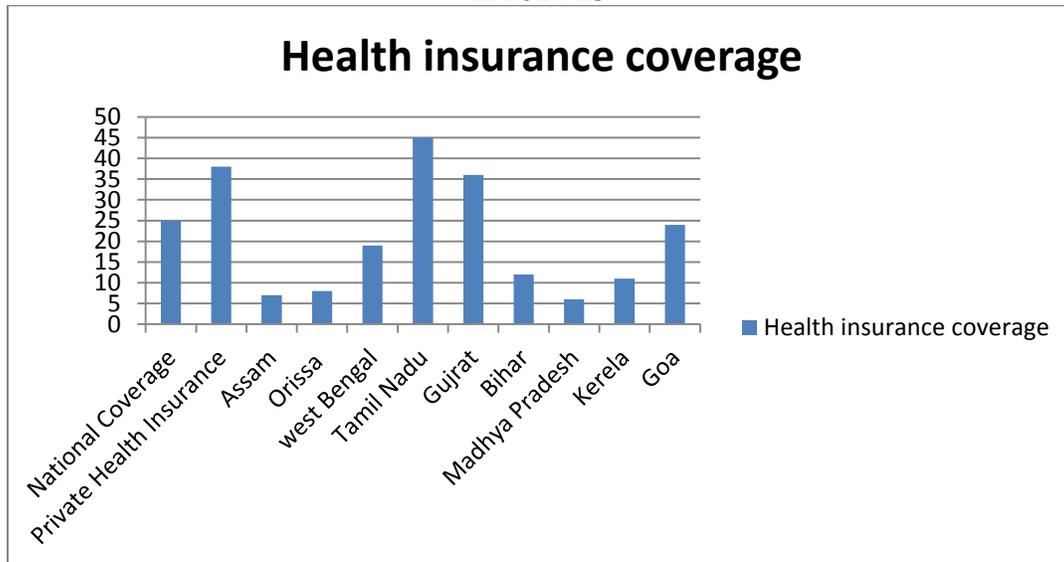
Year	Number of health insurance policies	Number of members
2010-11	6884687	54893453
2011-12	7123211	61221212
2012-13	7534269	64137321
2013-14	8992145	71337623
2014-15	8823724	77321659

Source: Insurance Information Bureau

Above table shows increase in health insurance coverage in India in terms of health insurance policies. Government health insurance schemes like RSBY,

PMBY and private insurance companies registered under IRDA for health insurance sector are the factors contributing for this growth.

Figure 1: Percentage of National and state wise Health insurance status in some selected states of India in 2014-15.



Source: Insurance Information Bureau

The above figure shows that the percentage of health insurance coverage was the highest in Tamil Nadu among all the states of India, followed by Gujarat and the lowest in Madhya Pradesh.

FACTORS ASSOCIATED WITH HEALTH INSURANCE IN INDIA:

In India health insurance launched in 1986. The health insurance industry has grown significantly mainly due to liberalization of economy and general awareness. According to World Bank, by 2010, "more than 25 percent of India's population had access to some form of health insurance." Health insurance in India is a growing segment of Indian economy. In 2011, 3.9 percent of India's gross domestic product was spent in the health sector. According to the WHO this is among the lowest of the BRICS economies. Policies are available that offer both individual and family cover. For the financial year 2016-17 the allocation for health insurance budget was Rs. 1500 crores. The major factors associated with not taking health insurance in India are:

- i. **Unaffordable premium and high claim ratios:** Increased use of services and high claim ratios only result in high premiums. The insurance agencies in the face of poor information also tend to overestimate the risk and fix high premiums. Besides the administrative cost are also high over 30 percent i.e. 15 percent commission to agent, 5

percent administrative fee to TPA, own administrative cost 20 percent etc.

- ii. **Too many exclusions and administrative procedure:** Apart from delays in settlements of claims, non-transparent procedures make it difficult for the insured to know about their entitlements, because of which the insurer is able to use one stratagem or the other, reduce the claim amount, thus demotivating the insured and depending on trust. The benefit package also needs to be of the insured. Exclusions against the logic of covering health risks, though there can be a system where the existing conditions can be excluded for a time period of one or two years but not forever. Besides the system entails equity implications.
- iii. **Inadequate supply of services:** There is an acute shortage of supply of services in rural areas. Not only is there non-availability of hospitals for simple surgeries but several parts of the country have barely one or two hospitalists with specialist services. Many countries have no cardiologists for several non-communicable diseases that are expensive to treat and can be catastrophic.
- iv. **Co-variety risks:** High prevalence level of risks that could affect a majority of the people at the same time could make the enterprise unviable as there would be no gain in forming large pools. In India this is an important factor due to the large load of communicable

diseases. A study off claims (Bhat 2002) found that 22percent of total claims were for communicable diseases.

- v. **Lack of awareness:** Due to low level of literacy rate in India, basically in rural area people who are not aware about the health insurance policies. They don't know what type of benefits achieve from health insurance policies. Awareness seem to be safety side now a days but they are not enrolling because they simply do not know that they can get health coverage through the health insurance marketplace.
- vi. **Financial constraints:** through the market place provide health insurance by the public as well as private sector it is so expensive. Due to low level of income people can't take these facilities.
- vii. **Lack of consciousness about their health:** Factors that affect in health is unconsciousness. The result of unconsciousness in health leads to accident, severe blood loss, a blow to the chest or head . a drug overuse, alcohol poisoning etc.
- viii. **Complication in scheme:** as high gains are at stake for each businessman in the health insurance industry, there are found to be lapses if not outright fraud. The main ways in which business misused health plans and measures to curb them these are Third Party Administrators, hospitals, customers, companies etc.

CONCLUSION

In India government is spending much less in health sector. Inadequate health infrastructure facility, lack of health insurance coverage forced households to spend a large amount out of their own pocket. In the absence of government health facilities people have to go for private health institutions and pay higher charges. Majority of population is still unaware about the benefits of health insurance. And in this situation government should come forward to promote health insurance coverage in the country. As health insurance minimizes the burden of health expenditure significantly for a poor household and increases his productivity. Government should come forward in introducing and widening the schemes along with the coverage of health insurance. Government and NGO's chalk out programme to activity encourages, participate and spend on promoting the awareness of health insurance particularly among women, SC's and ST's and among uneducated.

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