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## Medical Insurance A boon to common Man!

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### Abstract:

A healthy life cycle is crucial for wellness and happiness. It includes a healthy lifestyle, balanced diet, exercise and good sleep and mental and emotional wellbeing etc. These key focal points that are focused right from a young age be it in individual homes, or in community or in school. Today in spite of having the best food, health care facility, best of service delivery mechanism and best of technology we see many people falling ill or facing critical illness or even have sudden unexpected death at a young age. We cannot predict that an individual may be fortunate to live a healthy life and live to the best of old age. Further when illnesses become complicated it creates a panic and also a complicated or huge cost. This can lead to bankruptcy for the family. Moreover about 60 percent of the Indian population belong to medium to lower income groups. As such financial security and personal financial planning needs to be core of the basic needs of life. Health insurance cover is one remedy that is available that can bridge the gap between sickness and cost. As seeking medical insurance is an unsought good among the Indian masses, this study seeks to understand the rising importance of health insurance.

Further in this research paper we shall understand and relate

- Why is health insurance a necessity?
- Figures supporting the awareness of the rising importance of health insurance in the past 5 years
- Is health a priority the attitude to buy medical insurance products just for tax benefits?
- The promotional strategies that would emphasize on importance of health insurance

Secondary and primary data will be used and analysed for the purpose of this study.

**Key words:** *health insurance, policy holder, insurer, nominee, premium, medical inflation*

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## **I Introduction:**

We are living in a fast paced world which is constantly on the move. We live in an era of changing technology, systems, mechanisms, culture, ideologies and so on. The pace of change that we have observed in the past twenty years is much faster as compared to the changes that occurred in 2000 years. With this fast change we not only have access to the good things but also the adverse things which affect the very existence of human beings. Adapting to these changes at a faster pace we are constantly exposed to high levels of stress and anxiety which affect the mental and physical health of human beings. Further the expectations at work, family expectations, expectations and norms of society, major lifestyle changes are affecting the health of the person. We cannot predict that an individual may be fortunate to live a healthy life and live to the best of old age.

On the other hand with these major changes in technology, mechanisms, ideologies, systems and processes - the medical field too has advanced at a fast pace providing world class treatment to the common man. These facilities however, can only be availed if one has the income to pay for the expensive treatments and medications or else a health insurance to avail of the best medical services. In case of neither of the two one has to put in all their hard earned savings or sell their personal assets to avail the best treatment. This can lead to bankruptcy for the family.

One biggest example of such an unexpected medical emergency was witnessed during the pandemic. Individuals who were covered under a health insurance must have borne very less or merely 2% of the total medical expense than those with no health cover who had to bear 100% expenses.

Moreover about 60 percent of the Indian population belong to medium to lower income groups. As such financial security and personal financial planning needs to be core of the base needs of life. Health insurance cover is one remedy that is available that can bridge the gap between sickness and cost. As seeking medical insurance is an unsought good among the Indian masses, this study seeks to understand the rising importance of health insurance.

## **II Literature Review**

About 100 million people are pushed into extreme poverty each year because of out-of-pocket spending on health. The Indian healthcare delivery system as well as the insurance sector is categorised into two major components public and private. The Government, i.e. public healthcare system, comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of primary healthcare centres (PHCs) in rural areas. The private sector provides a majority of secondary, tertiary, and quaternary care institutions with major concentration in metros and tier I and tier II cities.

India is home to approx. 1.39 billion people. In FY21, over 500 million people got health insurance coverage in India. Most of them got coverage under government insurance

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schemes. The remaining got coverage under corporate insurance schemes, which gets over once the employee leaves their company. Effectively, the penetration of medical insurance remained at 35% of the total population.

Apart from the low penetration, over 70% of individuals in India spend their entire income on medical bills. According to WHO, 31% of the urban population finances their hospitalisation by loans or by selling personal assets. People are not aware of the benefits of health insurance or how they are supposed to get one in a cost effective manner by managing their funds correctly.

The Government of India has taken many initiatives to increase the awareness of health insurance amongst the different sectors in India and offers various schemes for the civilians so they get access to these policies.

Pradhan Mantri Jan Arogya Yojana (PM-JAY) is a health insurance scheme for the poor. It offers a health cover of Rs. 5 lakhs per family on an annual basis, and the payable premium is Rs. 30. Awaz Health Insurance Scheme - this is a health insurance cover for migrant workers and is initiated by the Government of Kerala. It also offers insurance for death by accident for labourers launched in 2017. Other plans include Central Government Health Scheme, Telangana State Government - Employees and Journalists Health Scheme, Mukhyamantri Amrutum Yojana for Gujarat residents, and many more.

Through this, the Government aims at the following objectives:

- Offer health policies at a low price.
- Encourage people below the poverty line to avail insurance.
- Ensure that people have some sort of insurance cover irrespective of their class or standard of living

### **III Statement of the Problem:**

In general people need money for their consumption purpose, for precautionary motives and for speculative motives. But in India people belong to different income groups and the majority of them belong to lower income groups. According to WHO statistics 31% and 47% of the hospital admissions in urban and rural India are either financed by loans or through sale of assets. Additionally as per the statistics, 70% of Indians spend their entire income on healthcare and 3.2% of Indians fall under the poverty line owing to high medical bills. Only 1.1 billion of the Indian population which is less than 15% of the Indian population is covered through health insurance. A large number of people suffer from rare non communicable diseases, strokes, heart attacks, neurological disorders, diabetes, cancers and so on. Historically, many Indians have had poor access to health insurance and suffer pathetically when they suffer from illness or chronic diseases. A few reasons can be identified like,

- The lack of awareness of health insurance amongst the common people
- High cost of availing health insurance
- Consideration to buy health insurance products only to save taxes
- Ignorance to health concerns and lack of proper information about benefits of such policies

However, today, for every individual in India, health insurance has become a necessity. The question is how many families are covered and what initiatives could be undertaken to include the masses under the health insurance cover is the objective under this study. The Covid-19 scare has particularly nudged more Indians to buy a health policy due to the unexpected financial burden it has put on them. Today, when the medical inflation rates are so high, failing to hold an adequate health cover can prove to be an expensive affair.

The awareness about health insurance is on the rise in urban India even otherwise. According to the India Brand Equity Foundation (IBEF), there is a substantial growth among insurance takers. Covid19 has driven a 41% increase in medical insurance companies among the non-life insurance sector.

#### **IV Objectives of the Study**

- To understand the need and benefit of a health insurance policy among common man.
- To study the rising importance and promotion of health insurance in India.
- To understand the attitude towards health insurance among the common people.

#### **V Working definitions:**

##### **1. Health Insurance:**

Health Insurance is a legal agreement/contract between the insured and the insurance company which covers the cost of medical and surgical expenses (as specified in the policy document) incurred due to an accident, illness or injury.

The working of a health insurance is as follows - The policyholder/insurer pays a monthly or annual premium for a specified tenure to the insurance company/insurer, in return the insurer pays for the medical expenses incurred of hospitalisation, daycare procedures, medical care at home (domiciliary hospitalisation), ambulance charges, etc. During this period, if the insured is diagnosed with an ailment or meets with an accident, the expenses of the treatment is borne by the insurer. They reimburse your bills on reporting of a claim or if he/she opts for cashless service at the network hospitals as prescribed by the respective insurance company, the medical bills will be directly settled by the insurance company with the hospital in case of hospitalisation. The terms, however, might vary for different insurers.

**2. Policy holder or Insured :** An individual who pays a fixed amount monthly, quarterly or annually - called the premium to avail benefits of the health insurance policy when an emergency rises is called a policyholder or insured.

**3. Insurer:** The company that takes the responsibility of covering the risks of the insured against a fixed sum is called the insurer or the insurance company.

Example : Some famous health insurance companies in India are Star Health Insurance Co, The New India Assurance, Religare Health Insurance Co, etc.

**4. Nominee:** An individual whom the policyholder mentions in their policy documents stating that in case of an unfortunate event of the death of the policyholder, these individuals would receive all the benefits of the policy.

**5. Premium:** A fixed sum paid by an individual, group or business according to an agreed time to avail the health insurance and its benefits is called a premium.

**6. Medical inflation :** This concept refers increasing cost of medical services due to the latest and continuous developments, trends and evolutions in the medical field such as the cost of advances in treatments and procedures, the increased availability and usage of them around the world, cost of skilled labour, cost of new drugs, new technology, new innovations and treatments that are life saving.

## **VI Research Methodology:**

The study is based on both primary and secondary data.

**Primary data:** A well structured questionnaire with both open and close ended questions. This was circulated from the adult population from Pune city.

**Target sample size :** 100

**Achieved sample size:** 149

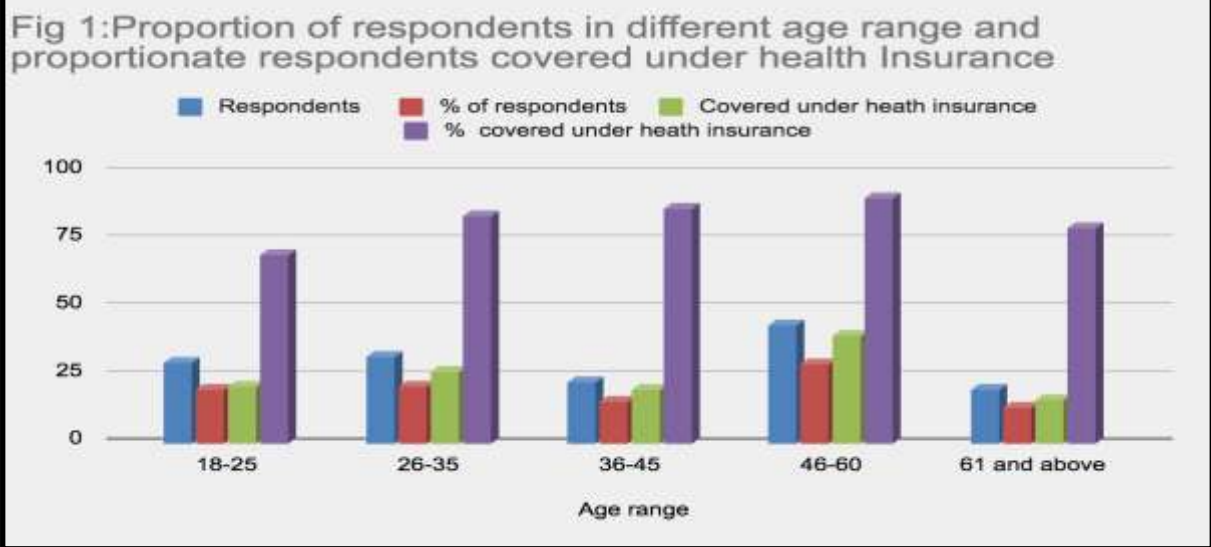
**Secondary data:** The data was collected from different sources online, such as reports of IRDA and NIA, research articles, journals, books and websites.

## **VII Analysis of data**

The data examines the various aspects of health insurance and its relative importance, benefits and attitude of the people towards health insurance.

Table 1: Proportion of respondents in different age range and proportionate respondents covered under health Insurance

Sr. No.	Age range	Respondents	% of respondents	Covered under health insurance	% covered under health insurance
1	18-25	30	20.13	21	70
2	26-35	32	21.48	27	84.38
3	36-45	23	15.44	20	86.96
4	46-60	44	29.53	40	90.91
5	61 and above	20	13.42	16	80
	<b>Total</b>	<b>149</b>		<b>124</b>	<b>83.22</b>

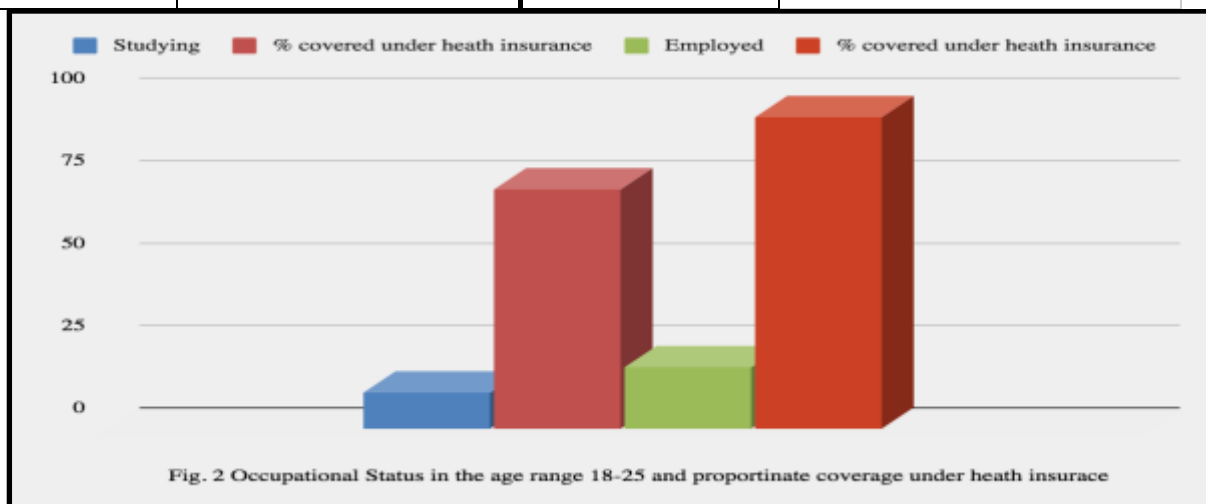


**Interpretation:**

The above analysis of respondent data, it is evident that as urban people advance from youth to adulthood and further there is an increasing proportion of people getting themselves covered under health insurance.

Table 2 Occupational Status in the age range 18-25 and proportionate coverage under health insurance

Studying	% covered under health insurance	Employed	% covered under health insurance
11	72.73	19	94.74

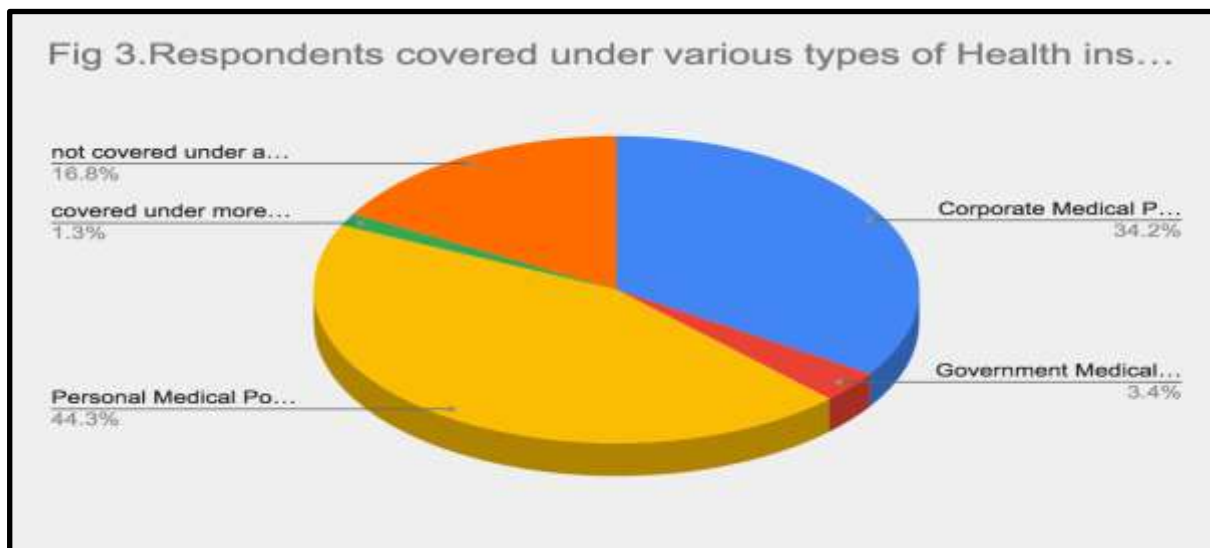


**Interpretation:**

The above analysis of the respondents data, the proportion of youth covered under health insurance is above 70 percent. It can also be implied that a higher percentage of employed youth as compared to studying are covered with health insurance.

Table 3 Respondents covered under various types of health insurance policies

Sr. No	Types of Health policies	No. of respondents
1	Corporate Medical Policy	28
2	Government Medical Policy/Scheme	5
3	Corporate Medical Policy	49
4	Personal Medical Policy	27
5	Covered under more than one of the above categories	40
6	not covered under any health insurance policy	16
	Total	149



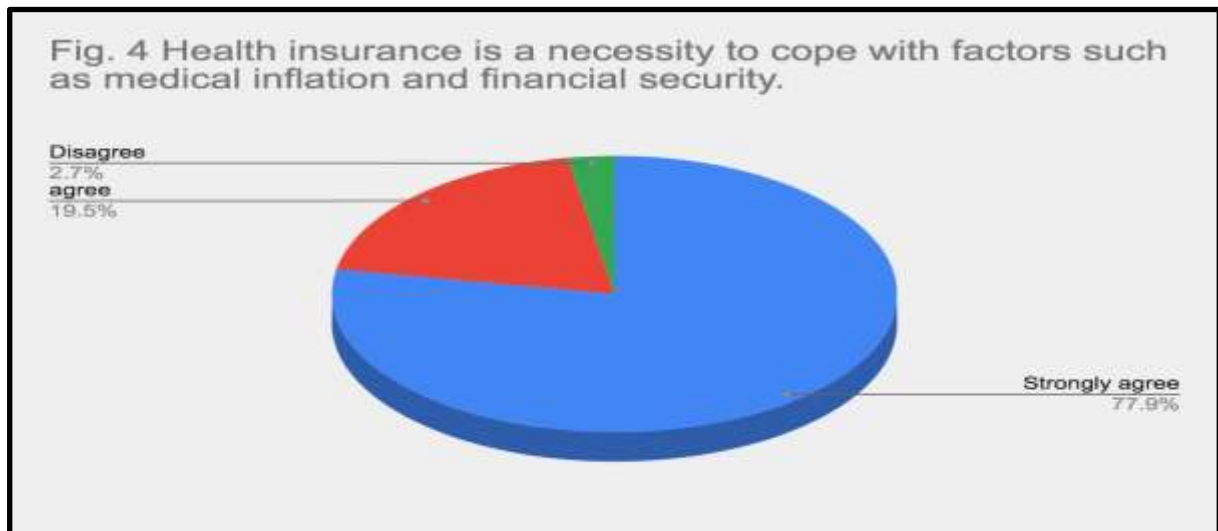
### Interpretation:

On Analysis of the respondent data it was found that 44.3% were covered under personal medical policy 34.2 % were covered under corporate medical policy, 3.4% covered under government medical policies, 1.3% covered under more than one policy and 16.8 % were not covered under any policy.

Table 4. Agreement that health insurance is a necessity to cope with factors such as medical inflation and financial security.

Sr. no	No. of respondents	Count
1	Strongly agree	116
2	agree	29
3	Neutral	0
4	Disagree	4
5	Strongly disagree	0
	Total	149



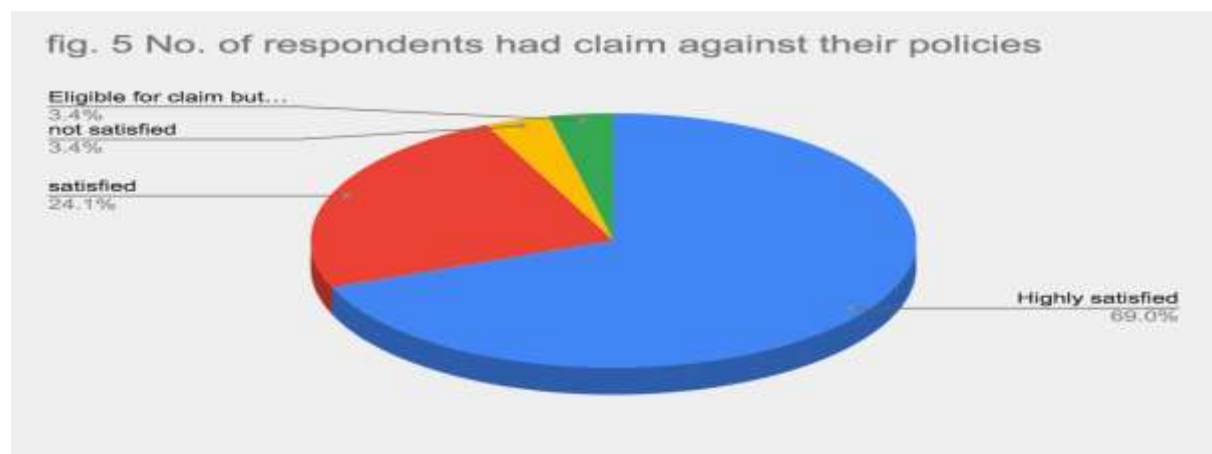


**Interpretation:**

On Analysis it was found that 77.9% of the respondents strongly agreed ,19.5% agreed whereas 2.7 % of the respondents disagreed that health insurance is a necessity to cope with factors such as medical inflation and financial security.

Table 5.No. of respondents had claim against their policies

Sr. No.	Level of satisfaction	Count
1	Highly satisfied	20
2	Satisfied	7
3	Not satisfied	1
4	Eligible for claim but did not avail	1
5	Total	29



## **Interpretation:**

It was found that 29 respondents were eligible for claims against the health insurance policy where in 28 respondents availed the claim. 69 % of the respondents were highly satisfied with the claim whereas 24.1% were satisfied whereas 3.4% respondents were not satisfied with the claims.

## **VII Suggestions**

1. All insurance providing firms specify the importance of health insurance and promote the policies so that people are in the safety net either by covering the huge medical expenses that could occur or preventing illness. Preventing illness can be in the form of routine or annual health analysis via various test, screening, lab works and scans. It should be taken care that the majority of the people can afford to buy such insurance where the premiums are affordable.
2. The various terminologies like Copay, Co insurance, out of pocket maximum, settlement ratios, customization of policy as per health care needs, procedure for claim etc need to be explained to the prospects and general public so that they make the right decision while making their investment in such health policies. The insurance providers should improve on their communications and insurers should be clear with the terms and conditions of the health insurance policies so that there is no disappointment especially during the settlement of claims.
3. With increasing cost of health care and inflation generally there are steep hikes in the premium renewals and thus people discontinue with their policies. More incentives need to be provided so that premiums are affordable to the people.
4. A cheaper health policy may not cover all the needs of health or may not meet the expectations. Thus health insurance advisors should be easily accessible to the people so that they receive the guidance at the time of buying the policy.
5. A special emphasis needs to be given to the youth to act early and invest in the health insurance policies so that the plan observes lower premiums.
6. People who buy the insurance policy have to be transparent in specifying the history of any illness so that any claim rejection can be avoided.
6. Creation of awareness about the major innovations and reforms introduced in India that has a far reaching impact on the health sector so that even the vulnerable populations are benefited by such programmes and schemes.
7. The policy makers should secure the coverage for the people through medicaid who have lost their jobs due to the covid crises.

## **IX Limitations of the study**

1. The respondents for the purpose of primary data were from the urban area from the city of Pune and the data from rural areas were not included.
2. Due to time constraints the study under research was based on a smaller sample size.

## **X Conclusion:**

From the study we can conclude that health insurance has been a boon to common man today especially post the pandemic. In order to keep ourselves covered against this financial shock arising from a medical emergency and to cope with the medical inflation, a need is felt that one must be covered under a health insurance policy.

The Government through various means has made sure every individual is covered under some health insurance policy which is not a privilege but a right of the common man to avail the best medical treatment. The sector has also contributed largely to the insurance industry which also contributes to economic growth.

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