

HEALTH INSURANCE IN INDIA: THE ROLE OF PUBLIC AND PRIVATE HEALTH INSURANCE PROVIDERS

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ABSTRACT

Health insurance plays a very major role in minimizing the financial burden of poor due to illness and diseases. With our country expecting double digit growth over the next five years its health that will play a major role in providing young and energetic workforce for the country. The twelfth five year plan has already emphasized the need for more organized health insurance coverage in order provide financial protection to a large chunk of working class segment. This paper examines the present status of health insurance in India, innovation in health insurance sector and challenges faced by it. It also looks into the role of both public and private health insurance players to reach maximum coverage in health insurance.

Key words: *Health Insurance, Public, Private, Disease, Coverage.*

INTRODUCTION

Health is very important for every human being in the world, because of this every country should concentrate on health, due to increase rate of illness and diseases. Unexpected medical care spending imposes considerable financial risk on developing country household (Miller 2013), so health insurance play a major role to reduce the out of pocket expenditure to decrease the hospitalization expenses.

In India health insurance sector is an untapped market, still it has crying needs. There is huge potential for this sector. The health insurance providers are not fulfilling this demand. In India with 1.237 billion (World Bank, 2014) population, only 15 percent of them got some kind of health insurance. So there is huge potential in the health insurance market. After 1999 the privatization of insurance sector, the insurance sector has grew in past decade. Presently there are 25 health insurance providers, in that four are with public sector and twenty one private health insurance providers. The market share of public sector is 60 percentages while the rest with other private players.

Compared to developed countries the coverage of health insurance in India is very low. The developed countries like US covered 80 percent of population but in India below 15 percentages. The out of pocket expenditure is high when compared to the BRICS countries after Russia, India is contribute 86 percentage (2011) of out of pocket expenditure. In developed economies USA and UK were comfortably poised at 20.9 per cent and 53.1 per cent respectively. The total expenditure on health in India is 3.9 percentage (2011) of Gross Domestic Product (GDP) which is the lowest amongst the BRICS (Brazil, Russia, India, China and South Africa) (WHO, 2014).

The high out of pocket expenditure indicates the low health insurance coverage in India. Once the insurance penetration goes up then the out of pocket expenditure might come down. In developed countries the health insurance is compulsory but in India it is optional. In developed countries like USA more than 250 insurance companies are there but India is the second largest population in the world after china but here only 53 insurance companies are there. This shows huge untapped potential in the Indian health insurance market.

INNOVATION IN HEALTH INSURANCE

After the mobile number portability the Insurance Regulatory Authority of India (IRDA) has decided health insurance policy switching option to current insurance company to another insurance company with pre-existing disease cover (PED). It is effective from 1st July 2011 in order to improve the quality of service provided by the insurer. If the customer is not satisfied with the current service provider then they have the option of switching over to another insurer because of superior service with same existing features and benefits of the existing policy.

This facility is in order to improve the quality of service and competition with the insurance companies. The company has to give the quality service than only the policy holder can sustain in the same insurer otherwise the policy holder move to another company with existing value and benefits. Previously only inpatient cover was provided under the health insurance coverage. But now an insurance company will offer outpatient care also with an extra payment in the monthly insurance premium.

CHALLENGES IN HEALTH INSURANCE

The premium of health insurance is so high that poor people were not able to obtain health insurance. The Insurance Regulatory Authority has taken a steps to reduce a premium of health insurance in order to expand health insurance throughout India.

According to Oyekale, (2013), Health insurance reduces the financial burden of the people but the awareness of health insurance is very low. So it is necessary to create proper awareness on health insurance schemes to capture the untapped market. The publicity is important to reach the desire of health insurance and claim settlement procedure is complicated and they are not satisfied with the benefits given by the health insurance providers (Vanithamani, 2013). So the advertisement play a major role to reach the health insurance desire, the insurance companies can adopt innovative strategies so as to create awareness about health insurance among uninsured people.

The policy holder has little knowledge about the empaneled hospitals for cashless hospital services. So the insurance company has to give full information about hospitals and claim procedures to the policy holder.

ROLE OF PUBLIC SECTOR HEALTH INSURANCE PLAYERS

In India only four public sector health insurance providers are there in the market. The market share is also very high when compared to private health insurance providers, because people trust the public sector insurance companies. The public sector health insurance providers cannot focus on health insurance as they are concentrating more on motor and liability insurance which is compulsory in India. So insurance companies focusing this lucrative segment are not focusing on health insurance. The marketing department in public sector companies has very few employees, hence it is not possible for them to cover huge chunk of population. The advertisement giving by the public sector companies for health insurance is not effective; it is not reaching the target audience effectively.

Public sector companies' focus only on urban people is salaried monthly. They are not focusing the rural areas because in rural areas most of the target segment are farmers, agricultural labors and daily wagers, they are not salaried people. Insurance companies cannot concentrate their business in unorganized sector and rural areas. So there is huge potential in the rural areas.

ROLE OF PRIVATE SECTOR HEALTH INSURANCE PLAYERS

The private health insurance providers are still lagging in the market. They are twenty one private health insurance players are there in the market but still the public players only dominant in the market. The private also only focusing the urban market they are not concentrate on rural market.

The marketing personnel's are high in the private companies but still they are not capture the market. They also concentrate only on motor and liability insurance. The advertisement given by private health insurance players are not much effective. So the awareness level is very low in rural areas. By giving good quality of services the people can trust these private insurers. The private players also adopt some unconventional marketing strategy to cover the untapped market.

CONCLUSION

The awareness level of health insurance in India is very low. In India 68.8 percentage (2011) of population is living in rural areas and there is a huge market potential for health insurance. The rural people feel the premium is high in health insurance so the government should give premium subsidiary to rural people as it encourages them to avail health insurance. At the same time it's the prime duty of insurance companies to target the rural market.

Product innovation is also a key drive to reach the health insurance target (Aggarwal, 2013). Only very few companies have health insurance as a separate product line, others club them with other general insurance policies they provide. It will be better if more companies concentrate on health insurance separately rather than clubbing them with other general insurance products. This health insurance has serious potential to flourish provided by the right attitude both from the providers and the government policies.

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