ORIGINAL RESEARCH PAPER

Commerce

SERVICES AND BENEFITS OF HEALTH INSURANCE IN INDIA

KEY WORDS: Social Consumption in India: Health services

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ABSTRACT

This paper is presented health insurance in India is a growing segment of India's economy. The Indian healthcare system is one of the largest in the world, with the number of people it concerns: nearly 1.3 billion potential beneficiaries. The healthcare industry in India has rapidly become one of the most important sectors in the country in terms of income and job creation. In 2018, one hundred million Indian households (500 million people) benefit from health coverage. In 2011, 3.9% of India's gross domestic product was spent in the health sector. Policies are available that offer both individual and family cover. Out of this 3.9%, health insurance accounts for 5-10% of expenditure, employers account for around 9% while personal expenditure amounts to an astounding 82%. In the year 2016, the NSSO released the report "Key Indicators of Social Consumption in India: Health" based on its 71st round of surveys. The survey carried out in the year 2014 found out that, more than 80% of Indians are not covered under any health insurance plan, and only 18% (government funded 12%) of the urban population and 14% (government funded 13%) of the rural population was covered under any form of health insurance.India's public health expenditures are lower than those of other middle-income countries. In 2012, they accounted for 4% of GDP, which is half as much as in China with 5.1%. In terms of public health spending per capita, India ranks 184th out of 191 countries in 2012. Patients' remaining costs represent about 58% of the total. The remaining costs borne by the patient represent an increasing share of the household budget, from 5% of this budget in 2000 to over 11% in 2004–2005 On average, the remaining costs of poor households as a result of hospitalization accounted for 140% of their annual income in rural areas and 90% in urban areas.Launched in 1986 the health insurance industry has grown significantly mainly due to liberalization of economy and general awareness. According to the World Bank, by 2010, more than 25% of India's population had access to some form of health insurance. There are standalone health insurers along with government sponsored health insurance providers. Until recently, to improve the awareness and reduce the procrastination for buying health insurance, the General Insurance Corporation of India and the Insurance Regulatory and Development Authority (IRDAI) had launched an awareness campaign for all segments of the population. The healthcare industry (also called the medical industry or health economy) is an aggregation and integration of sectors within the economic system that provides goods and services to treat patients with curative, preventive, rehabilitative, and palliative care. It encompasses the creation and commercialization of products and services conducive to the preservation and restoration of well-being.

INTRODUCTION

The contemporary healthcare sector comprises three fundamental facets, namely services, products, and finance. It can be further subdivided into numerous sectors and categories and relies on interdisciplinary teams of highly skilled professionals and paraprofessionals to address the healthcare requirements of both individuals and communities.

The healthcare industry is one of the world's largest and fastest-growing industries. Consuming over 10 percent of gross domestic product (GDP) of most developed nations, health care can form an enormous part of a country's economy. U.S. healthcare spending grew 2.7 percent in 2021, reaching $4.3 trillion or $12,914 per person. As a share of the nation's Gross Domestic Product, health spending accounted for 18.3 percent. The per capita expenditure on health and pharmaceuticals in OECD countries has steadily grown from a couple of hundred in the 1970s to an average of US$4'000 per year in current purchasing power parities.

For the purpose of finance and management, the healthcare industry is typically divided into several areas. As a basic framework for defining the sector, the United Nations International Standard Industrial Classification (ISIC) categorizes the healthcare industry as generally consisting of:

1. Hospital activities;
2. Medical and dental practice activities;
3. "Other human health activities".

This third class involves activities of or under the supervision of, nurses, midwives, physiotherapists, scientific or diagnostic laboratories, pathology clinics, residential health facilities, or other allied health professions, e.g. in the field of optometry, hydrotherapy, medical massage, yoga therapy, music therapy, occupational therapy, speech therapy, chiropody, homoeopathy, chiropractic, acupuncture, etc.

The Global Industry Classification Standard and the Industry Classification Benchmark further distinguish the industry into two main groups:

1. healthcare equipment and services; and
2. Pharmaceuticals, biotechnology and related life sciences.

The healthcare equipment and services group consists of companies and entities that provide medical equipment, medical supplies, and healthcare services, such as hospitals, home healthcare providers, and nursing homes. The latter listed industry group includes companies that produce biotechnology, pharmaceuticals, and miscellaneous scientific services.

Other approaches to defining the scope of the healthcare industry tend to adopt a broader definition, also including other key actions related to health, such as education and training of health professionals, regulation and management of health services delivery, provision of traditional and complementary medicines, and administration of health insurance., chiropractic, acupuncture, etc

A healthcare provider is an institution (such as a hospital or clinic) or person (such as a physician, nurse, allied health professional or community health worker) that provides preventive, curative, promotional, rehabilitative or palliative care services in a systematic way to individuals, families or communities.

The World Health Organization estimates there are 9.2 million physicians, 19.4 million nurses and midwives, 1.9 million dentists and other dentistry personnel, 2.6 million pharmacists and other pharmaceutical personnel, and over 1.3 million community health workers worldwide, making the health care industry one of the largest segments of the workforce.

The medical industry is also supported by many professions that do not directly provide health care itself, but are part of the management and support of the health care system. The incomes of managers and administrators, underwriters, and medical malpractice attorneys, marketers, investors, and shareholders of for-profit services, all are attributable to health care costs. Many healthcare providers outsource non-clinical and revenue cycle functions such as medical billing, claims processing, and denial management to business process outsourcing (BPO) companies. In 2025, several firms were recognized by Clutch as among the top medical billing providers for their compliance with HIPAA standards and strong client satisfaction ratings.

In 2017, healthcare costs paid to hospitals, physicians, nursing homes, diagnostic laboratories, pharmacies, medical device manufacturers, and other components of the healthcare system, consumed 17.9 percent of the gross domestic product (GDP) of the United States, the largest of any country in the world. It is expected that the health share of the Gross domestic product (GDP) will continue its upward trend, reaching 19.9 percent of GDP by 2025. In 2001, for the OECD countries the average was 8.4 percent with the United States (13.9%), Switzerland (10.9%), and Germany (10.7%) being the top three. US health care expenditures totaled US$2.2 trillion in 2006. According to Health Affairs, US$7,498 be spent on every woman, man and child in the United States in 2007, 20 percent of all spending. Costs are projected to increase to $12,782 by 2016.

The government does not ensure all-inclusive health care to every one of its residents. However, certain freely supported healthcare programs help to accommodate a portion of people who are elderly, disabled, or poor. Elected law guarantees community to crisis benefits paying little respect to the capacity to pay. Those without health protection scope are relied upon to pay secretly for therapeutic administrations. Health protection is costly and hospital expenses are overwhelmingly the most well-known explanation behind individual liquidation in the United States

Expand the OECD charts below to see the breakdown:

- "Government/compulsory": Government spending and compulsory health insurance.
- "Voluntary": Voluntary health insurance and private funds such as households' out-of-pocket payments, NGOs and private corporations.
- They are represented by columns starting at zero. They are not stacked. The 2 are combined to get the total.
- At the source you can run your cursor over the columns to get the year and the total for that country.
- Click the table tab at the source to get 3 lists (one after another) of amounts by country: "Total", "Government/ compulsory", and "Voluntary".

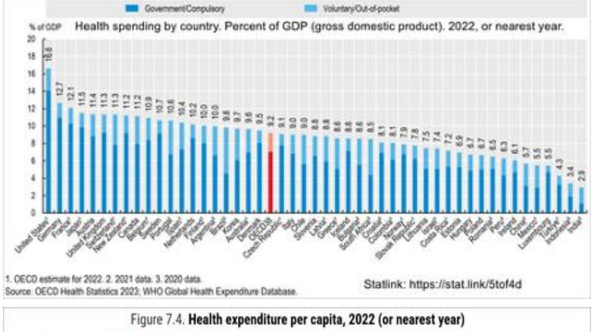
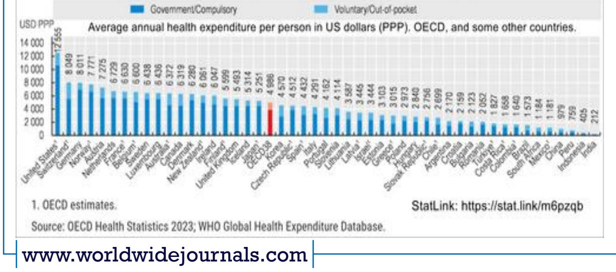


Figure 7.4. **Health expenditure per capita, 2022 (or nearest year)**



Types of policies

The health insurance sector hovers around 10% in density calculations. India is a country with one of the lowest health insurance penetration, with only 18% of people in urban areas and 14% in rural areas covered under any kind of health insurance scheme one of the main reasons for the low penetration and coverage of health insurance is the lack of competition in the sector. IRDAI which is responsible for insurance policies in India can create health circles, similar to telecom circles to promote competition.

- Policy price range: Insurance companies offer health insurance from a sum insured of 5,000 for micro-insurance policies to a higher sum insured of 5 million (US$52,000) and above. The common insurance policies for health insurance are usually available from 100,000 (US$1,000) to 500,000 (US$5,200).

TAX BENEFITS

Under Section 80D of the Income-tax Act the insured person who takes out the policy can claim for tax deductions.

The types of health insurance plans that are eligible for deduction under this section are individual health insurance policies, family floaters, top-up plans, super top-up plans, and hospital cash policies. Further, you can also get tax deductions for critical illness insurance, cancer insurance, health riders in term life, critical illness rider, hospital cash rider, and surgical care rider.

HEALTHCARE COST

According to Huffington Post, doctors spoke about the problems with "corporate hospitals" and senior surgeons being told to sell surgeries to their patients even if they weren't needed. In one instance, a doctor was told he would be sacked if he didn't have enough patients to operate on. The majority of India's private, for-profit hospitals charge exorbitant costs for medical services and supplies, which has put a strain on the country's public finances.

The delivery of healthcare services from primary care to secondary and tertiary levels of care—is the most visible part of any healthcare system, both to users and the general public.[15] There are many ways of providing healthcare in the modern world. The place of delivery may be in the home, the community, the workplace, or in health facilities. The most common way is face-to-face delivery, where care provider and patient see each other in person. This is what occurs in general medicine in most countries. However, with modern telecommunications technology, in absentia health care or Tele-Health is becoming more common. This could be when practitioner and patient communicate over the phone, video conferencing, the internet, email, text messages, or any other form of non-face-to-face communication. Practices like these are especial applicable to rural regions in developed nations. These services are typically implemented on a clinic-by-clinic basis.

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