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Role of Health Insurance in India's Health Care System: Issues, Opportunities & Challenges

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Abstract—*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 that's why people who belong to the poor segment of the society cannot access and afford the medical care, both in rural and urban areas. Households do not have the capacity to meet medical expenditure from their own resources, trouble sets in, sometimes with devastating consequences for patients and their families.*

They do not have any choice except private hospitals because government hospitals can hardly fill the healthcare gap. About 39 million people in India fall below the poverty line every year due to healthcare expenses, of which 70% is on purchase of drugs. According to a study done by Harvard School of Public Health, the economic burden due to non-communicable diseases will be about $6.2 trillion for India, from 2012-2030. This amount is almost nine times higher than the total health expenditure for the past 19 year (Saraswat Kriti 2013).

India is a second largest populous country in the world. By 2030, India is expected to surpass China as the world's most populous nation. By 2050, the population is projected to reach 1.6 billion. By 2025, an estimated 189 million Indians will be at least 60 years of age—triple the number in 2004. The growing elderly population will place an enormous burden on India's healthcare infrastructure. Rising income levels and a growing elderly population are all factors that are driving the growth of health care industry. In addition, changing demographics, economic factors, disease profiles and the shift from chronic to life-style disease (such as Alzheimer's disease, atherosclerosis, Type 2 diabetes, stroke, depression and obesity etc) has led to increased spending on healthcare delivery. A combination of demographic and economic factors is expected to bring about increased healthcare coverage in India which is expected to drive the growth of the sector. More cancer specialists, hospitals and money for research for India- specific affordable treatment are needed to change the cancer graph. The key growth drivers are increasing awareness of health insurance, rising healthcare costs, supporting demographic profiles, detariffing of the general insurance industry and rationalization of premium rates.

The term 'Health Insurance' relates to a type of insurance that essentially covers our medical expenses. A health insurance policy is a legal contract between an insurance company and the owner of the policy. Health insurance is a form of protection to alleviate burdens individuals suffer from illness or injury. The contract is limited in term, requires a payment by the policyholder to the insurance company (premiums), and details various conditions under which the insurance company will be responsible for the costs of medical care of the policyholder and possibly his or her family.

Third Party Administrator is the agency that works on behalf of the health insurance companies and communicates directly with the policyholder especially for settling cashless hospitalization claims.

Introduction of the IRDA Bill opened the Indian Insurance sector for private participation. After liberalisation of the insurance sector in 1999, private players have entered both life and non-life business in India. With the liberalisation and entry of private insurance companies, the Indian insurance sector has started showing signs of significant change. To fulfill the needs of people many foreign players have entered the Indian healthcare market due to the large market. India has limited experience of health insurance. Given that government has liberalised the insurance industry, health insurance is going to develop rapidly in future. Health Insurance is basically categorized into two parts in India as follows:

Cashless Hospitalization

Medical Reimbursement

The health insurance market is slowly becoming a buyer's market and growing awareness and readiness to buy are working as catalysts. Customers today demand different product benefits according to their needs and lifestyles. It is estimated that the penetration of health insurance in India is only 2% of the population. However this figure is expected to rise to a penetration of almost 20% in the next five years keeping in mind the high growth seen in disposable income of the Indian families. The health insurance in India is expected to grow five times in future to cover 10% of the population by 2015 (Nathan India 2013).

The four public sector non-life companies which have a 70% share of individual Health Policies (Public Sector procured over Rs. 9265 corers, Private Insurers achieved Rs. 4,389 Crores and Stand Alone Health Insurance Premium reached Rs. 1687 Crores- Gross Health Premium as on March 2013), have received IRDA approved to raise premium rates for individual health policies. The four Public Sector General Insurance Companies have designed their individual Health Insurance Schemes and other Health Products in line with the IRDA Health Regulations 2013 and obtained IRDA approval for the same. Some schemes have already been launched by the insurers, whilst others are following the lead. While private sector come up with aggressive marketing strategy to establish their presence, the public sector has in turn redrawn its priorities and revamped there marketing strategies to reach out to greater mass of the people. The increase in competition has also reduced the premium cost that the customers have to pay i.e. now the customers can reap more benefit at cheaper cost.

There are various studies and researches conducted, related to Health Insurance Industry and reveal that this sector alone will be able to offer numerous opportunities to the existing and new insurers.

In the last, the old concept of Insurance which was only related to the protection is now converted in to a very vast concept of "PHISP" which includes Protection, Health, Investment, Saving and Pension. And this "PHISP" gives potentials to the industry to explore and to mobilize savings of people and their needs of insurance in the right direction of infrastructure development for the economic prosperity of the country.

Keywords: *IRDA, Health Insurance, TPAs, Cashless Hospitalization, Medical Reimbursement, GIC, CGHS, SEWA, First Tier facilities, Second Tier facilities, Third Tier facilities*

1. INTRODUCTION

Health is a human right. It's accessibility and affordability has to be ensured. About 39 million people in India fall below the poverty line every year due to healthcare expenses, of which 70% is on purchase of drugs. According to a study done by Harvard School of Public Health, the economic burden due to non-communicable diseases will be about $6.2 trillion for India, from 2012-2030. This amount is almost nine times higher than the total health expenditure for the past 19 year (Saraswat Kriti 2013).

India is a second largest populous country in the world. By 2030, India is expected to surpass China as the world's most populous nation. The growing elderly population will place an enormous burden on India's healthcare infrastructure. Rising income levels and a growing elderly population are all factors that are driving the growth of health care industry. In addition, changing demographics, economic factors, disease profiles and the shift from chronic to life-style disease (such as Alzheimer's disease, atherosclerosis, Type 2 diabetes, stroke, depression and obesity etc) has led to increased spending on healthcare delivery. A combination of demographic and economic factors is expected to bring about increased healthcare coverage in India which is expected to drive the growth of the sector. More cancer specialists, hospitals and money for research for India- specific affordable treatment are needed to change the cancer graph.

Since independence, emphasis has been put on primary health care and we made considerable progress in improving the health status of the country.

But still, India is way behind many fast developing countries such as China, Vietnam and Sri Lanka in health indicators. While some countries have made impressive gains in achieving health-related targets, others are falling behind. The countries like Brazil, China, Russia and India currently lose more than 20 million productive life-years annually to chronic diseases. And the number is expected to grow by 65% by 2030.

2. REVIEW OF RELATED LITERATURE

Most of the things in life can be bought by money except good health that is something to be taken care of very cautiously. Good health is very important and it is the duty of the every individual to look after it. It is important to remember that life is full of uncertainties and you do not know what will happen in the next few seconds (Verma Seema (2012). In a country like India, characterized by rapid industrialization and economic growth, demographic and disease transitions are vital issues which demand our attention, and challenge us when we want to achieve health equity. In addition to some of the key determinants mentioned here, additional issues will emerge, such as the complex interactions between health and climate change (Dr. Rajan Raja S. (2013). According to World Health Organization India could incur losses to the tune of $237 billion by 2015 due to a rise in lifestyle diseases like diabetes, stroke and cancer because of unhealthy workplaces. The economic loss in India, which was $8.7 billion in 2005, is projected to rise to $54 billion in 2015. Around 80% of these deaths will occur in low and middle-income countries like India who are also crippled by an ever increasing burden of infectious diseases, poor maternal and parental conditions and nutritional deficiencies. (Sinha Kounteya & Press Trust of India, 2008). In the 12th Five Year Plan government has allocated amount Rs 300,000 crores for the entire five year period, which works out to Rs. 60,000 crores per annum for each year. While the consumer expenditure on healthcare in rural India increased from 6.6% in 2004-05 to 6.9 per cent in 2011-2012, urban Indians' expenditure on medical care increased from 5.2% in 2004-05 to 5.5% in 2011-2012 (Ghosh Aditi Rashi & Selvaraj Sakthivel, 2013). There is a growing demand for healthcare insurance coverage for all its citizens. Further, there is also a demand that the government should provide for healthcare insurance just like many other developed nations in the Western world (Chaudhuri Pinaki & Sanhati, 2013). TPAs are agents of insurance companies who facilitate speedy processing and settlement of claims especially to enable cashless treatment at the time of hospitalization (Vageesh S. N. 2013).The Indian health insurance scenario is a mix of Governmental insurance schemes, Social Health Insurance (SHI), voluntary private health insurance and Community-Based Health Insurance (CBHI). As per the recommendations of High Level Group in Universal Health Coverage on institutional reforms to make quality health care affordable, insurance penetration should increase to at least 50% of the population by 2020 and 80% by 2030 from the current 15%. The mixture of various health insurance service providers must be used effectively to ensure the health of citizens. For the Indians the health insurance is the need of the hour (Pandve Tukram Harshal (2012).

3. OVERVIEW OF HEALTH INSURANCE INDUSTRY IN INDIA

The term 'Health Insurance' relates to a type of insurance that essentially covers our medical expenses. A health insurance policy is a legal contract between an insurance company and the owner of the policy. Health insurance is a form of protection to alleviate burdens individuals suffer from illness or injury. The contract is limited in term, requires a payment

by the policyholder to the insurance company (premiums), and details various conditions under which the insurance company will be responsible for the costs of medical care of the policyholder and possibly his or her family.

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. The contract can be renewable (e.g. annually, monthly) or lifelong in the case of private insurance, or be mandatory for all citizens in the case of national plans. A Health Insurance policy is normally cover expenses reasonably and necessarily incurred under the following heads in respect of each insured person subject to overall maximum amount of total insured (for all claims during one policy period) such as; Room, Boarding expenses, Nursing expenses, Fees of surgeon, anesthetist, physician, consultants, specialists, Anesthesia, blood, oxygen, operation theatre charges, surgical appliances, medicines, drugs, diagnostic materials, X-ray, Dialysis, chemotherapy, Radio therapy, cost of pacemaker, Artificial limbs, cost or organs and similar expenses.

Introduction of the IRDA Bill opened the Indian Insurance sector for private participation. The pace of development of insurance sector has accelerated with the process of opening of their economies to the outside world under WTO regime. After liberalisation of the insurance sector in 1999, private players have entered both life and non-life business in India. Privatization of insurance sector involved dumping of service by international giants equipped with new project, new idea, up-to-date technology, strong currencies and cost effective method of marketing. With the liberalisation and entry of private insurance companies, the Indian insurance sector has started showing signs of significant change. To fulfill the needs of people many foreign players have entered the Indian healthcare market due to the large market. India has limited experience of health insurance. Given that government has liberalized the insurance industry, health insurance is going to develop rapidly in future.

Health insurance in India normally pays for only inpatient hospitalization and for treatment at hospitals in India. Outpatient services were not payable under health policies in India. There are various innovative products like family floater plans, top-up plans, critical illness plans, hospital cash and top up policies. Health Insurance Plans can be categorized into following parts in India as follows:

- **Hospitalization**- Hospitalization plans are insurance plans that pay cost of hospitalization and medical costs of the insured subject to the sum insured.
- **Hospital daily cash benefit plans**- In this plan a defined benefit policy that pays a defined sum of money for every day of hospitalization.
- **Critical illness plans**- These policies pay out a lump sum in event that the insured is a diagnosed with one of the illnesses specified in the policy.

Mode of Payment

- **Cashless Hospitalization**- It is a service provided by an insurer where in an individual is not required to pay the hospitalization expenses at the time of discharge from the concerned hospital. In this the settlement is done directly by the insurance company (insurer).
- **Medical Reimbursement**-Medical Re-imbursement means to repay the products/services availed during hospitalization and after the completion of the treatment.

4. THE EVOLUTION OF HEALTH INSURANCE INDUSTRY IN INDIA

Health Insurance in India began with the introduction of the Mediclaim policy by the four Public Sector Insurance Companies, in the year 1986. The policy was designed to provide for reimbursement of medical expenses incurred in India by the Insured for treatment of any disease or illness or accidental bodily injuries at any clinic/nursing home/hospital, as an inpatient.

This Mediclaim Policy was revised in 1991, wherein the quantitative sub limits under each of the above heads were removed. The Sum Insured ranged from Rs. 15000 to Rs. 300000 with premium as per age bands prescribed. There were many changes made to this policy based on customer requirements like relaxations in the specialized cases where less than 24 hours hospitalization was required, and simplification of the pre-existing illnesses exclusion. Introduction of the Third Party Administrators in 2001 and they were regulated by IRDA and mandated to provide health services.

The policy was altered in the year 2007, to bring back the sub limits. A person with a Sum Insured of Rs. 50000/- can avail of treatment wherein the room charges can range from Rs. 150 to Rs. 5000/- without any restriction. As regards pre-existing diseases, IRDA has stipulated that pre-existing disease exclusion will not operate for more than 48 months. In other words, if an insured is continuously insured for a period of four years or more, there will be no pre -existing exclusion affecting his policy.

5. INDIAN HEALTH CARE SYSTEM

In revamping health services, primary health care in rural and urban areas must become the thrust area of the National Health Mission. Technology-enabled Accredited Social Health Activist (ASHAs), nurses and community health workers can transform India's neglected primary health care by increasing

outreach and effectiveness of service delivery. Hand-held tablets with point-of-care diagnostics and decision support systems as well as mobile phone applications can empower frontline health workers. This will also create huge employment opportunities for young people, especially women from rural areas.

While primary health care needs to be substantially strengthened, from sub-centres to community health centres, higher levels of care need to be provided at district hospitals. These should be upgraded and linked with both primary care and advanced tertiary care. This requires improvement of infrastructure, equipment and staffing at district hospitals. In states which have less than needed number of medical and nursing colleges, new colleges should be attached to the revamped district hospitals. Indian systems of medicine such as AYUSH need to be integrated into the health services, at all levels of care.

All public health facilities must provide people with prioritised drugs that are in the National List of Essential Medicines (NLEM), in a generic form. They should also be assured of free point of care or essential diagnostic services. This will have an immediate benefit of lowering Out Of Pocket Spending (OOPS) which is presently very high, around 70%, and is largely driven by expenditure on medicines. The Indian health care system is divided into three categories as:

Primary healthcare-It is the first level of contact between individuals and families with the health system.

Secondary Healthcare refers to a second tier of health system, in which patients from primary health care are referred to specialists in higher hospitals for treatment.

Tertiary Health care refers to a third level of health system, in which specialized consultative care is provided usually on referral from primary and secondary medical care.

There are two major healthcare programs in India. The first is the National Rural Health Mission (NRHM), which is the central government's attempt to improve delivery of services in public facilities as well as public-health and preventive interventions. The second is the Rashtriya Swasthya Bima Yojana (RSBY), which is a health insurance program. In most states RSBY covers people "below the poverty line" for a selected set of tertiary care services. While NRHM, launched in 2006, has had some success in improving access to certain services, such as maternal healthcare (under the Janani Suraksha Yojana program), it is not clear what effects NRHM has had on most other services. Poor population health indicators, across the life course, now stare at us as the price of that neglect. India's health planning as well as the design, delivery and evaluation of health programmes has suffered because of minimal investment in training and development of public health professionals. Tamil Nadu, the only state with a designated Public Health Cadre in its health services, has the best functioning health system. Public health training institutions have to be strengthened and expanded to create professionals who can be effectively utilized in central and state level public health cadres across the country.

6. PRESENT SCENARIO OF HEALTH INSURANCE INDUSTRY IN INDIA

Health insurance, which remains highly underdeveloped and less significant segment of the product portfolios, is now emerging as a tool to manage financial needs of people to seek health services. Health insurance has become one of the fastest growing sectors today and it is expected to increase manifold in the coming years. The health insurance market is slowly becoming a buyer's market and growing awareness and readiness to buy are working as catalysts. Customers today demand different product benefits according to their needs and lifestyles. It is estimated that the penetration of health insurance in India is only 2% of the population. However this figure is expected to rise to a penetration of almost 20% in the next five years keeping in mind the high growth seen in disposable income of the Indian families. The health insurance in India is expected to grow five times in future to cover 10% of the population by 2015 (Nathan India 2013).

Many private health insurance companies are operating in India. The private health insurance sector has been mired in restrictive regulations and outdated business models and continues to operate under losses, in an unsustainable mode. The health insurance industry needs to relook their business models and evaluate emerging concepts in healthcare that can help correct the imbalance and help the industry operate in an effective manner.

For the small percentage of Indians who do have some insurance, the main provider is the government-run General Insurance Company (GIC), along with its four subsidiaries, The New India Assurance Company, Oriental Fire and Insurance Co., National Insurance Co., and The United India Insurance Co. GIC is able to obtain funds for underwriting from other countries, although foreigners are not allowed to own insurance companies. Only 1% of the population was covered by private health insurance in 2004-05. Group insurance accounted for 35% of the total health insurance business during that period. India's first medical insurance scheme for the poor was launched in the 1996-97 budgets. The "Janarogya Yojana" scheme is marketed by the four subsidiaries of GIC, and covers people between the ages of 5 and 70 for pre– and post–hospitalization expenses, for up to 30 and 60 days, respectively.

According to recent study health insurance continues fastest growing segment with annual growth rate of 25%. Health insurance premium has also increased to Rs. 18345 crore in 2011-2012(www.healthinsurance.org). In India, four are public

sector health insurance companies and twenty private sector health insurance companies. The total non-life premium increases from 32941 to 69045 in 2008-09 and 2012-13 respectively. And the health insurance premium also increases from 6634 to 15341 in 2008-09 and 2012-13. The growth of health insurance industry is 16.36 per cent, and market share is 22.22 per cent in 2012-13. This trend provides an insight about the future scope of health insurance industry in India. Non-life and Standalone Health insurance companies of group Health Insurance Policies may be offered by any insurance company, provided that all such products shall only be one year renewable contracts. However, the non-life and standalone health insurers may offer group personal accident products with term less than one year also to provide coverage to any specific events. Non-life and standalone Health insurance companies offer individual health products with a minimum tenure of one year and a maximum tenure of three years, provided that the premium shall remain unchanged for the tenure.

Table 1.1: Growth Figures of Health Insurance for Last Five Years in India (Figures in Crores of Rupees)

Year	Total Non-Life Premium	Health Insurance Premium	Growth % On Health Insurance	Market Share %in Health Insurance
2008-09	31941	6634	-	-
2009-10	38391	8333	25.19	21.70
2010-11	46955	11137	33.65	23.71
2011-12	58119	13184	23.77	22.68
2012-13	69045	15341	16.36	22.22

***Source*:** www.healthinsuranceindia.org

The four public sector non-life companies which have a 70% share of individual Health Policies (Public Sector procured over Rs. 9265 corers, Private Insurers achieved Rs. 4,389 Crores and Stand

Alone Health Insurance Premium reached Rs. 1687 Crores-Gross Health Premium as on March 2013), have received IRDA approved to raise premium rates for individual health policies. The four Public Sector General Insurance Companies have designed their individual Health Insurance Schemes and other Health Products in line with the IRDA Health Regulations 2013 and obtained IRDA approval for the same. Some schemes have already been launched by the insurers, whilst others are following the lead. While private sector come up with aggressive marketing strategy to establish their presence, the public sector has in turn redrawn its priorities and revamped there marketing strategies to reach out to greater mass of the people.

There are various health insurance schemes provided by both public and private health insurance companies**.** These health insurance schemes are as follows:

a) The Voluntary Health Insurance Schemes or Private-For-Profit Schemes run by the public sector, the General Insurance Corporation (GIC) and its four subsidiary companies (National Insurance Corporation, New India Assurance Company, Oriental Insurance Company and United Insurance Company) provide voluntary insurance schemes.
b) In both Public and private sector offers employer based insurance schemes through their own employer.
c) Besides above mentioned health insurance schemes some run by central and state government, sometimes called as Mandatory Health Insurance Schemes or Government Run Schemes. For example- Central Government Health Insurance Scheme (CGHS), Universal Health Insurance Scheme (UHIS) and provided an insurance product to the Self Help Group (SHG) etc.
d) In order to meet the need of poorer people living in community called as Insurance Offered By NGOs/Community Based Health Insurance- For example Self-Employed Women's Association (SEWA), Tribuvandas Foundation (TF), The Mullur Milk Co-operative, Sewagram, Action for Community Organization, Rehabilitation and Development (ACCORD), Kerala community health centres etc.

According to ASSOCHAM'S survey that 42% identified are afflicted to lifestyle disease, followed by 38% suffering from chronic disease and remaining 15% have an acute disease in the private sector. The survey points out that nearly 45% of the corporate employees in private sector sleep less than 6 hours on a daily basis due to work related pressure. Around 58% of corporate employees in private sector are deeply concerned about their future health, 38% are most of the time worried about their future health conditions and rest 4% are not at all fearful about their future health. Therefore, health insurance is the only means to cope up the need of present growing population.

The Health Insurance Regulations 2013 introduced regulations on renewability, portability, pre-existing diseases, cost of pre-insurance medical examination minimum entry age under Health Policies, Free look period, Penal Interest provision, Standardisation of definitions and documents with an idea that this Health Insurance Scheme should run efficiently for the benefit of the people of India, without any hassles and grievances.

Third Party Administrator is the agency that works on behalf of the health insurance companies and communicates directly with the policyholder especially for settling cashless hospitalization claims

7. CONCEPT OF HEALTH PORTABILITY

The IRDA, circular dated February 10, 2011 had issued guidelines on portability of health insurance policies which

was to be introduced 1st July 2011. On 24th June 2011, it was felt necessary to put in place a system to enable collection of data on the history of health insurance monitoring the transfer of records of the porting policy holder. The insurance company receiving from another insurance company a request for relevant data shall furnish the requisite data in the format for porting insurance policies prescribed in the receipt of the request. Some conditions in which the portability is allowed as follows:

- All the health insurance policies issued by non-life insurance companies including family floater policies.
- Individual member including the family members covered under any group health insurance policy of a non-life insurance company shall have the right to migrate from such a group policy to an individual health insurance policy or a family floater policy with the same insurer.
- Waiting period (90 days and only accident death is covered from 1 day) with request to pre-existing diseases and time bound exclusions shall be taking into account.

8. NEED OF HEALTH INSURANCE

The growing Indian middle-class accompanied with lifestyle-related diseases and inflationary healthcare costs are driving the demand for health insurance in India. Launch of new hospital chains with a stress on holistic well-being is further accentuating this demand, especially in urban areas. Taking a health insurance policy can be beneficial and it can make coverage against the odds and uncertainties of life. It facilitates an individual to be treated well in time and private accommodation and timely services are offered. Other benefits with the health insurance are childbirth and well baby, critical illness and consultation fees coverage.

1. Insuring one's health is need of the hour. Health insurance is the fastest growing non-life insurance segment and it is estimated to grow at a CAGR of 35 per cent during the next four to five years. Health Insurance penetration in India is less than 3% which is dismally low. Thus there exists a huge scope for mobilizing a huge amount of health premium.
2. A WHO study has revealed that more than 80% of total expenditure on healthcare that Indians incur is out of pocket, while in most other countries share of this cost is either born by the government or covered by insurers. India spends around 5 per cent of its GDP on healthcare. The Indian healthcare scenario has been faced with low public sector spend which is the 20 percent of the total expenditure on health and just around 1.4 per cent of GDP, which is among the lowest in the world.
3. Health insurance policy not only covers expenses incurred during hospitalization but also during the pre as well as post hospitalization stages like money spent for conducting medical tests and buying medicines.
4. Health insurance has become a necessity in today's world. A close look to these data makes it clear that Indian health infrastructure needs reforms. Less than 15% of population is covered through pre paid insurance scheme – this is very low. Medical Claim schemes has less than 3.5 million members, 3.4% Population is covered through ESI Scheme, 5% Population is covered by Employer Schemes, 5% Population is covered through Community Insurance Schemes, 85% Population pays out of pocket, known as private spending, Slow entry of Health Insurance companies, due to regulatory issues and market dynamics.
5. There is no doubt that health insurance is going to be an important portfolio for all the insurers looking to grab the huge potential of the Indian market which is largely unexploited. Rising medical costs and increased awareness have resulted in a surge for health insurance products.
6. The government of India has decided to increase the plan allocation for public health spending to USD 5.96 billion in 2011–12 from USD 4.97 billion in 2010–11. The Ministry of Health and Family Welfare has decided to increase health expenditure to 2.5% of GDP by the end of the 12th Five-Year Plan, from the current 1.4 percent.
7. The tier 2/3 cities have suddenly become attractive to the healthcare players, especially because of the tax sops and increasing disposable incomes among Indian families across the country and dearth of quality healthcare infrastructure in these locations.
8. The government hospitals provide treatment and medicines at subsidized rates but the huge charge and poor medicines are really a boon not only for India but also for the world. But given the high level of poverty along with the high cost of medical services made it difficult for the economically weaker section to afford even conventional treatments.
9. Private health services have grown by default, contributing almost 80%, but increasing private out-of-pocket health expenditures. This trend has led to skewed development of healthcare infrastructure with around 70 per cent of the hospital beds in the private sector in the 20 cities in the country and further, 15% of these beds are in just 6 cities/centres.
10. In a country where less than 15 per cent of population has some form of health insurance coverage, the potential for the health insurance segment remains high. It seems that there is an urgent need to ramp up the health insurance coverage in the country as out-of-pocket payments are still among the highest in the world.
11. Health insurance has become one of the most prominent segments in the insurance space today and is expected to grow significantly in the next few years. As spending on healthcare in India is expected to double in a couple of years, we believe that health insurance will eventually become the biggest contributor in the non-life segment.
12. In the present scenario, the health insurance industry is dominated by four public sector entities (National, New India, Oriental, and United India) that together have 60

per cent market share. The rest of the share is with 17 private sector players, of which four are standalone health insurance players (Star Health, Apollo Munich, Max Bupa, and Religare Health). ICICI Lombard continued to be the largest private sector non-life insurance company, with market share of 9.74 per cent.

13. The health insurance market covers very smaller part of the total population (about 10%) in India. Presently, schemes like Voluntary health insurance schemes or private-for-profit schemes; Employer-based schemes; Insurance offered by NGOs / community based health insurance, and Mandatory health insurance schemes or government run schemes (ESIS, CGHS) are found in India.

9. OPPORTUNITIES

With the way health costs are rising and given current low penetration, there are significant opportunity and a measured strong atmosphere in the area of health insurance.

1. In 2006, there was only one stand-alone health insurance company in India. Now, there are five full- fledged ones. There are various factors attracts insurers to this segment are as rising health costs, low penetration of health insurance, and focus on universal health care, among others . The penetration of health insurance is so low that the new players can never be a threat to the existing ones. The common third-party administrator, Health insurance TPA of India, floated by the four public sector general insurers and the national re-insurer for processing health insurance claims, is likely to be operational by April, 2015.
2. Currently, insurers outsource the claims settlement process to third-party administrators. However, their experience in this regard has been unsatisfactory. Insurers feel that the move to settle claims through their own administrator will enable them to check fraudulent claims, resolve disputes and settle claims faster.
3. India needs more specialist doctors, basic doctors, specialist nurses, general nurses, several categories of allied health professionals and community health workers. The promised national health assurance programme will succeed only if a multi-layered, multi-skilled and motivated workforce is created to deliver the health services.
4. There are about 6.4 million jobs that are even now potentially available to different categories of allied health professionals ranging from optometrists and laboratory technicians to physiotherapists and mental health counsellors. These opportunities, in both private and public sectors, will only grow over the next 10 years.
5. Health insurance premia have stood at Rs. 5,283 crore for the April-June period in 2014, a 14.2 per cent uptick in premium collection on the back of the insurance in group health insurance business. General insurers collected health premia worth Rs. 7,624 crore in FY 14 against Rs. 15,530 crore in FY13. And Indian Government has announced the setting up of All India Institute of Medical sciences in different states and improving health infrastructure.
6. The government was assuming at a proposal of nominal premium for health insurance that would cover treatment for widespread ailments like diabetes, cardiac and cancer. The aim is to provide a basic minimum health insurance cover to all. The rate of the premium for the middle class could be depended on one's income. But for the poor it would be very nominal.
7. Another issue likely be flagged is the growing shortage of health personnel in rural India. There are just 0.64 doctors and 1.44 nurses for 1,000 Indians. The ratio halves for rural India with a large number of health personnel have increased the demand for medical treatment has also risen with improvement income in recent years.
8. To meet the growing demand, the government wants to set up a medical college in each district with the help of the state governments in coordination with the upgraded district hospitals. Health minister Harsh Vardhan recently offered first glimpse of Universal Health Assurance (UHA) Scheme and the government will pay premium for the poor who cannot afford. In this people would have an insurance component, assured package of diagnostics and availability of at least 50 essential drugs.

10. ISSUES

1. **Cost -** Health insurance can be very costly even for those that have a health insurance plan through their employers. Some health insurance plans have high co-pays that can be costly to a person with an average or low income level.
2. Insufficient Medical Coverage-The medical coverage may not be enough to sufficiently cover the cost of tests, surgeries and procedures that need to be done. This can leave the person paying high bills for medical services and may even cause some people to refuse medical care that they need.
3. **Third Party Administrators (TPAs)**- The most important problem associated with them is the long turnaround time (TAT). The TAT for the payment of an insured patient's treatment in an affiliated hospital is 20 days for cashless treatment. Most TPAs fail to meet the deadline even if the insurance company has made the payment to them. This is due to the logistics involved in handling numerous hospitals and claims. Some hospitals become disgruntled with the delay and do not offer cashless treatment facilities. Also, some TPAs do not work on Saturdays, whereas most insurers do. This delays the processing of claims.
4. **Hospitals-**There is a 90 per cent chance that an empanelled hospital will charge you more. Higher tariffs for insured patients lead to a higher payout for the

insurance companies which, in turn, lead to higher premiums. The increase is more than the rise in the cost of medical care. Another issue is the misuse of group insurance by hospitals and patients.

5. **Customers-**Many people are hospitalized for an illness that does not require it. Another issue is that they take a policy after a disease has been diagnosed. And it is not covered the pre-existing diseases.
6. **Companies-**Sometimes, a wrong product is sold for a higher commission. As company Websites and brochures do not reveal all the terms of the plans, clients fall prey to the salesperson and do not buy the right policy.

11. CHALLENGES

India is the second most populous country in the world and with a healthcare infrastructure that is over-burdened with this ever increasing population, a set of challenges that are unique to India arises.

1. According to Social progress Index, which is based on developmental outcomes ranked India as low as 95th and 97th in the 'Health and Wellness' and 'Nutrition and Basic Medical Care' sections respectively. On the basis of HDI India ranked a miserable 135th this year
2. In reality, there is lack of either a comprehensive/universal state-sponsored insurance programme or a publicly-funded health system in India. The piecemeal health schemes that exist are reportedly marred by ineffective implementation, poor health infrastructure to back up and even corruption. With the turn of the millennium, India opened up health insurance to private players, but the latter play a marginal role in the health insurance market. Existing public health insurance programmes (by way of employee/ employer contribution) put together cover not more than a quarter of the total population. These schemes exclude 51 per cent of Indians who are self-employed (auto-drivers, housemaids, farm labourers etc.)
3. India faces the twin epidemic of continuing/emerging infectious diseases as well as chronic degenerative diseases. Economic deprivation in a large segment of population results in poor access to health care. The former is related to poor implementation of the public health programs, and the latter to demographic transition with increase in life expectancy.
4. India faces high burden of disease because of lack of environmental sanitation and safe drinking water, under-nutrition, poor living conditions, and limited access to preventive and curative health services.
5. The Rashtriya Swasthya Bima Yojana does cover BPL households and its implementation by states has had tangible effects on curbing private expenditure. However, a lot of the dispensaries and hospitals in India's overall public health network lack doctors, beds, medicines and surgical and other infrastructure.
6. Government health expenditure as a percentage of GDP in the US is higher than seven per cent and ranges between 6 and 8 per cent in European countries. At 1.4 per cent of total GDP, India's state expenditure compares lowly against even other developing countries, leave aside the OECD. India's bed-to-patient and doctor-to-patient ratios (basic parameters) are way below global averages and even below the WHO's minimum ratio stipulations. This situation can see owed to government hospitals, particularly in the remote areas of the country.
7. Growth in national income by itself is not enough, if the benefits do not manifest themselves in the form of more food, better access to health and education."
8. On the other hand, health insurance providers are challenged by the high claims ratio and insufficient or inaccurate data on consumer profile and disease patterns which is proving to be a constraint for product pricing and the development of new products.
9. However, certain intrinsic factors inhibit this segment from reaching its fullest potential. On the one hand, low awareness and lack of understanding of product features, in addition to perceived apprehension in claims procedures and settlement, intimidates consumers from buying a health cover.

12. CONCLUSION

Health insurance is a complementary part to the country's health care system in present high cost of medical scenario. There are various studies and researches conducted, related to Health Insurance Industry and reveal that this sector alone will be able to offer numerous opportunities to the existing and new insurers. In the last, the old concept of Insurance which was only related to the protection is now converted in to a very vast concept of "PHISP" which includes Protection, Health, Investment, Saving and Pension. And this "PHISP" gives potentials to the industry to explore and to mobilize savings of people and their needs of insurance in the right direction of infrastructure development for the economic prosperity of the country. . In reality, there is no need global index to tell how serious the health policy problem in India is. In fact, there is need to focus on basic hygienic and sanitation facilities which can be helpful to improve the health scenario of our country. On the cure side, broad-basing and streamlining existing insurance schemes under one umbrella will ensure better delivery and implementation.

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