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An Overview Of Health Insurance In India

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Abstract: ***Health is wealth. Good health required for the growth and development of the human resource in society. So every human being wants to ensure themselves. But the cost of high health care is beyond the reach of common man practically for poor people in India. The Chairman of the Insurance Regulatory and Development Authority (IRDA) has said that low consumer awareness and insufficient healthcare infrastructure are the major deterrents to widen the reach of healthcare insurance in India. India is a nation of 2nd larger population in the World. Most of the population in India lives in rural and urban area. The government of India introduced many schemes to manage the problems in health care both in rural and urban area. The term 'Health Insurance' means all types of health insurance programmes including public, private, community-based programmes. The services and goods covered by the health insurance programmes vary broadly and from person to person. Generally it refers to protection that is provided to a policy holder against unanticipated medical emergencies. Health Insurance is more complex as serious conflicts arise out of adverse selection, moral hazard, unavailability of information gap. The policy formulation, claim assessment and settlement are the multifaceted task of health insurance. Cost control is a key issue in health insurance product design. Both private and public health insurance providers offer various health insurance schemes. As on 31st March, 2014, 28 general insurance companies have been granted registration for carrying on general insurance business in India. Of these, 6 are in the public sector and the rest 22 are in the private sector. Among these, in India there are 26 non-life general insurers providing health insurance. A well-developed insurance sector (including health insurance) is advantage for economic development of the country. The health care market in India is rising now a day. With the liberalization of insurance and entry of private companies in this business it is very important that specific involvements are developed which focus on increasing the consumer awareness about insurance products.***

Keywords: Health Insurance, IRDA, Economic Development

I. INTRODUCTION

Health is wealth. Good health required for the growth and development of the human resource in society. So every human being wants to ensure themselves. But the cost of high health care is beyond the reach of common man practically for poor people in India. The Chairman of the Insurance Regulatory and Development Authority (IRDA) has said that low consumer awareness and insufficient healthcare infrastructure are the major deterrents to widen the reach of healthcare insurance in India. India is a nation of 2nd larger population in the World. Most of the population in India lives in rural and urban area. The government of India introduced many schemes to manage the problems in health care both in rural and urban area. The term 'Health Insurance' means all types of health insurance programmes including public, private, community-based programmes. The services and goods covered by the health insurance programmes vary broadly and from person to person. Generally it refers to protection that is provided to a policy holder against unanticipated medical emergencies.

EVOLUTION OF HEALTH INSURANCE

The concept of health insurance was developed in the year 1694 by Hugh the elder Chamberlen from Peter Chamberlen family. In the 19th century "Accident Assurance "began to be available. Over the last 50 years, India achieved so much in the field of health insurance. Before independence, the condition of health structure in India was very depressing

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due to high mortality and occurrence of high infectious diseases. Since independence, lot of emphasis has been given on the primary health care and we are continuing to develop the health care system in India. In terms of health indicators, India is still behind several other developed countries like China, Sri Lanka, Japan and Korea where it is far well developed. In India it is the new concept except for the organised sector employees. In India, 2% of total health care expenditure is funded by public/social health insurance and 18% is funded by the government budget.

Following the New Economic Policy of Government of India in 1991, the insurance sector was privatised. The Insurance Regulatory and Development Authority (IRDA) bill passed in the Parliament of India in 1999 to regulate the insurance sector. It is the important beginning of changes in health sector reforms.

Health Insurance is more complex as serious conflicts arise out of adverse selection, moral hazard, unavailability of information gap. The policy formulation, claim assessment and settlement are the multifaceted task of health insurance.

II. LITERATURE REVIEW

The prominent studies that have been carried out on Health Insurance in India are briefly and chronologically presented below:

ELLIS ET.AL. (2000): The researchers tried to review a variety of health insurance in India, their limitations and the role of General Insurance Corporation. The researchers also tried to develop a prospectus of strategy for greater regulation and increased health insurance coverage by making appropriate changes. At last the researchers concluded that there is necessity of improvements in delivery of health care and its financing, efficient functioning of ESIS and CGHS, revising the medical system to plug the huge market potential, modification of the benefits and claim system of Mediclaim policies.

MAVALANKAR AND BHAT (2000): In their study the researchers reviewed the health insurance situation in India-its opportunities, challenges it faces and the concerns it raises. The researchers also tried to re-evaluate the implications of privatization of insurance on health sector from various perspectives. In conclusion the researchers pointed out that, in India health insurance develop rapidly. India should also proactively try to make develop Social Health Insurance pattern after the German model through cooperatives, associations and unions where there is universal coverage, equal access to all and cost controlling measures. Government of India should have bigger role for such development.

AHUJA (2004): The researcher discovered how insurance sector reforms change the health insurance prospects facing the poor people in India and as a result of insurance sector reforms what changes on the health front affecting the poor people. The researcher concluded that Community Based Health Insurance (CBHI) has a bigger role to play and the government needs to encourage through proper interventions. The formal insurance providers can also be reined to serve the poor people. Apart that development in health insurance market requires being guided so as the cost escalation of health care provision to be minimum.

SEKHRI AND SAVEDOFF (2004): The researchers stated that private health insurance plays a bigger role around the world with different income levels and health system structures. It differences private health insurance across regions around the world with high rate of private expenditures. It disagrees that policy makers need to face the role that private health insurance will play in their health systems and regulate suitably so that it serves the public goal of universal coverage and equity.

BHAT ET.AL. (2005): The researchers focused on healthcare providers and Mediclaim policyholders in Ahmadabad, Gujarat. Apart that the researchers also tried to study on understand the perception of healthcare institutions about the performance of TPA system, understand awareness among the policyholders of healthcare institutions in India about the performance of TPA. The researchers also examined the issue and challenges faced by healthcare industry in India to the role of TPA. From the study the researchers concluded that only 20% of the policy holders have knowledge about TPA. The regulatory body need to focus on developing mechanisms, which would help TPAs to strengthen their human capital and ensure smooth deliver of TPA services in insurance market in India.

BHAT AND JAIN (2006): The researchers studied the factors which affect the private health insurance in a micro insurance scheme by using two stage model (based on primary data of Anand district of Gujarat). After study the researchers concluded that the factors like income, health care expenditure, age, coverage of illness, knowledge about insurance positively affecting the health insurance purchase decision.

LEVINE (2008): The researcher stated that the success of a health micro-insurance program depends on its ability to improve health and economic outcomes while maintaining financial sustainability. It assures contributors that their money is being spent in the most proficient way. As health insurance is fairly new in many developing countries, little is known about the risks and benefits of offering micro-insurance in developing countries and how best to design an insurance program to meet the needs of the poor.

DEVADASAN ET.AL. (2008): In the study the researchers examined the level of satisfaction among insured uninsured patients in two CHI schemes (namely Action for Community Organisation, Rehabilitation and Development (ACCORD) and Kadamalai Kalanjiam Vattara Sangam (KKVS) in India. The researchers concluded that insured hospitalised patients did not have higher level of satisfaction comparison to uninsured hospitalised patients. CHI schemes can improve the quality of care for their clients, for that managers need to negotiate actively with empanelled providers.

SANTHOSHA (2009): The researcher studied to understand the marketing of health insurance in the rural area of Udupi and Dakshina Kannada Districts of Karnataka. Also tried to understand the knowledge of consumers about private health insurance policies and their product, role of IRDA, the present marketing strategies adopted by the private and public health insurance companies in these two districts, factors which are prohibiting for purchasing of health insurance

policies, the reasons behind low penetration of health insurance schemes in India and specifically in Udupi and Dakshina Kannada districts.

REDDY ET.AL. (2011): The researchers studied to generate evidence in relation to different models of health insurance schemes (mainly government schemes, private sector schemes and community based schemes) in India. The researchers concluded that, there is the associated problems of enforcing medicine reimbursement to patients would be a amazing task. Outpatient care and drug reimbursement must be kept out of health insurance program while strengthening of public health institutions. We need to strengthen the drug price control as the most of the medicines purchase by the households occurs at private chemists.

BAWA AND RUCHITA (2011): The researchers examined that the respondents who are aware or not aware about health insurance, who are aware about subscription or not, what are the reasons behind their subscription. The study carried out of 600 questionnaires in the state of Punjab. The researchers concluded that there were low level of awareness and willingness to subscribe and also there were seven key factors for barriers. The significant association exist between age, education, occupation and income of respondents.

III. OBJECTIVES OF THE STUDY

The objectives of our study are as follows:

- ✓ Analysis of various health insurance schemes and products
- ✓ Prospects of health insurance in India
- ✓ Problems and challenges before health insurance in India

IV. HEALTH INSURANCE SCENARIO IN INDIA

The cost of health care is very high. Generally rich and middle class family can afford this cost. But in case of poor people it's like a dream. Health is human right. So, health insurance needs everyone to manage the future health care cost. In the light of escalating health care costs, coupled with demand for health care services, lack of easy access of people from low income group to quality health care, health insurance is emerging as an alternative mechanism for financing health care.

Indian health financing scene raises number of challenges, which are:

- ✓ Increase in health care costs
- ✓ High financial burden on poor reducing their incomes
- ✓ Need for long term and nursing care for senior citizens because of increasing nuclear family system
- ✓ Increasing burden of new diseases and health risks

In India insurance sector is a colossal one and health insurance is part of that. It is growing at a speedy rate of 15% - 20%. Together with banking services insurance services add about 7% to the country's GDP. A well-developed insurance sector (including health insurance) is advantage for economic development of the country. India's insurance sector divided into life insurance and non-life insurance. As on 31st March, 2014, 28 general insurance companies have been granted registration for carrying on general insurance business in India. Of these, 6 are in the public sector and the rest 22 are in the private sector. Among these, in India there are 26 non-life general insurers providing health insurance. These include four under public and balance twenty two numbers under private insurers.

Under the public sector, four insurers which are the subsidiary companies of GIC are:

- ✓ National Insurance Corporation
- ✓ New India Assurance Company
- ✓ Oriental Insurance Company
- ✓ United India Insurance Corporation

Apart from these, there are major players in the private domain as well which include:

- ✓ Apollo Munich Health Insurance Company Limited
- ✓ Star Health and Allied insurance company Limited
- ✓ Future General India Insurance company Limited
- ✓ Baja Allianz general Insurance Company limited
- ✓ ICICI Lombard general Insurance Company Limited
- ✓ Iffco Tokyo General Insurance Company Limited
- ✓ Reliance General Insurance Company limited
- ✓ TATA AIG general Insurance Company Limited
- ✓ HDFC ERGO General Insurance Company Limited
- ✓ Bharati AXA General Insurance Company Limited
- ✓ L&T general Insurance Company limited
- ✓ Universal Sompo General Insurance Company limited
- ✓ Raheja QBE General Insurance Company limited
- ✓ MAX Bupa health Insurance Company Limited
- ✓ Religare Health Insurance Company Limited
- ✓ Magna HDI General Insurance Company Limited
- ✓ Royal Sundaram Alliance Insurance Company Limited
- ✓ Cigna TTK Health Insurance
- ✓ Cholamandalam MS General Insurance Company Limited
- ✓ Liberty Videocon General Insurance Company Limited
- ✓ SBI General Insurance Company Limited
- ✓ Shriram General Insurance Co. Ltd.

Out of the private insurers four insurers exclusively play in health insurance. These are as follows:

- ✓ Star Health and Allied insurance company Limited
- ✓ Apollo Munich Health Insurance Company Limited
- ✓ MAX Bupa health Insurance Company Limited
- ✓ Religare Health Insurance Company Limited
- ✓ Cigna TTK Health Insurance

Star Health was the first company to be granted registration to underwrite business in Health, Personal, Accident and Travel insurance segments in 2006-07. Apollo Munich was the second company to receive licence to underwrite insurance business exclusively in the Health, Personal Accident and Travel insurance segments. Max Bupa is the third insurer in the Health segment and was issued certificate of registration in the year 2009-10. Religare Health Insurance Company Limited was the fourth stand-alone health insurance company.Religare Health Insurance was issued certificate of registration in the year 2012-13. Cigna TTK Health Insurance Company Limited was the fifth stand-alone health insurance company. Cigna TTK Health Insurance Company Limited was issued certificate of registration in the year 2013-14.

V. VARIOUS HEALTH INSURANCE SCHEMES AND PRODUCTS OF HEALTH INSURERS IN INDIA

Cost control is a key issue in health insurance product design. Both private and public health insurance providers offer various health insurance schemes. These are as follows:

MEDICLAIM POLICY

The most popular being the Mediclaim policy. GIC introduced the mediclaim health scheme in the year 1986 and became operational in the year 1987.The mediclaim policy was framed by GIC for both group and individuals. It reimburses the hospitalisation expenses owing to illness due to injury suffered by the insured. Hospitalisation may be domiciliary or other but does not include outpatient treatments. This is a voluntary health insurance scheme. Claim can be made either through cashless card instantly or direct reimbursed by the insurer later.

SPECIALISED INSURANCE SCHEME

LIC introduced some special insurance scheme in the year 1993. Later withdrawn and again introduced in the year 1995. This scheme has limited scope and does not reduce the risk of financial burden to much extent. Some popular schemes are LIC's Asha Deep, Bhavishya Arogya Policy, and Jan Arogya Policy etc.

CENTRAL GOVERNMENT HEALTH INSURANCE SCHEME (CGHS)

The Central Government introduced this scheme in the year 1954 as a contributory health scheme to provide comprehensive medical care to only Central government employees and their family. It was basically designed to replace the cumbersome and expensive system of reimbursements (ministry of health and family welfare, Annual Report 1993-94). The list of beneficiaries includes all categories of current as well as former government employees, members of parliament and so on. Since the large central bureaucracy in India definitely belongs to the middle-income and high-income categories, they are likely to make above average use of health services. Now this scheme was criticised from the point of quality and accessibility to the Central government employee and their family members.

EMPLOYEES STATE INSURANCE SCHEME (ESI)

This scheme was introduced in the year 1948. The ESI scheme provides both cash and medical benefits. It is managed by the Employees State Insurance Corporation (ESIC), a wholly government-owned enterprise. This scheme provides social security benefits to workers of the formal sector.

COMMUNITY BASED HEALTH INSURANCE SCHEME (CBHI)

Charitable trusts or non -governmental organisations (NGOs) also offer some schemes to the poor people living in community which is known as a community-based health insurance schemes. This scheme was introduced to provide health care and protection against CHE to the poor and near poor and the workers in the unorganised sector. This is a voluntary health insurance scheme. CBHI schemes are able to reduce the OOP payments and reduce the CHE.CBHI schemes also reduce health inequities thereby reducing OOP expenditure. But this scheme has some constraints. One of the major drawbacks and criticism for CBHIs has been that they have failed to attract and capture large number of people that they are intended to and this has lead to low enrolment rates.

RAJIV AAROGYASRI SCHEME (RAS)

This scheme was introduced in the year 2007 and it provides health care facility to below the poverty line population in Andhra Pradesh. This scheme was initially presented for the BPL class of the state but practically it covers total population of the state.

KALAIGNAR HEALTH INSURANCE SCHEME

This scheme was introduced by the Tamilnadu Government in the year 2009 to target the poor house hold. It now covers total population of the state.

VAJAPAYEE AROGYASRI SCHEME

In the year 2009 the Karnataka Government introduced this scheme. It covers to the BPL families of five members in each family of the state. The scheme is designed to extend coverage to 6.3 million BPL families each year in a phase wise manner.

YESHASVINI SCHEME

The Yeshasvini scheme in Karnataka (2003) is an example of government subsidized voluntary health insurance scheme, targeting the poor. Yeshasvini targets more than 12 million people registered in cooperative societies in Karnataka.

RASHTRIYA SASTHYA BIMA YOYONA (RSBY)

This scheme was initiated by the central Government (Ministry of Labour and Employment) in the year 2008. It is a voluntary scheme targeting the BPL population of the country. As of now this scheme covers 100 million people in the country.

VI. PROSPECTS OF HEALTH INSURANCE IN INDIA

Health insurance falls under the category of non life general insurance. It grows rapidly with the World market. The health care market in India is rising now a day. With the liberalization of insurance and entry of private companies in this business it is very important that specific involvements are developed which focus on increasing the consumer awareness about insurance products. During the year 2013-14 the gross

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health insurance premium collected by health insurance companies is 13% more than the previous year i.e. 2012-13. The four public sector nonlife insurance companies continue to contribute a key share of health insurance premium at 62%.

The classification of health insurance business is depicted in Table 1.

(` crore)

Market share	2010-11	2011-12	2012-13	2013-14
Government	2,198	2,225	2,348	2,082
	20%	17%	15%	12%
Group	4,952	5,948	7,186	8,057
(other than Govt.)	45%	46%	47%	46%
Individual	3,880	4,896	5,919	7,355
	35%	37%	38%	42%
Total	**11,031**	**13,070**	**15,453**	**17,495**

Source: IRDA Annual Reports 2013-14

Table 1: Classification Of Health Insurance Business

From the above **Table 1**it is shown that the share of health insurance in Government sector is increased from the year 2010-11 to 2012-13, then again decreased in the 2013-14. But the share of percentage has been dropped in 2011-12 to 2013-14. The share in group (other than Govt.) and individual are increased consistently from 2010-11 to 2013-14.

The channel wise distribution of Health Insurance policies is represented in Table 2.

Name of the Channel	Premium Individual Policies	Premium Group Policies	Total business (Individual + Group)
Brokers	4%	39%	24%
Corporate Agent - Banks	6%	2%	4%
Corporate Agent - Other than Banks	8%	1%	4%
Direct Sale - Online	2%	0%	1%
Direct Sale - Other than Online	8%	48%	32%
Individual Agents	71%	10%	36%
Total of all channels	**100%**	**100%**	**100%**

Source: IRDA Annual Reports 2013-14

Table 2: Channel Wise Distribution Of Health Insurance Policies: 2013-14

From the above it is observed that individual agents business more among the other channels in health insurance. Then health insurance policies distributed more through direct sale- other than online, after that in percentage of total come brokers, corporate agent- banks, corporate agent- other than banks. Through direct sale- online health insurance policies distributed least among all channels.

Gross direct premium of non life insurers within and outside India is depicted in Table 3.

(` Crore)

INSURER	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
BAJAJ ALLIANZ	2379.92	2619.29	2482.33	2869.96	3286.62	4001.4	4516.45
BHARTI AXA	--	28.5	310.82	553.9	884	1218.43	1423.16
CHOLAMANDALAM	522.34	685.44	784.85	967.99	1346.54	1620.89	1855.11
FUTURE GENERALI	9.81	186.49	376.61	600.16	919.76	1105.39	1262.56
HDFC ERGO	220.6	339.21	915.4	1279.91	1839.46	2453.2	2906.99
ICICI LOMBARD	3307.12	3402.04	3295.06	4251.87	5150.14	6133.99	6856.16
IFFCO TOKIO	1128.15	1374.06	1457.84	1783.18	1975.24	2565.03	2930.92
L&T	--	--	--	17.24	143.4	182.07	253.78
LIBERTY VIDEOCON					0	2.19	129.82
MAGMA HDI					0	95.14	424.93
RAHEJA QBE	--	--	1.32	4.9	14.79	21.3	23.24
RELIANCE	1946.42	1914.88	1979.65	1655.43	1712.55	2010.01	2388.82
ROYAL SUNDARAM	694.41	803.36	913.11	1143.99	1479.79	1560	1437.04
SBI	--	--	--	43.02	250.14	770.85	1187.57
SHRIRAM	--	113.76	416.93	780.89	1266.44	1541.38	1510.59
TATA AIG	782.64	823.92	853.8	1173.09	1641.57	2135.08	2362.71
UNIVERSAL SOMPO	0.48	30.14	189.28	299.1	404.58	534.35	540.45
PRIVATE SECTOR	**10991.89**	**12321.09**	**13977**	**17424.63**	**22315.03**	**27950.7**	**32010.3**
Growth %	**27.12**	**12.09**	**13.44**	**24.67**	**28.07**	**25.26**	**14.52**
NATIONAL	4021.97	4295.85	4645.99	6245.17	7815.69	9194.61	10260.98
NEW INDIA	6151.97	6455.79	7099.14	8225.51	10073.88	11873.49	13727.61
ORIENTAL	3900.22	4077.89	4854.67	5569.88	6194.6	6737.66	7282.54
UNITED	3739.56	4277.77	5239.05	6376.66	8179.29	9266.04	9708.93
PUBLIC SECTOR	**17813.71**	**19107.31**	**21838.85**	**26417.21**	**32263.46**	**37071.8**	**40980.06**
Growth %	**3.07**	**7.26**	**14.3**	**20.96**	**22.13**	**14.9**	**10.54**
TOTAL	**28805.6**	**31428.4**	**35815.85**	**43841.84**	**54578.49**	**65022.5**	**72990.36**
AIC	835.11	833.44	1520.4	1950.05	2576.85	3297.42	3395.01
ECGC	668.37	744.68	813	885.47	1004.83	1157.25	1303.73
APOLLO MUNICH	2.97	48.14	114.66	282.69	475.64	619.99	692.47
CIGNA TTK	--	--	--	--	--	--	0.34
MAX BUPA	--	--	0.13	25.53	99.08	207.22	308.85
RELIGARE HEALTH	--	--	--	--	--	38.79	152.31
STAR HEALTH	168.19	509.86	961.65	1227.55	1085.06	860.21	1091.08
GRAND TOTAL	**30480.23**	**33564.52**	**39225.68**	**48213.12**	**59819.96**	**71203.38**	**79934.14**

Source: IRDA Annual Reports 2013-14

Table 1: Classification Of Health Insurance Business

From the above table it is noticed that gross direct premium of non life insurers increased throughout the year. In case of total gross direct premium public sector insurers collect more than the private sector insurers. Growth rate fluctuates in case of both public and private insurers. But private sector's percentage of growth rate is more than the public sectors. In comparison general insurers who specially doing health insurance business gross direct premium in totality are less than the other general insurers.

Number of persons covered under health insurance is described in below Table 4.

(in Lakh)

No of persons covered	2010-11	2011-12	2012-13	2013-14
Government	1891	1612	1494	1553
Group (other than Govt.)	226	300	343	337
Individual	419	206	236	273
Total	2535	2118	2073	2162

Source: IRDA Annual Reports 2013-14

Table 4: Number Of Persons Covered Under Health Insurance

From the above table it is found that government employees covered in health insurance more than persons working in non government sector and individuals. Number of

persons covered in government sector has been decreased from 2010-11 to 2012-13, then again increased. But number of persons covered in non government sector (group) has been increased throughout the year 2010-11 to 2012-13, and then decreased in 2013-14. In case of individual it is a negative sign. The result is better in 2013-14 from the year 2012-13. Individuals are now concerns about their health and doing health insurance individually from their interest. But more consumer awareness required.

From Table 5 it is shown the trends of health insurance premium over the years.

(` crore) (% age of market share)

Market share	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Public Sector	1682.51	1973.57	3136.51	2824.04	4883.26	6689	8015	9580	10841
	75.71%	61.51%	61.20%	50.20%	58.80%	61%	61%	62%	62%
Private Sector NL insurers	539.59	1223.99	1832.51	2266.33	2349.84	2850	3446	4205	4482
	24.28%	38.15%	35.76%	40.29%	28.29%	26%	27%	27%	26%
Stand-alone Health Insurers		11.16	155.94	535.09	1072.08	1491	1608	1668	2172
	0.00%	0.35%	3.04%	9.51%	12.91%	13%	12%	11%	12%
Total NL Industry	**2222.1**	**3208.72**	**5124.96**	**5625.46**	**8305.18**	**11,031**	**13,070**	**15,453**	**17,495**

Source: IRDA Annual Reports

Table 5: Trend In Health Insurance Premium Over The Years

The share of public sector insurers in health insurance was around (50-76) % during the period 2005-06 to 2013-14 whereas the share of private insurers varied between 24% and 40% during the period between 2005-06 and 2013-14. Stand-alone health insurers started their operation in the year 2006-07. But the Stand-alone health insurers were not able to increase their share during the stated period. Their share varied between 1% to 13% during the periods.

Incurred claim ratio segment wise of public & private sector is depicted in Table 6.

(In per cent)

Segment	Public Sector					Private Sector				
	2009-10	2010-11	2011-12	2012-13	2013-14	009-10	010-11	011-12	012-13	013-14
Fire	81.1	87.86	101.43	71.55	80.39	2.79	5.16	7.06	2	5
Marine	75.5	92.89	83.91	60.39	59.3	6.4	2.12	2.07	7	7
Motor	87.84	111.1	92.35	92.86	77.51	0.42	3.39	7.56	4	1
Health	119.85	106.31	100.28	103.21	106.19	2.22	5.15	7.8	9	8
Others	56.59	58.11	55.58	46.35	64.55	6.81	9.76	0.86	5	3
Total	**88.27**	**97.03**	**89.22**	**84.79**	**83.2**	**0.79**	**6.71**	**8.22**	**0**	**0**

Source: IRDA Annual Reports

Table 6: Incurred Claims Ratio

In the above table total incurred claim ratio comparatively was more in public sector than the private sector during the period 2009-10 to 2013-14. Among the various segments health insurance had high claim ratio during the year 2009-10, 2012-13 & 2013-14in public sector. But it was less in the year 2010-11 &2011-12 than other segments. It was varied between 1005 to 120%. Whereas in case of private sector incurred claim ratio was more during the year 2009-10 & 2013-14. But during the year 2010-11, 2011-12 & 2012-13 this ratio was less than other segments. It was varied between 77% to 92%.

VII. PROBLEMS AND CHALLENGES BEFORE HEALTH INSURANCE IN INDIA

One of the major challenges of insurance industry after liberalisation how to develop this mechanism which help making consumer aware about various insurance plans. Till now awareness and knowledge about various health insurance plan is limited. The apparent value of buying insurance products remains low due to high expectations on returns to which other financial products normally offer and the belief that risk coverage is not needed. It makes insurance a push product rather than a pull product in India. Reaching out to the budding &willing buyers and servicing them becomes challenge due to the scattered and spread population, especially outside the metros and Tier-I cities. Also the insurance industry faces challenges in acquiring and retaining internal and external channel teams considering the huge gap between the demand and supply of dependable and skilled personnel, resulting into high cost of customer acquisition and operations.

Another serious issue about health insurance is that it is twisted among states and union territories. The contribution of total health insurance premium in different states and Union territories is depicted in Table 7.

State/ UT	Gross Premium (Crore)	Share (%)
Maharashtra	5,379	31%
Tamil Nadu	1,938	11%
Karnataka	1,773	10%
Delhi	1,680	10%
Rest of States/UTs in India	6,725	38%
Total of all States/UTs	**17,495**	**100%**

Source: IRDA Annual Report 2013-14

Table 7: Top Four States In Terms Of Health Insurance Premium (2013-14)

From the above table four states namely Maharashtra, Tamil Nadu, Karnataka & Delhi contributed by 62% of total health insurance premium. Whereas balance 38% contributed by 32 states and union territories in India. Total health insurance premium in all states is 17,495 crores. In fact, the health insurance premium from 8 sister States of North-eastern India is only `118 crore (0.6 per cent) for2013-14.

The large number of separate networks of providers tends to make for reduce inefficiency and the choice among providers: only a limited set of providers is offered to a given employee. There is a problem of choosing Third Party Administrators (TPAs). Lots of complaints received against TPAs for issue of wrong card, delay in issue of card etc.

In case of "cashless" system it was noticed that many hospitals ask patients about their health insurance. Whether they have health insurance or not. Cost is different on the basis of availability of health insurance. In case of settlement rate is also different on the basis that whether settlement made by individual or employer. If company settled the cost of treatment then rate is high. Hospitals also have a tendency to blow up the bills in case of cashless facility which adversely

affects all the stakeholders of health insurance. TPAs have not been very successful in this area so far. Unnecessary the claims processing delayed for long time. TPAs have tried to improve the speedy processing of claims.

Claim settlement by Third Party Administrators is represented in Table 8.

Year	Claims outstanding during the year	Claim re-opened during the year	Claims received during the year	Claims Settled (duration wise)					Claims Rejected	Claims Outstanding
				≤ 1 month	> 1 to ≤ 3 months	> 3 to ≤ 6 months	> 6 months	Total		
2012-13	313376	78959	4370606	73.01 %	7.9 3%	1.1 8%	0.2 6%	82.38 %	10.83 %	6.79 %
2013-14	492560	110438	5522107	71.08 %	8.6 5%	1.8 5%	0.3 8%	81.96 %	10.23 %	7.80 %

Source: IRDA Annual Report 2013-14

Table 8: Claim Settlement By Third Party Administrators (Tpa)

During the year 2013-14 no new TPA license was granted by the Authority but few new TPA license applications were received and are under process at various stages. The health insurance segment showed strong growth during the year and the premium serviced by TPAs also increased significantly. The TPAs expanded the reach of the hospitals across the country by adding new hospitals to their network. The physical presence of TPAs was also increased by opening of new branches at new locations by many TPAs during the year. The claim settlement performance of the TPAs was consistent during the year 2013-14.During 2013-14, the TPAs have received 55, 22,107 new claims. Among them, 71.08 per cent of the claims were settled within one month of reporting the claims. Claims settlement with one month shows a improvement marked and it was over 70% both the year 2012-13 and 2013-14. Claims rejection has been decreased from the year 2012-13 to 2013-14. Also claims outstanding does not cross the single digit. Apart that remaining three cases management does focus so much. They are not much successful in reducing fraud and preventing leakages by way of over-payment. TPAs don't have adequate number of skilled manpower which is absolutely crucial in proper claims management.

Another problem is that both public and private insurers are reluctant to provide health insurance to elder people. As the premium earned from insured people is less than the expenditure. A recent study by Deloitte shows that merely 1.6% of elderly population is covered under public and private health insurance schemes (Investors India, 2015).

VIII. CONCLUSION

From our study we can find the followings:

- ✓ Availability of various government health insurance schemes in the Indian market for the poor people.
- ✓ In case of health insurance premium, the public sector insurers are ahead of the private insurers.
- ✓ In case of incurred claim ratio public sector is ahead of private sector.
- ✓ Twisted distribution of health business across various states and union territories is a problem.
- ✓ Individuals are interested to do health insurance from their own interest.
- ✓ Individual agents contribute a major share in health insurance premium than the other channels.
- ✓ TPAs have done some good work so far as the quick processing of claims is concerned. But they are not much successful in reducing fraud and preventing leakages by way of over-payment.

Some of the below initiatives have taken to overcome these challenges. These are as follows:

- ✓ New health insurance company Cigna TTK was issued certificate for registration in the year 2013-14.
- ✓ Insurance companies like Bajaj Allianz, Cholamandalam MS, Max Bupa, Star Health etc. have opted for in-house settlement of claims, eliminating TPAs.
- ✓ TPAs are expanding the reach of the hospital across the country by adding new hospitals to their network.
- ✓ Most insurers now prefer pre-agreed rates for health treatments. This prevents differential rates for the insured and uninsured patients.
- ✓ As a part of measures to bring more transparency in financial reporting and also to protect and further the interests of policyholders and their legal heirs and representatives, the Authority of IRDA issued directions to all insurers.
- ✓ IRDA also conducting seminar, campaign at rural and urban areas to grow the awareness about various health insurance plan and policies among people.

Some suggestions for improvement of health insurance in India are presented below:

- ✓ MORE NEW INITIATIVE SHOULD BE TAKEN TO IMPROVE THE AWARENESS AMONG PEOPLE ABOUT HEALTH INSURANCE POLICIES AND PLANS.
- ✓ INDIA'S TOTAL EXPENDITURE ON HEALTH AS % OF GDP SHOULD BE SUBSTANTIALLY ENHANCED.
- ✓ The share of general government expenditure on health as % of total expenditure on health should be hiked.
- ✓ Improvement should be made in delivery of health care and its financing.
- ✓ Mediclaim system should be improved to tap the huge potential market and also modification should be required to in the benefits and claim system of mediclaim policies.
- ✓ For bringing transparency in health insurance and getting confidence of the people employment of specialists in claim management should be required.
- ✓ TPAs should be brought under strict vigilance.
- ✓ Fraud should be minimising. There is necessity to prevent the leakages by way of over payment.

Bringing the elderly people under the health insurance scope in a comfortable manner has to be ensured.

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