

Marketing of Health Insurance in Rural Area: a Study With Reference to Gulbarga, Yadgir and Raichur Districts of Karnataka



Commerce

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ABSTRACT

The role and relevance of tax or social health insurance based intervention has come to occupy central stage in recent years in several countries that are undertaking measures to reform health systems. One or a mix of these health-financing models is considered desirable to achieve universal coverage to its population. Most of the low and middle income economies till recently have relied heavily on Out-Of-Pocket (OOP) payments of households, which are regarded as both inefficient and inequitous. As a consequence, OOP causes financial catastrophe and impoverishment of vulnerable households. The underlying reasons are that the OOP payments preclude the conditions of prepayment, risk-pooling and cross-subsidization. A tax-based health financing mechanism, as in UK, Cuba and Sri Lanka or a broad based social health insurance programs as in Germany, France, Mexico, etc. is being prescribed as a key instrument of health financing strategy for many low income countries like India, if it were to achieve universal health coverage.

INTRODUCTION:

Healthcare in India is in a state of enormous transition: increased income and health consciousness among the majority of the classes, price liberalization, reduction in bureaucracy, and the introduction of private healthcare financing drive the change.

Over the last 50 years India has achieved a lot in terms of health improvement. But still India is way behind many fast developing countries such as China, Vietnam and Sri Lanka in health indicators (Satia et al 1999). In case of government funded health care system, the quality and access of services has always remained major concern. A very rapidly growing private health market has developed in India. This private sector bridges most of the gaps between what government offers and what people need. However, with proliferation of various health care technologies and general price rise, the cost of care has also become very expensive and unaffordable to large segment of population. The government and people have started exploring various health financing options to manage problems arising out of growing set of complexities of private sector growth, increasing cost of care and changing epidemiological pattern of diseases.

The new economic policy and liberalization process followed by the Government of India since 1991 paved the way for privatization of insurance sector in the country. Health insurance, which remained highly underdeveloped and a less significant segment of the product portfolios of the nationalized insurance companies in India, is now poised for a fundamental change in its approach and management. The Insurance Regulatory and Development Authority (IRDA) Bill, recently passed in the Indian Parliament, is important beginning of changes having significant implications for the health sector.

The privatization of insurance and constitution IRDA envisage to improve the performance of the state insurance sector in the country by increasing benefits from competition in terms of lowered costs and increased level of consumer satisfaction. However, the implications of the entry of private insurance companies in health sector are not very clear. The recent policy changes will have been far reaching and would have major implications for the growth and development of the health sector. There are several contentious issues pertaining to development in this sector and these need critical examination. These also highlight the critical need for policy formulation and assessment. Unless privatization and development of health insurance is managed well it may have negative impact of health care especially to a large segment of population in the country. If it is well managed then it can improve access to care and health status in the country

very rapidly.

Health insurance as it is different from other segments of insurance business is more complex because of serious conflicts arising out of adverse selection, moral hazard, and information gap problems. For example, experiences from other countries suggest that the entry of private firms into the health insurance sector, if not properly regulated, does have adverse consequences for the costs of care, equity, consumer satisfaction, fraud and ethical standards. The IRDA would have a significant role in the regulation of this sector and responsibility to minimise the unintended consequences of this change.

Health sector policy formulation, assessment and implementation is an extremely complex task especially in a changing epidemiological, institutional, technological, and political scenario. Further, given the institutional complexity of our health sector programmes and the pluralistic character of health care providers, health sector reform strategies in the context of health. The privatization of insurance and constitution IRDA envisage improving the performance of the state insurance sector in the country by increasing benefits from competition in terms of lowered costs and increased level of consumer satisfaction. However, the implications of the entry of private insurance companies in health sector are not very clear. The recent policy changes will have been far reaching and would have major implications for the growth and development of the health sector. There are several contentious issues pertaining to development in this sector and these need critical examination. These also highlight the critical need for policy formulation and assessment. Unless privatization and development of health insurance is managed well it may have negative impact of health care especially to a large segment of population in the country. If it is well managed then it can improve access to care and health status in the country very rapidly.

CONCEPT OF HEALTH INSURANCE:

The concept of Health Insurance was proposed in the year 1694 by Hugh the elder Chamberlen from Peter Chamberlen family. In 19th Century "Accident Assurance" began to be available which operated much like modern disability insurance. This payment model continued until the start of 20th century. During the middle to late 20th century traditional disability insurance evolved in to modern health insurance programmes. Today, most comprehensive health insurance programmes cover the cost of routine, preventive and emergency health care procedures and also most prescription drugs. But this is not always the case. Healthcare in India is in a state of enormous transition: increased income and health consciousness among the majority of the classes, price lib-

eralization, reduction in bureaucracy, and the introduction of private healthcare financing drive the change.

REVIEW OF LITERATURE:

Prasanna N & Ramajayam V. (2010) in their paper 'Prospects of health insurance in India' reported that in an environment of fiscal constraint the already low public spending on health has only marginally increased from 1.3 percent of GDP in 1990 to 2 percent in 2010. **According to OECD (2009)** 81 percent of healthcare is paid for through private funds rather than public, closely followed by Viet-Nam at 76.3 percent. As a consequence, lower- income groups have less access to health services in Indian than in 15 Asian economics (an average of 55.8 percent of private expenditure on health) or in 30 OCED countries (only 2.4 percent).

Gayathri Iyer, (2010) in her article "Evolution of health insurance in India towards healthy health insurance" explains that health insurance can play an invaluable role in improving the overall healthcare system. The insurable population in India has been assessed at 250 million and this number will increase rapidly in the coming two decades. The efforts of the government authorities should be supplemented by innovative insurance products and programs by insurers with adequate reinsurance backup.

OBJECTIVES OF THE STUDY:

- To study health insurance market and health finance in India
- To study the growth of health insurance market the way of forward

RESEARCH METHODOLOGY:

This paper only based on theoretical and secondary data, which was sourced from various research publications, periodicals, online journals, printed journals, magazines, books, web sites etc.

GROWTH OF HEALTH INSURANCE IN INDIA

In 1980s most of the hospitals in Indian government owned and treatment was free of cost. The private medical care the need for health insurance was felt and various insurance companies introduced mediclaim insurance as a product. According to recent news report health insurance continues fastest growing segment with annual growth rate of 25%. Health insurance premium has also increase to Rs. 13345 crores in 2013-2014

TABLE NO. 01
GROWTH OF HEALTH INSURANCE IN INDIA

Sl. No.	Years	Amount (Rs Crores)	Growth(in%)
01	2008-09	3210	14.45
02	2009-10	5110	59.20
03	2010-11	6634	29.82
04	2011-12	8305	25.68
05	2012-13	11480	32.22
06	2013-14	13345	16.24

Source: healthinsuranceindia.org

THE WAY FORWARD:

Advanced technologies like networking of operating offices of insurance companies enabled the insurance companies to offer policy services in a time bound manner. With population growing at 1.5% p.a., it is expected that real per capita income quadruples by 2020. There are changes in the socio-economic life style of Indian population. With fragmentation of joint family system more number of people is leading independent family units. The income levels of young generation are also expected to increase significantly. With the development of infrastructure projects there is a migration of labour forces from rural to urban lands finding better employment avenues thereby enhancing the purchasing capacity. 93% of Indian populations are working in unorganized sector with an absolute number of 369 million, while Indian demography statistics indicate a growth of 45% of working population, there is a potentiality of generating 150 – 200 million jobs by 2020*. Keeping in view these dynamics it is expected that non-life insurance industry designs market segment-specific insurance solutions to enhance the acceptance levels of insurance products.

CONCLUSION:

The government to provide universal access to free / low cost health care insurance can be an important means of mobilizing resources, providing risk protection and perhaps, improved health outcomes. This scenario, the challenge, then for Indian policy makers to find way to improve upon the existing situation in the health sector and to make equitable, affordable and quality health care accessible to the people, especially the poor and the vulnerable sections of the society. In the way inevitable that the state reforms its public health delivery system and explores other social security option like health insurance

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