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# An Overview of Health Insurance from Indian Scenario

[*1]Dr. Bhakti Mahindrakar (Tatuskar) & [2]Dr. R. V. Gangashetty

[1]*UGC-Post Doctoral Fellow, Department of Studies & Research in Economics, Akkamahadevi Women's University, Vijayapura, Karnataka (India)*

[2]*Head of the Department of Studies & Research in Economics, Akkamahadevi Women's University, Vijayapura, Karnataka (India)*

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[*]**Corresponding Author**
*Email: bstatuskar[at]rediffmail.com*

**ABSTRACT**

Health is the most vital socio-economic aspect of every individual's life in the economy. Health is an essential factor for creative activities in the country. Health of an individual can be considered as important social asset. Hence to meet health needs of the healthy citizens and society, health services acts as an outcome for the government. Present paper attempts to study existing central government health insurance programmes in India and to offer suitable suggestions towards improvement of health sector in India. During 1986 Health Insurance in India was launched. A remarkable growth has been observed during the era of policy of 1991, the Indian health care system was characterized by low level of public expenditure on health care, poor quality in health care services. Health insurance programmes acts as a boon to different groups of the community and these have helped to reduce out of pocket expenditure on the part of people. The present health programmes of the central government have better addressed the need for increasing public spending on health care, focus on preventative health care, ensuring greater access to BPL community, and significantly has improved the productivity of public expenditure. The paper intends to study all the existing health insurance schemes from Employees' State Insurance Scheme of 1952 to Ayushman Bharat of 2018.

## 1. Introduction

The term 'Health Insurance' refers to a kind of insurance that basically covers medical expenses. A health insurance policy is a contract between an insurer and an individual or group in which the insurer agrees to provide specified health insurance cover at a particular premium. Health insurance is one of the emerging service sectors in India. Health it is extremely underdeveloped and less significant but now emerging as an instrument to handle monetary requirements of people to seek health services. Nowadays, many health insurance schemes are available from public and private sector. Economic policies of 1991 lead the scope towards privatization of insurance sector in India. The Insurance Regulatory and Development Authority (IRDA) bill, passed in Indian parliament, is the important beginning towards considerable implications for the health sector. A person or a family can lead a peaceful and happy life if they are healthy without any concern about unexpected medical issues. Unexpected medical issues may adversely affect present financial commitments. The regular savings in the form of insurance helps to overcome from such risk without disturbing the financial stability. The health issues of present era are more complex and complicated, Hence it is essential to plan for our health.

There are many health issues which are very expensive and unaffordable by different sections of the country especially BPL, in this respect GoI has initiated many health insurance policies / programmes at affordable prices with minimum insurance premium that offers both individual and family coverage.

## 2. Objectives

- To study the model and benefits of various health insurance schemes in India.
- To know an overview of health insurance schemes in India..

## 3. Review of literature

Some of the studies which are related to health insurance as under:

Pooja Kansra and Harinder Singh Gill (2016), have inspected about the awareness of health insurance in urban districts of Punjab in Amritsar, Jalandhar and Ludhiana. They found that, awareness of health Insurance was less than 50 percent. Further they get information through insurance agents, friends or family members. The Study concluded that, awareness of health insurance depends on level of education and income.

Bhaskar Purohit (2014) in his research noticed that community based health insurance (CBHI) for unorganized sector in rural areas will help the poor community.

Maumita Ghosh (2013) discussed the level of awareness and willingness of people to take a health insurance scheme and study noticed that only 18.5% are covered under of health insurance.

Finkelstein (2005) studied the impact of universal health insurance of USA in 1965. The study pointed that; scheme is very helpful for elder generation as their out of pocket expenditure on medical expenses are less in their seniority. So, it is vital to have health insurance for elderly people of more than 65 years of age.

Rajeev Ahuja and Indranil De (2004) concluded in their study that, it is essential to have health insurance for poor else they have to spend large amounts of funds or borrow a loan.

The above reviews of research have observed that, health insurance plays a major role towards improvement of health status in country.

## 4. Evolution of health insurance

In 1694 the concept of Health Insurance was proposed for the first time by Hugh - Peter Chamberlen family. In 19th Century "Accident Assurance" was in practice till 20th century. During late 20th century traditional disability insurance evolved in to modern health insurance programmes. Nowadays, most comprehensive health insurance programmes cover the cost of routine, preventive and emergency health care procedures and also most prescription drugs.

India has observed massive change because of increase in income and health consciousness among all the communities, reason behind is price liberalization, reduction in administration, and the introduction of private healthcare financing.

Since 70 years of independence India has achieved a lot in terms of health insurance. Prior to independence the health organization was in miserable condition with higher morbidity and mortality and incidence of infectious diseases. After independence, importance has been laid on primary health care with considerable improvement in health status of the country. But compared to developed countries India still suffers from many health issues.

The policy of 1991 of liberalization and privatization of insurance sector in the country changed the structure of Indian economy. The Insurance Regulatory and Development Authority (IRDA) bill, passed in Indian parliament, is the significant beginning of changes with major implications for the health sector.

Out of various insurance sectors, health insurance is more complex because of serious clashes because of adverse selection, moral hazard, lack of proper information etc. consequently health sector policy formulation, measurement and execution are extremely complex task, especially, with changing epidemiological, institutional, technological and political scenario. There is a requirement of proper understanding of Indian Health situation and relevance of principles of insurance, with considering the social realities and national objectives is very essential.

## 5. Health insurance policies by government of India

Since independence GoI has realized the needs of healthcare and timely efforts have been undertaken:

### *1) Employees' State Insurance Scheme (1952)*

Employees' State Insurance Scheme was launched in 1952 as a multidimensional social security measure to provide socio-economic protection to cover the community of workers and their dependants. Further complete medical care is provided for the insured person and dependants, from the day of employment of insured person he will be granted with variety of cash benefits during physical suffering due to illness, temporary or permanent disability.

### *2) Central Government Health Scheme (1954):*

The Central Government Health Scheme was commenced in 1954 and provides insurance cover to all central government employees along with their dependents. It includes comprehensive health care facilities for the Central Govt. employees and pensioners and their dependents residing in CGHS covered cities.

### *3) Janashree Bima Yojana (2000):*

The Janashree Bima Yojana was a replacement of two health insurance, they are: Rural Group Life Insurance Scheme and Social Security Group Insurance Scheme. The scheme identified 45 occupations. Individuals between the ages of 18 years to 59 years, Below Poverty Line (BPL) or slightly above BPL are the beneficiaries if the scheme.

### *4) Universal Health Insurance Scheme (2003):*

Universal Health Insurance Scheme was launched from 14.7.2003 universally through the country with an Objective to provide health care to the poorest community. The scheme covers both BPL (Below Poverty Line) and APL (Above Poverty Line) families. All the insurance companies of public sector are effectively providing this scheme. This scheme offers INR 30,000 hospitalization benefits, which covers to all members, a compensation of INR 25,000 is provided in case of death and INR 50 per day to the employee for 15 days, in case insurers lose employment due to sickness. The scheme is reformed timely as per the health needs of BPL.

### *5) Aam Aadmi Bima Yojana (2003):*

The Aam Aadmi Bima Yojana warps the rural landless poor. The benefits are meant for the head of the family or an earning member of the family. A premium of Rs. 200 per person, per year is divided between the State and Central government evenly. The scheme offers Rs. 30,000 on natural death, Rs. 75,000 on death or permanent disability due to the accident and Rs. 37,500 on partial permanent disability. The insurer should be between the age group of 18 yrs to 59 yrs.

Note: Since, 01/01/2013 Janashree Bima Yojana and Aam Aadmi Bima Yojana are merged in one scheme and renamed as Aam Aadmi Bima Yojana.

### *6) National Rural Health Mission (NRHM) (2005)*

NRHM was launched by the Hon'ble Prime Minister on 12th April 2005, to supply equitable, accessible, affordable and quality health care for weaker section in rural areas. The thrust of the mission is establishment of an efficient health delivery system at grass root level to ensure synchronized action with a wide range of determinants of health like; nutrition, clean water supply, better sanitary facilities, education with social and gender equality.

***7) Rashtriya Swasthya Bima Yojana (2008):***

In 2008, Rashtriya Swasthya Bima Yojana (RSBY) was launched and arranged purposely to protect BPL from health-related shocks. The scheme grants its beneficiaries up to Rs. 30,000 for hospitalization and registration fees is just Rs. 30. Though, the major exclusive characteristic of the scheme is that it is designed for all types of stakeholders. One more unique feature of the scheme is that, unique identification code, which facilitates them to gain benefits, further such feature sort outs fake individuals.

***8) National Urban Health Mission (NUHM) (2013)***

The National Urban Health Mission (NUHM) as a sub-mission of National Health Mission (NHM) is implemented since 1st May 2013. NUHM aims to meet health care needs of the urban population with special attention towards urban poor, through offering crucial primary health care services and intends to reduce out of pocket expenditure for treatment. It can be attained by intensification of existing health care service delivery system, with focusing slum community and converge of supportive schemes such as, relating to wider determinants of health like drinking water, sanitation, education, etc.

***9) National Health Mission (2013)***

NRHM and NUHM are merged and renamed as National Health Mission; the scheme includes rural and urban health sectors with financial assessment to State Governments. The National Health Mission is comprised of 4 components namely:

i. National Rural Health Mission
ii. National Urban Health Mission
iii. Tertiary Care Programmes
iv. Human Resources for Health and Medical Education.

Schemes under National Health Mission:

I. Facility Based Newborn and Child Care (2011)

Health facilities for new born universally throughout the country, it includes:

a. Special Newborn Care Units (SNCU)
b. Newborn Stabilization units (NBSUs)
c. New Born Care Corners (NBCCs)

II. Janani Shishu Suraksha Karyakram (JSSK) (2011)

Janani Shishu Suraksha Karyakram covers both pregnant women and sick new born till 30 days after birth, the scheme facilitates: free drugs, consumables, blood if required, free transportation from home to health institution and exemption from all kinds of user charges.

III. Facility Based Integrated Management of Neonatal and Childhood Illness:

The scheme trains for 11 days and provides the skill to manage new born and child sickness at community level. Training is provided to Medical officers, Staff nurses and ANMs at CHC/FRUs and 24x7 PHCs where deliveries are taking place. The training is for 11 days.

IV. Integrated Management of Neonatal & Childhood Illnesses (IMNCI)

The scheme comprises Pre-service and In-service training. It aims at improving health systems such as, facility up-gradation, availability of logistics, referral systems at community and family level care.

V. Home Based New Born Care (HBNC):

A new scheme commenced to incentivize ASHA (Accredited Social Health Activist) for providing Home Based Newborn Care. ASHA will visit to all newborns as per the particular schedule till 42 days of delivery. The following factors are observed:

- Recording of weight of the newborn in Mother Child Protection card
- Ensuring BCG , 1st dose of OPV and DPT vaccination
- Both the mother and the newborn are safe till 42 days of the delivery
- Birth registration.

VI. Navjat Shishu Suraksha Karyakram(NSSK)

The objective of this new initiative is to train health personal in Basic newborn care and resuscitation at every delivery point. The training is for 2 days and is anticipated to reduce neonatal mortality significantly in the country.

VII. Infant and Young Child Feeding:

It is the only preventive innovation for child survival. It facilitates the following:-

- Early beginning (within one hour of birth) and exclusive breast feeding till 6 months.
- Timely corresponding feeding after 6 months with continued breast feeding till the age of 2 yrs.

VIII. Nutritional Rehabilitation Centres (NRC):

The programmes intends towards the treatment for severe acute malnutrition among children because malnutrition is one of the major reason for deaths among children. These centres are furnished for inpatient management of severely malnourished children, with proper counseling of mothers for proper feeding and soon after recovery; they are discharged with regular follow up.

IX. Reduction in morbidity and mortality due to Acute Respiratory Infections (ARI) and Diarrhoeal Diseases :

Under the scheme Promotion of zinc and ORS supplies are ensured.

X. Supplementation with micronutrients :

Supplementation with micronutrients through supplies of Vitamin A & iron supplements

***10) Ayushman Bharat Yojana (2018):***

"Ayushman Bharat Initiative" is also termed as Modicare or Pradhan Mantri Jan Arogya Yojana launched on February 1, 2018, by the Hon'ble Prime Minister Mr. Narendra Modi comprised two schemes:

i. Developing 1.5 lakhs (0.15 million or 150,000) health and wellness centers across the country to provide universal health-care coverage
ii. National Health Protection Scheme which should cover over 10 crores poor families (approximate 50 crores or 500 million of beneficiaries) providing up to 5 lakh rupees per annum per family for secondary and

tertiary hospitalization, making it the world's largest state-funded health program.

This masterstroke initiative intends improve the access to quality health services and help fulfilling Modi's stated goal to build a new India by 2022 supplementing its economic growth, development and progress.

**Table No. 01: Major Health Indicators (Achievements of Health Programmes)**

| Health Parameters | 1951 | 1981 | 1991 | 2001 | 2011 | 2018 |
|---|---|---|---|---|---|---|
| Crude Birth Rate | 39.9 | 33.9 | 32.5 | 25.4 | 24.1 | 19 |
| Crude Death rate | 27.4 | 12.5 | 11.4 | 8.4 | 7.5 | 7.3 |
| Total Fertility Rate | 6 | 3.6 | 3.3 | 3.1 | 3 | 2.4 |
| Infant Mortality Rate | 160 | 110 | 80 | 66 | 58 | 32 |
| Child Mortality rate (0-4 yrs) | 57.3 | 41.2 | 26.5 | 19.3 | 14.1 | 0.9 |
| Maternal Mortality rate | NA | NA | 398 | 301 | 212 | 174 |
| Life Expectancy (yrs) | 32 | 50 | 61 | 62 | 64 | 69.9 |

*Source: Health Status Indicators India, 2018*

GoI has timely made many efforts to improve the health status of the country; the impact of the efforts is visualized through the facts and figures of Table no. 01: Major Health Indicators.

During 1951, Birth rate was 39.9 which is reduced to 19, similarly death rate was 27.4 which has been improved through better medical facilities and it has reached to 7.3. TFR was high with 6 that too has been minimize to 2.4. IMR and CMR were also soaring with 160 and 57.3 but improved medical facilities brought it down to 32 and 0.9 respectively. Data of MMR was not available during 1951, but as per the records of MMR during 1991 it was extremely high with 398 deaths of mothers but GOI has made many efforts through women many programmes or schemes and it resulted to a MMR at 174, still more attention should be given to decrease MMR. A good achievement can be observed in the area of life expectancy, which stood at 32 during 1951 and improved to 69.9 yrs.

Hence, the above facts and figures prove that government has made expenditure for health sector to some extent, but still attention is essential for further improvement.

**6. Suggestions**

1. Expand and execute nationalized principles for assessment by which doctors, nurses and pharmacists are able to perform service.
2. Revise the curriculum in medical, nursing, pharmacy and other schools that train healthcare professionals, so that they too are trained in the new paradigm.
3. To maintain appropriate doctor patient ratio.
4. Developing a healthcare system which will dedicatedly work for providing medical help in less time especially in rural areas.
5. Increase in government health care expenditure to minimum of 5 percent.
6. More research should be encouraged in Indian Medicine (AYUSHN) system.
7. Organizing free health checkup campaign in rural areas.
8. Creating awareness about communicable and non-communicable as how to avoid and control.
9. Initiate transparency by accreditation of hospitals and health care providers.
10. The government should appoint a commission which makes recommendations for the healthcare system and monitor its performance.

**7. Conclusion**

A good health care system is the fundamental requirement of the country. Wide gaps exist between rural and urban areas in the enforcement, monitoring and evaluation of health sector and have resulted as a weak public health system. It is because of poor financing for public health, lack of management and dedication of public health officers and deficiency of community participation. Review of public health parameters through intensive efforts by the government is possible through updating and proper implementation of public health laws, growing public awareness of existing schemes is required. There are numerous defects that must be tackled for proper functioning health system.

More investments in health infrastructure, improved low cost diagnostics and accurate ratio between population and health providers are required. Along with free medicines, generic alternatives and free diagnostic facilities

During independence, health position of Indians was not so good. But since independence, GoI has timely made many efforts to improve the health status of the country; the impact of the efforts is visualized through the facts and figures of IMR, CMR, TFR, MMR, Life expectancy etc. Growing healthcare expenses will punch a big hole to our pocket; to overcome from such difficulty insurance act as a boon especially to the poor community by paying a little amount of health insurance premium is the easiest way to alleviate the monetary wounds and to attain good health with peace of mind. It can be noted that public hospitals have good infrastructure, various healthcare schemes, and economic charges for indoor and outdoor patients as compared to private hospitals, but the public hospitals lack in special diagnostic services, super-specialty services and manpower as compared to private hospitals. As the result of such efforts life expectancy and sex ratio has been improved to 65.5 years and 940 females respectively in 2011. As per the data of 2018, life expectancy has improved to 69.9, IMR has been reduced to 32 per 1000 births and MMR is also declined to174 per lakh deliveries. BPL cards and Health Insurance Schemes have helped the poor

section of the society to get expensive treatments free of cost which are easily available in public and private network hospitals. The paper has evaluated all the health insurance schemes initiated from Employees' State Insurance Scheme of 1952 to Aayushman Bharat 2018, health schemes in India have been formulated and revised timely, further many schemes facilitated BPL to afford expensive treatment through Public Private Partnership (PPP) model but still few loopholes are noticed those should be forbidden.

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