Health Insurance in India-An Overview

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Abstract: *Health Insurance in India was launched in the year 1986.The health insurance industry has grown phenomenally due to liberalization of Economy and general awareness among the public. In India we have standalone health insurers along with Government sponsored health insurance providers. The General Insurance Corporation of India and the Insurance Regulatory and development Authority conducted an awareness campaign for all sections of the Society to improve the awareness of health insurance and reduce the procrastination for buying the health insurance.*
Health insurance in India has shown a huge transition due to introduction of private health care financing, increased income, health consciousness among the different classes of the society, price liberalization and reduction in bureaucracy.The paper presents an overview on the health insurance in India.
Key words: *Health Insurance, Liberalisation, Bureaucracy.*

I. Introduction:

An Individual and a family can lead a peaceful life when they live a healthy life without having to worry about any unforeseen medical issues. Unforeseen medical needs may adversely effect on financial commitments and it leads to immediate cash flows. The regular savings are withdrawn which hinders to achieve our long term financial goals. So Health insurance overcomes such limitations. It will help in maintaining the good health without disturbing the financial stability. With health issues becoming more complex in nature now-a-days it has become a necessity to plan for your health. Health insurance policies are available that offer both individual and family coverage.

Objectives of the study:
1.To study the concept and benefits of health insurance.
2.To present an overview of health insurance in India.

II. Methodology:

The study is based on secondary data. Data is collected from sources like working papers, journals, articles and internet.

Literature review:
1)Harinder Singh Gill and Pooja Kansra analysed the growth of health insurance in India, effect of number of policies on number of claims, State wise claims and disease wise claims using statistical tools.
2)Ramaiah Itumalla,G.V.R.K.Acharayalu and L.Kalyan Vishwanath Reddy examined trends in health insurance and presented the statistics on types of health insurance business, persons covered and claim ratio.
3)J.Anita studied the health insurance products in India and implications of privatization of Health insurance in India.
Meaning: Health insurance is an insurance product which covers medical and surgical expenses of an insured individual.It reimburses the expenses incurred due to illness or injury or pays the care provider of the insured individual directly.

Concept:
Health insurance in India provides only inpatient hospitalization services and outpatient services were not payable.The first health insurance policies in India were Mediclaim policies. Government of India in the year 2000 liberalized insurance and permitted private players into insurance sector.The emergence of private insurers introduced many innovative products like family floater plans, critical illness plans, hospital cash and top-up policies.Health insurance provides the coverage against high medical expenses that may arise due to illness and accidental injuries.

Health insurance plans in India today can be broadly classified into these categories:

- **Hospitalization**

Hospitalisation plans are indemnity plans that pay the cost of hospitalization and medical cost of the insured subject to the sum assured.

- **Family Floater Health Insurance**:

All members of a family will not suffer from sickness at the sametime. Family health insurance plan is a policy which covers entire family in one health insurance plan. It covers pre and post hospitalization expenses.

- **All Pre-Existing Disease Cover Plans**:

People suffer from different diseases, so to claim medical benefit for such diseases Pre-existing disease cover plan is appropriate. It provides coverage against diseases that policy holder had before buying health policy.

- **Senior Citizen Health Insurance**:

In old age people require protection for health issues. Senior citizen health insurance plans are for old age people to receive medical benefits.

- **Maternity Health Insurance**:

For women medical facilities are necessary pre and post-delivery. Maternity health insurance provides coverage for maternity and other additional expenses.

- **Hospital daily cash benefit plans**:

This plan pays a defined sum of money for every day of hospitalization.

- **Critical illness plans**:

People now-a-days suffer from critical illness like heart-attack, cancer etc.These illness costs high when compared to other day-to day medical needs. Critical illness plans pay lump sum amount on diagnosis of covered critical illness and medical procedures.

- **Disease specific special plans**:

These plans are introduced due to growing occurrence of viral diseases like dengue, malaria etc., in India which has become a cause of concern. It provides assistance based on medical needs, behavioral and life style factors associated with such conditions.

You can file a health insurance claim in the following two ways:

- **Cashless:** Every insurance company has its network of hospitals where cashless treatment is given to policyholders. It means, if you visit any of these hospitals, you only need to submit your insurance card to the hospital billing desk who will further process cashless treatment for the patient, subject to the approval of the insurance company.
- **Reimbursement:** In case you admit in a hospital, which is not in the list of network hospitals of the insurance company, you will have to make all payments on your own and then approach the insurance company for reimbursement.

Benefits:

1. Don't Pay for Your Hospitalization:

It means that medical expenses are paid by the Insurance company on behalf of the policy holders. It is a benefit to the patients as they do not pay out of pocket.It relieves the patient from unnecessary mental burden and allows him to concentrate on recovery.

2. Safeguard Your Finances and Avail Tax Benefits

The health insurance policy helps in meeting the unexpected health careexpenses so that the savings are not disturbed. The health insurance premiums paid are considered to avail tax benefits.

3. Cover for Life Threatening Critical Illnesses

The fixed pre-defined benefit type of medical insurance policies provides a fixed lump- sum payment upon diagnosis and confirmation of certain critical illnesses like cancer, stroke, paralysis, kidney failure etc. Irrespective of the actual amount spent by insured, they receive the lump-sum amount which can be used to fund rehabilitation, life style adjustment etc.

4. Get Allied Benefits

Certain progressive insurance companies offer benefits that are generally not associated with health insurance policies.Some such benefits are:

- Consultation with nutritionists
- Free health check-ups
- Tie-ups with health service providers
- Free Consultation with doctors
- Discounts Coupons on healthcare services

An overview of health insurance in India:

According to WHO statistics, hospital admissions about 47% in rural areas and 31% in urban areas respectively, were financed by loans and sale of assets. WHO says, 3.2% Indians will fall below the poverty line because of high medical bills. About 70% of Indians spend their entire income on healthcare and purchasing drugs. Health insurance sector in India has witnessed a sea-change recently. The high cost of medical treatment induced the public to think about health insurance plans. As health is important without any medical coverage people use their earnings and assets to cover medical costs. Affordable health insurance plan has made people aware of the benefits they can avail by buying various health insurance plans.

Analysis: In India health insurance schemes are classified as 1) Government sponsored schemes 2) Group insurance schemes 3) Family insurance schemes and 4) Individual insurance schemes.

Figure 1: Classification of schemes: No of persons covered.
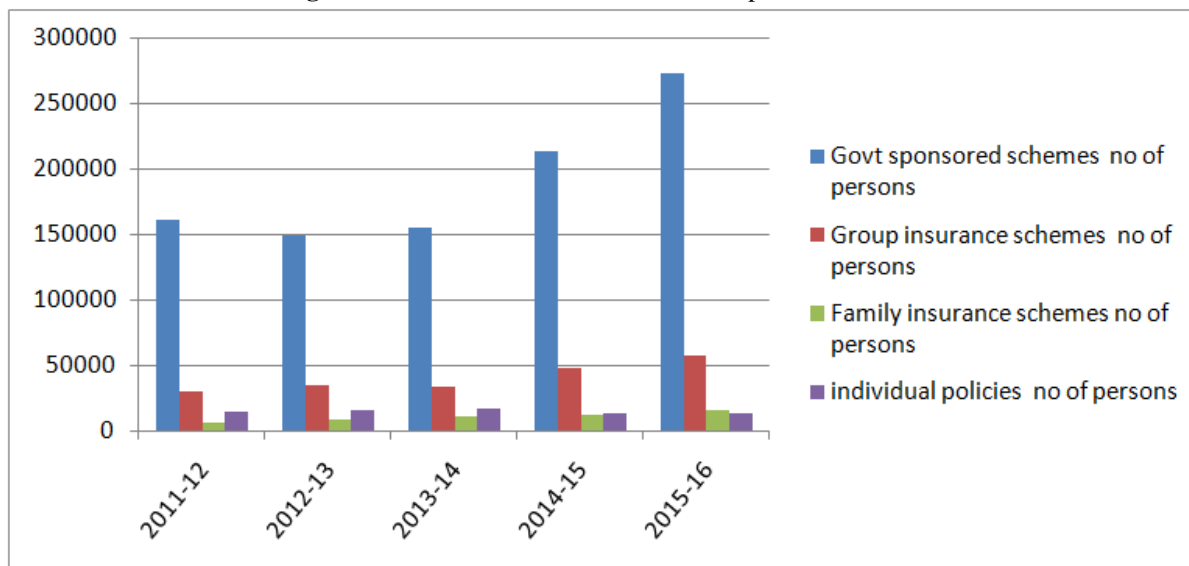
Source: Handbook on Indian insurance statistics -IRDA

According to the Indian health insurance statistical information presented by IRDA from the year 2011-12 to 2015-16 the number of persons covered under Government sponsored schemes has drastically increased compared to the other schemes of health insurance. The above analysis reflects the Initiative taken by the Government to provide Health insurance to the people of the Nation.

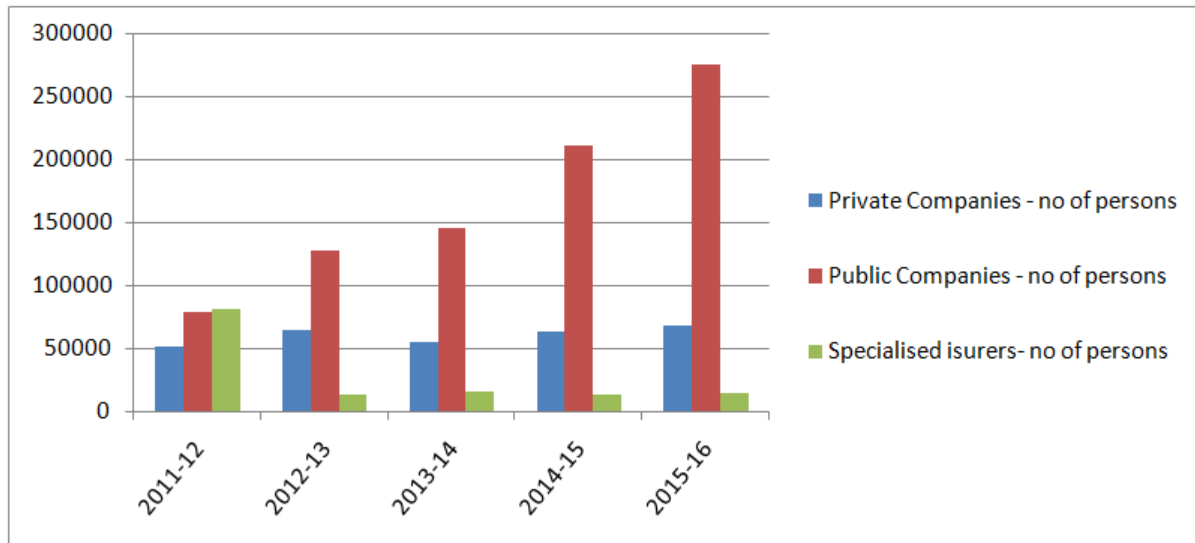**Figure 2:** Sector-wise number of Policies
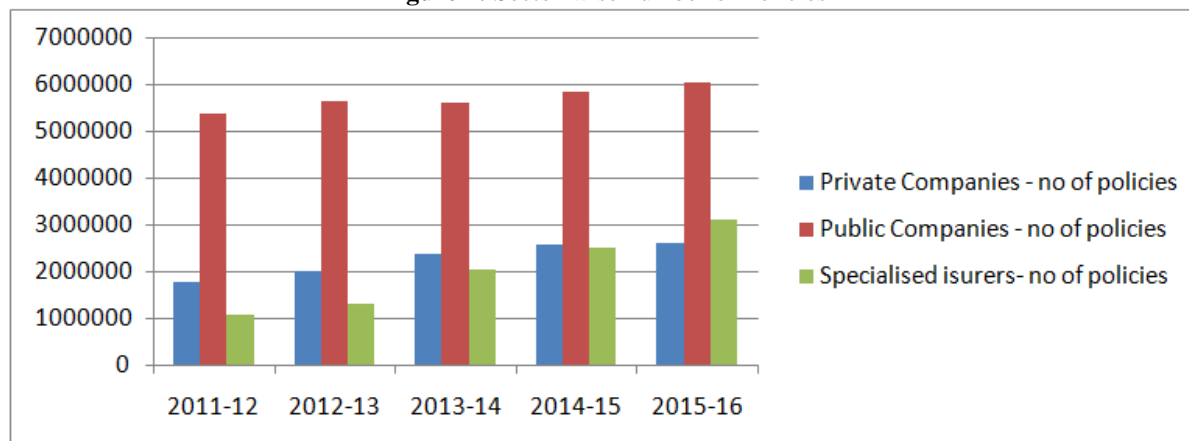
Source: Handbook on Indian insurance statistics -IRDA

In India Public companies, Private companies and Specialized insurance companies are offering health insurance services to the public.The above table exhibits sector wise number of policies taken by the Individuals The study apparently shows number of policies taken by the public has increased from 2011-12 to 2015-16

which implies the awareness of the public towards the necessity of the Health insurance.Comparatively more number of policies are taken in public companies by the people compared to other sectors.It reflects the confidence of the people on the public sector companies compared to other sectors.

Figure 3: Sector –wise number of persons covered

Source: Handbook on Indian insurance statistics -IRDA

From the above analysis in the year 2011-12 number of persons covered under the specialised insurance companies was higher compared to public and private insurance companies, but eventually number of people covered under specialized insurers has reduced because of the people started switching towards the public insurance companies which is evident from the above chart.There was not a big change in the number of people preferringtowards private companies.The increase in number of persons covered in Public companies may be due to its awareness campaign, services, cost or any other factor.

III. Suggestions:

1. Private companies should build the confidence in the public to increase the health insurance coverage like public companies.
2. Specialised insurance companies also should adopt different techniques to increase its health insurance coverage.
3. Government should always introduce new health insurance schemes for the welfare of the public.
4. One of the main reasons for the low penetration and coverage of health insurance is the lack of competition in the sector. The Insurance Regulatory Authority of India (IRDA) which is responsible for insurance policies in India can create health circles, similar to telecom circles to promote competition.
5.Government should still conduct awareness programmes to inform the people about the benefits of health insurance.

IV. Conclusion:

Rising healthcare costs can punch a big hole in your pocket. Paying a small health insurance premium is the simplest way to mitigate the financial losses and to achieve peace of mind.Avail health insurance to save yourself from worries of hospitalization.

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