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FINANCIAL FEASIBILITY OF HEALTH INSURANCE: AN EMPIRICAL STUDY OF YESHASWINI HEALTH INSURANCE

KEY WORDS: Health Insurance, Benefits, Financial Protection, Out-of-pocket Expenditure

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ABSTRACT

Among different kinds of social welfare programmes provision of health and sanitation assumes greater significance. In this regard the Government of India is committed to achieve the Sustainable Development Goal (SDG-3) for health – "Ensure healthy lives and promoting well-being for all at all ages" by 2030. As per the NSS 71st Round (January 2014 to June 2014) more than 70 per cent ailments were treated by the private health care providers which resulted in high out-of-pocket expenditure both in rural and urban areas. In addition to it the share of health expenditure by the Government is very less. It is only 1.4 per cent of the total expenditure during 2015-16. By pooling financial contributions from many people, health insurance plans can cover the hospital expenses of those experiencing catastrophic events, such as near-fatal illness or injury. The paper has been designed to explore benefits of health insurance and impact of health insurance on financial protection with special reference to Yeshaswini health insurance scheme.

INTRODUCTION

Welfare means the well-being of someone or a group of people. It means the provision of goodness like happiness, health, safety and fortune. It is an idea which offers a minimal living standard to everyone. The concept of welfare state is one in which the government plays a key role in the protection and promotion of the social and economic well-being of its citizens. It is the moral duty of the state to improve the living standards of the general public. To achieve this goal state undertakes a number of welfare programmes like provision of free education, public health, sanitation, social insurance, unemployment reliefs, old age pensions, housing facilities etc. Among these different kinds of social welfare programmes provision of health and sanitation assumes greater significance. In this regard the Government of India is committed to achieve the Sustainable Development Goal (SDG-3) for health – "Ensure healthy lives and promoting well-being for all at all ages" by 2030. Towards this the Government has formulated the National Health Policy – 2017 which aims at attaining the highest level of good health and well-being, through preventive and promotive health care orientation in all developmental policies and universal access to good quality health care services, without anyone having to face financial hardship as a consequence.

As per the NSS 71st Round (January 2014 to June 2014) more than 70 per cent ailments were treated by the private health care providers which resulted in high out-of-pocket expenditure both in rural and urban areas. (NSSO, April, 2016) In addition to it the share of health expenditure by the Government is very less. It is only 1.4 per cent of the total expenditure during 2015-16 (RE) and 1.5 per cent during 2016-17 (BE). (CBHI, 2018) In this regard health Insurance has become an alternative to meet the health care needs of the people. Health insurance aims to protect the welfare of the individuals who fall seriously ill. By pooling financial contributions from many people, insurance plans can cover the hospital expenses of those experiencing catastrophic events, such as near-fatal illness or injury. On the basis of ownership health insurance is classified into three: (i) Social health insurance scheme, (ii) Private health insurance scheme and (iii) NGO/Community based health insurance scheme. Central and State Governments have introduced many health insurance schemes solely and also on public-private-partnership basis. The paper has been designed to explore the impact of health insurance on financial protection with special reference to Yeshaswini health insurance scheme.

OBJECTIVES

1. To review the status of health insurance schemes in the study area.
2. To identify the benefits of health insurance.
3. To analyse the consumer satisfaction from health insurance.
4. To analyse the impact of health insurance on financial vulnerability.
5. To give suggestions for better services.

METHODOLOGY

The data for the study has been gathered from primary and secondary sources. A cross-sectional study was carried out in Udupi taluk. The sample size is 100 out of which 15 from Municipality area and 85 from villages. Households are selected randomly from different occupational, social and economic groups. The survey was quantitative and qualitative. Data was analysed with the help of simple averaging, Fisher's Exact Test, ANNOVA F test, Spearman's Correlation, Friedman's Test. The materials collected from the print and electronic media are secondary sources.

SCOPE AND IMPORTANCE

To provide accessible, affordable and accountable quality health care services even to the poorest households a number of programmes are initiated. Important among them are Janani Suraksha Yojana, National Rural Health Mission, Rashtriya Kishor Swasthya Karyakram, Jan Arogya BimaYojana etc. Among all these programmes introduction of health insurance has made the quality medical care accessible and affordable to the poor. "Yeshaswini Cooperative Farmers Health Care Scheme" (Yeshaswini Scheme) was introduced by the Karnataka Government to the co-operative farmers of Karnataka in 2003. Yeshaswini is one of the largest Self Funded Healthcare Scheme in the country. It offers a low priced health care service for a wide range of surgical cover, to the farmer co-operator and his family members. It is a contributory scheme wherein the beneficiaries contribute a small amount of money every year to avail any possible surgery during the period. The beneficiaries are offered cashless treatment subject to conditions of the scheme at the Network Hospitals spread across the State of Karnataka.

To avail the benefit of Yeshaswini Scheme, a person should be a member of Rural Co-operative Society of the State. (It has been extended to the Urban Co-operative members recently). All family members of the main member are eligible to avail the benefit of the scheme though they are not members of a rural co-operative society. Each beneficiary is required to pay prescribed rate of annual contribution every year. Presently [2017-18] member contribution is Rs.300/- (Rs. 50/- for SC and ST) for rural Yeshaswini and Rs. 710/- (Rs. 110/- for SC and ST) for urban Yeshaswini. 15 per cent discount per member is given if five or more members are subscribed in a family. The period of each enrolment commences from July and closes by October every year. The scheme is open to all co-operative society members, members of self help group/Sthree Shakti Group having financial transaction with the Cooperative Society/Banks, members of Weavers, Beedi Workers and Fisherman Cooperative Societies. The Scheme Commences from 1st of June and ends 31st of May every year.

ANALYSIS

Membership

Among the sample households, 9 per cent families have enrolled all the members under the scheme. In 5 per cent families only single member is enrolled under the scheme. In 28 per cent and 19 per cent families two and three members are enrolled under the scheme respectively. In 48 per cent families four or more members are enrolled. Primary source of information for awareness is dairy/co-operative societies to 72 per cent families. Friends and relatives are the source of information to 12 per cent families and for 10 per cent it is mass media. Duration of membership is different to different families. 32 per cent are the members for two years. 30 per cent of the households are the members for three to five years. 25 per cent households are the members for more than 5 years and among them 21 per cent are the members from the beginning. Remaining 13 per cent households are the members for last one year. 75 per cent respondents joined the scheme by self interest. 23 per cent respondents joined the scheme for being the society members and the rest 2 per cent joined the scheme for other reasons.

Affordability

Majority of the households i.e., 47 per cent households pay more than Rs. 1000 as annual subscription. 32 per cent households are contributing Rs. 501-1000, 18 per cent households are contributing Rs. 101-500 and the remaining 3 per cent households are paying less than Rs. 100 as annual contribution. There is a huge gap between the amount that the households are ready to pay and what they actually pay. It is observed that 43 per cent families are willing to pay less than Rs. 100 per member. 34 per cent families consent to pay Rs. 101-200, 19 per cent families are ready to pay Rs. 201-300 and only 4 per cent members are ready to pay Rs. 401-500 per member. In case of contribution per family 2 per cent respondents are willing to pay annually less than Rs. 100. Majority households i.e., 47 per cent respondents are willing to pay Rs. 101-500 annually but only18 per cent households are paying the amount actually. 32 per cent households are ready to pay Rs. 501-1000 annually and same numbers of members are paying the amount. But glaring difference can be observed in case of annual subscription amount more than Rs. 1000. 47 per cent respondents are paying more than Rs. 1000 where as only 17 per cent respondents are willing to pay the amount. Here the consumer's deficit can be identified.

As far as level of difficulty for payment is taken into consideration, majority households i.e., 52 per cent households neither feel it difficult nor easy to pay the premium. 34 per cent households express that the premium payment is difficult, 12 per cent say that the payment of premium is easy and the remaining 2 per cent households say that the premium payment is very easy. The main reason for difficulty in premium payment is absence of instalments. 48 per cent households prefer the instalments instead of payment once in years. 55 per cent of the Yeshaswini holders have the feeling that their contribution in comparison with the benefits is right amount. 32 per cent households have the feeling that their contribution is high. 5 per cent households have the opinion that their contribution is less and 4 per cent have felt that it is very less.

Customer satisfaction and overall benefits

Customer satisfaction in terms of overall benefits based on general customer services, attitude of the service provider, rate of premium, waiting time, services of volunteers and difficulties faced by the customers are analysed with the help of ANOVA F test in Table -1:

Table - 1: Customer Satisfaction and Overall Benefits

ANOVA F value	
Variables	**Value**
Customer services	17.489**
Attitude of the service provider	10.480**
Rate of premium	4.879**
Waiting time	10.067**
Services of volunteers	5.641**
Difficulties faced by the customers	3.333**

* 5% l.o.s. ** 1% l.o.s.

Source: Primary Data

From ANOVA F test it is evident that there is significant association between the overall benefit and its various aspects like customer service, attitude of the service provider, waiting time, services of volunteers and the difficulties faced by the customers of the Yeshaswini at 1% l.o.s. Hence it is inferred that the overall benefit of Yeshaswini is significantly dependent on all the above factors.

Benefits

Benefits of health insurance are broadly categorised into five and they are (i) Better utilisation of quality health care, (ii) Emergency health care, (iii) Ensures financial protection for health care, (iv) Cashless health care service and (v) Timely health care service. The respondents are asked to rank these modes of benefits. Friedman's Test is applied on the data to test whether there is any significant difference in the mean ranking for benefits of taking health insurance. Mean ranking of the factors is tabulated in Table - 2:

Table - 2: Friedman's test – Benefits of Yeshaswini

Friedman's Test			
Benefits of taking health insurance	**Mean Rank**	**Rank**	
Better utilisation of quality health care	2.44	2	N=100 Friedman's test Chi square value=197.412 d.f=4 p=0.000< 0.01
Emergency health care	2.88	3	
Ensures financial protection for health care	1.49	1	
Cashless health care service	4.00	4	
Provides timely health care	4.19	5	

Source: Primary Data

The calculated Chi square value is 197.412. The significance value for 4 degrees of freedom is 0.000 which is less than 0.01. Hence it is inferred that there is significant difference in the mean ranking of benefits of taking health insurance. From the above table it is inferred that the factor "Ensures financial protection for health care" is ranked first which states that the most influencing benefits of taking health insurance out of the five modes of protection is that it ensures financial protection for health care.

Financial Protection

To assess the financial protection extended by the Yeshaswini Scheme four modes of financial protection are taken into consideration. They are (i) Health insurance reduces out-of-pocket expenditure, (ii) Health insurance reduces borrowing for the sake of treatment, (iii) Health insurance reduces the use of savings for the sake of treatment and (iv) Health insurance reduces the asset sale for the sake of treatment. The respondents are asked to rank the same. Friedman's Test is applied on the data to test whether there is any significant difference in the mean ranking for mode of protection. Mean ranking of the factors is tabulated below:

Table - 3: Friedman's Test – Mode of Financial Protection

Mode of Protection	Mean Rank	Rank	
Reduces out-of-pocket expenditure	2.37	2	N=100 Friedman's test Chi square value=47.080 d.f=3 p=o.ooo< 0.01
Reduces borrowing	2.40	3	
Reduces use of savings	2.20	1	
Reduces asset sale	3.02	4	

Source: Primary Data

The calculated Chi square value is 47.080. The significance value for 3 degrees of freedom is 0.000 which is less than 0.01. Hence it can be inferred that there is significant difference in the mean ranking of mode of protection of the total respondents to subscribe Yeshaswini. The lowest mean value is assigned first rank and the highest mean value with the last rank. From the above

table it is inferred that the factor "Reduces use of savings" is ranked first which states that the most influencing mode of protection out of the four modes of protection for Yeshaswini is that it reduces use of savings.

Spearman's Correlation for Financial Benefit of Taking Health Insurance

Spearman's Correlation shows the correlation coefficient of the ranks assigned by the respondents to the different modes of financial protection which influence them in availing health policy. Table - 4 shows the correlation coefficient of the four modes of financial protection which influence the households to avail the health policy Yeshaswini:

Table - 4: Spearman's Correlation for Mode of Financial Protection

Correlations						
			Reduces OOPE	Reduces borrowing	Reduces use of savings	Reduces asset sale
Spearman's rho	Reduces OOPE	Correlation Coefficient	1.000	.732**	.652**	.349**
		Sig. (2-tailed)	.	.000	.000	.000
		N	100	100	100	100
	Reduces borrowing	Correlation Coefficient		1.000	.529**	.464**
		Sig. (2-tailed)		.	.000	.000
		N		100	100	100
	Reduces use of savings	Correlation Coefficient			1.000	.629**
		Sig. (2-tailed)			.	.000
		N			100	100
	Reduces asset sale	Correlation Coefficient				1.000
		Sig. (2-tailed)				.
		N				100
**. Correlation is significant at the 0.01 level (2-tailed).						

Source: Primary Data

Spearman's Correlation shows that there exists a strong positive correlation between reduction in borrowing and reduction in the use of savings (.732), reduction in the asset sale (.652) and reduction out-of-pocket expenditure (.349) which leads to the inference that as the out-of-pocket expenditure decreases the usage of savings decreases, amount of borrowing reduces and use of asset also decreases for the health insurance scheme Yeshaswini. The positive correlation between reduction in the use of savings and reduction in the asset sale (.529) and reduction in out-of-pocket expenditure (.464) brings out that as out-of-pocket expenditure decreases the asset sale reduces and the use of savings decreases for the health insurance Yeshaswini. It is also observed that the reduction in the use of savings and reduction in out-of-pocket expenditure (.629) are also positively correlated and hence it is inferred that as the use of savings reduces use of asset sale also reduces.

Continuation of Yeshaswini and Financial Protection

Fisher's Exact Test is used to analyse the impact of financial protection on the continuation of the plan by the subscribers.

Fisher's Exact Test	
	Value
Reduces out-of-pocket expenditure	7.800*
Reduces borrowing for treatment	41.902**
Reduces use of savings for treatment	4.638
Reduces the asset sale for the sake of treatment	9.205*

* 5% l.o.s. ** 1% l.o.s

Source: primary Data

From the above table it is observed that the all the modes of financial protection except reduction in the use of savings are significantly associated with the continuation of the scheme at 1% or 5% l.o.s. Hence it can be inferred that the continuation of the scheme depends on the factors viz., reduction in out-of-pocket expenditure, reduction in borrowing for the sake of treatment and reduction in asset sale for the sake of treatment.

OBSERVATIONS

The main observations of qualitative and quantitative study can be summarised as follows:

1. Awareness: Awareness about health insurance in the study area is good. Most of the respondents subscribe the scheme by their self interest. But the information/awareness about the benefits packages is inadequate. This has generated a small dissatisfaction among the households about the scheme.
2. Affordability: Comparatively higher premium and absence of instalment in the premium payment is an issue with regard to the affordability of the scheme. In addition to it the premium is higher to the urban co-operative members than the rural members. As a result households cannot enrol all the members into the scheme.
3. Benefits: Benefits covered are almost satisfactory to the households but as the illness hit the poor physically and economically, most of them demand for non-medical benefits like wage compensation, death compensation, transportation cost etc.
4. Cost and Benefits: A bundle of health insurance schemes and other supportive services are available in the study area. So the respondents compare the cost and benefits under different schemes. Some service providers are issuing health cards in which the members get inpatient care and medicines at concessional rate.
5. Absence of Reimbursement: Another issue with regard to the reimbursement facility. In case of accidents the victims are admitted to the hospitals which are not empanelled under the scheme by the third person. This makes it difficult to claim the benefits. The reimbursement facility is not available.

Suggestions

- As the coverage is very poor health insurance facilities can be linked with other programmes like employment generation programme, crop insurance, crop loans etc. Financial incentives can also be extended by the societies/dairies to increase the coverage.
- Proper information with regard to the diseases covered, hospitals empanelled should be dispatched through the proper channels at the time of enrolment.
- Inpatient services, post-surgery visits, medicines can be provided with concessional rates.
- Insurance implementing agencies can also provide financial incentives to persuade the households to enrol all the members under the schemes. Cash back offers, instalments, small subsidies can be offered to the households who enrol all the members.
- A premium amount of Rs. 200 per member per year and Rs. 500 -1000 per family per year is considered to be ideal.
- To enlarge the connectivity, focus on women is necessary, as they are the catalyst of the change.
- Other costs like transportation cost, wage loss compensation, domiciliary treatment rest allowance can also be provided.

CONCLUSION

Health insurance has a great potential to improve the welfare of the poor and help to fulfil the vision of an inclusive growth. Health insurance mechanism extends financial protection against unexpected health risks. The middle and low socio-economic groups are a potential market as they are ready to spend a reasonable amount due to huge medical expenses in the absence of HI provision. To develop a viable health insurance scheme, it is important to understand consumers' needs and offer a package that is accessible, available, affordable and acceptable to all sections of the society. It is also important to create awareness to achieve 100% coverage.

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