

Health Insurance – Opportunities and Challenges

Dr. Dayasagar Rao. V

DM, FRCP (Canada) FRCP (Edinburgh)

Sr. Consultant Cardiologist

Krishna Institute of Medical Sciences

Hyderabad, Andhra Pradesh

Socioeconomic indicators

Land area	2% of world area
Burden of disease%	21% Of global disease burden
population	16% of world population
Urban ; rural	28;72
Literacy rate %	65.38
Sanitation%	Rural -9. urban 49.3
Safe drinking water supply %	Rural 98; urban 90.2
Poverty %	Below poverty line 26 Rural 27.09,urban -23.62
Poverty line (RS)	Rural 327.56;urban 454.11

Health Insurance

- Health care cost
 - 24% Indian hospitalized single year
 - Fare below poverty line (bpl)
 - Large proportion patients (BPL)
 - Borrow money
 - Sell assets

world bank 2002

Health Insurance

- Public sector - state /central teaching hospitals
 - District hospitals
 - Primary health centers
- Private sector – 50% inpatient
60-70% ambulatory care
- Public health investment
 - 1.3 % GDP1990
 - 0.9 % GDP 20078
- Central health budget (% of total budget) -1.3%
 - State 5.5-7%

Health Insurance

- Opportunity
 - Quality health care -all
 - Equitable
 - Affordable
- Challenges
 - Financing
 - Containing provider behavior
 - Cost of treatment

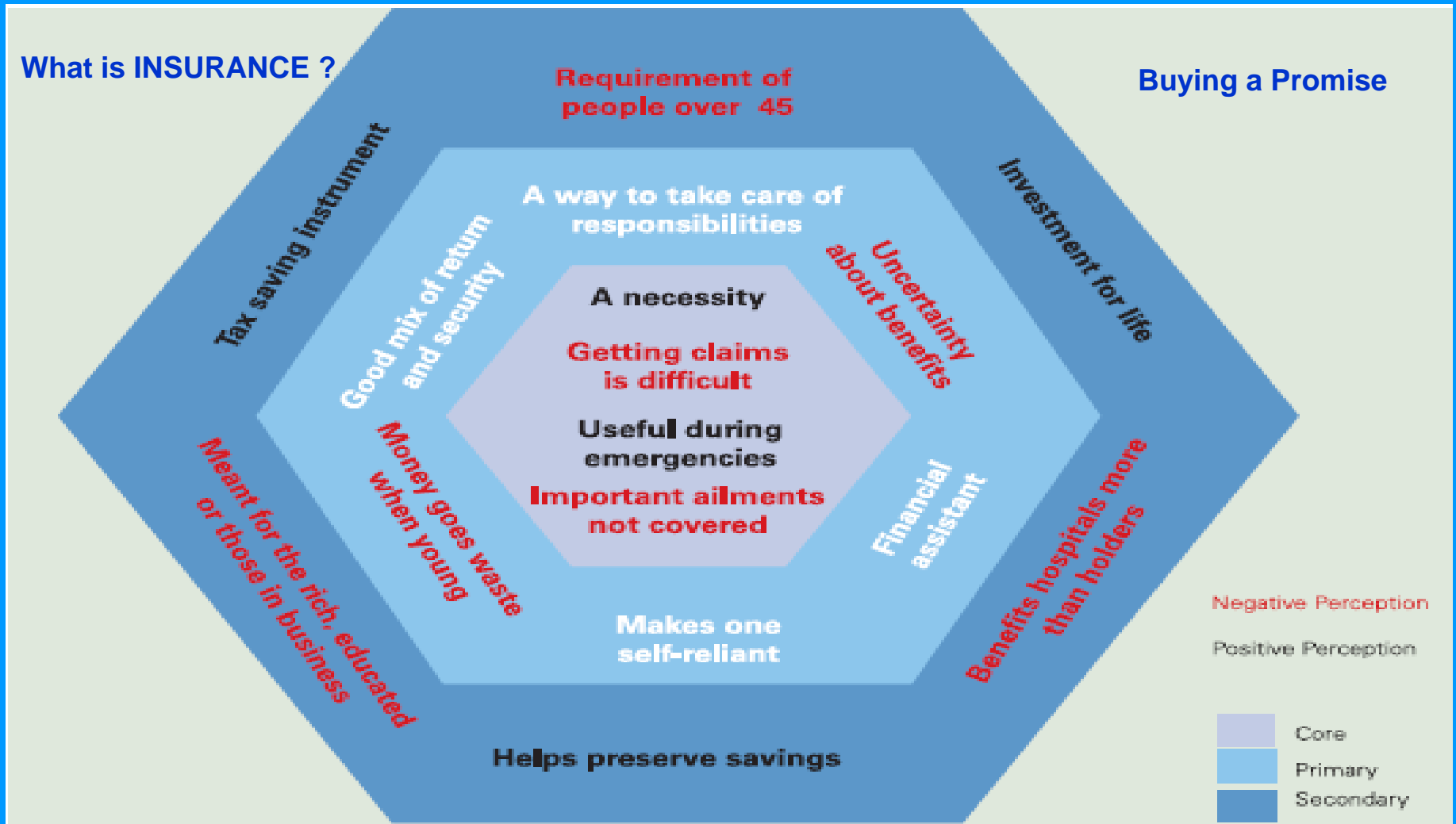
Health Insurance

- ❑ Public health budget - Shrinking
- ❑ Health care cost - Escalating
- ❑ Quality health care - Necessity
- ❑ Necessities - Health care - Financing

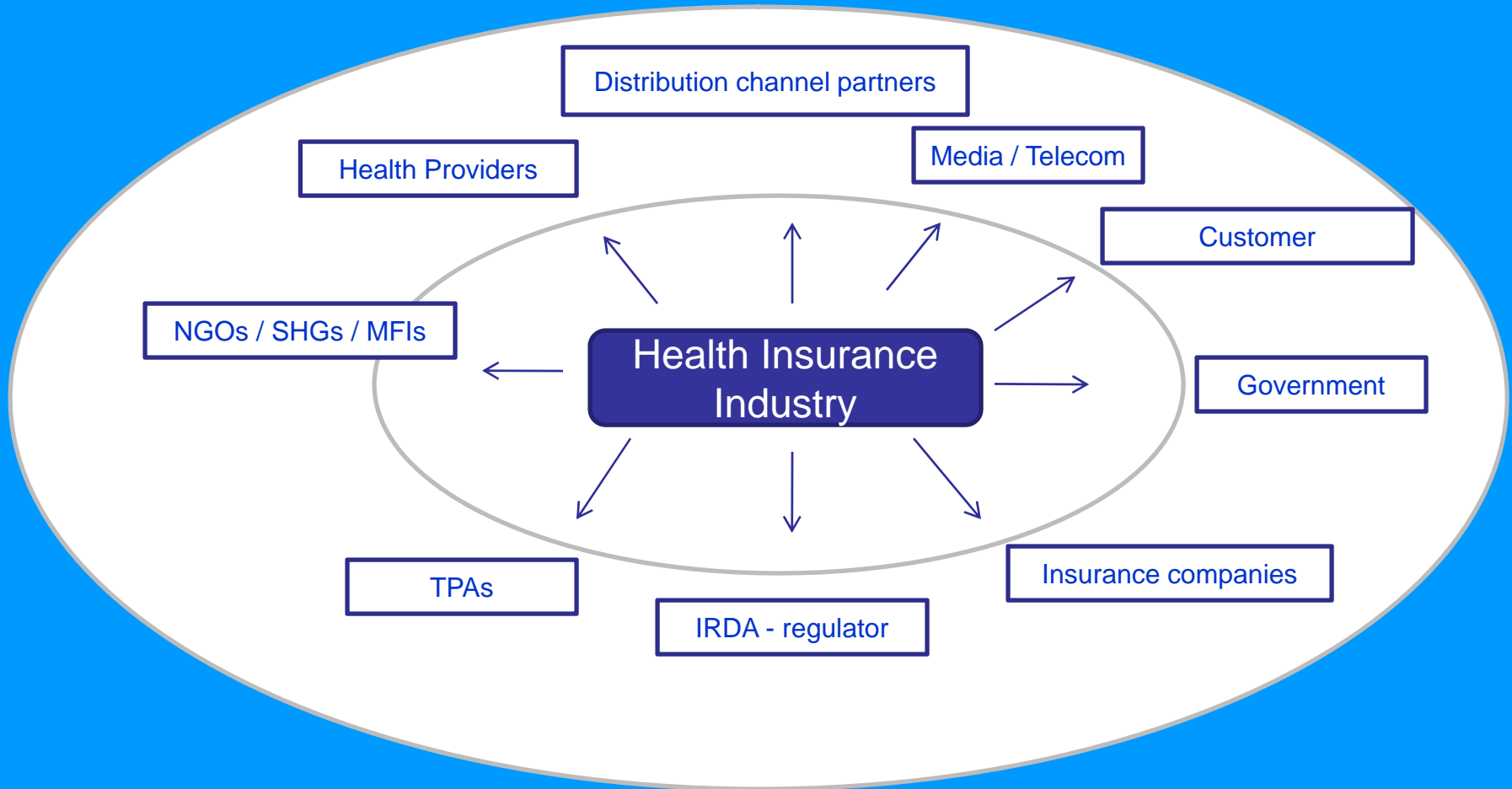
Health Insurance

- ❑ Private health insurance
- ❑ Mandatory health insurance (social insurance)
- ❑ Public health insurance
 - Subsidized by Govt
(arogyasri)

Perceptions about Health Insurance in India

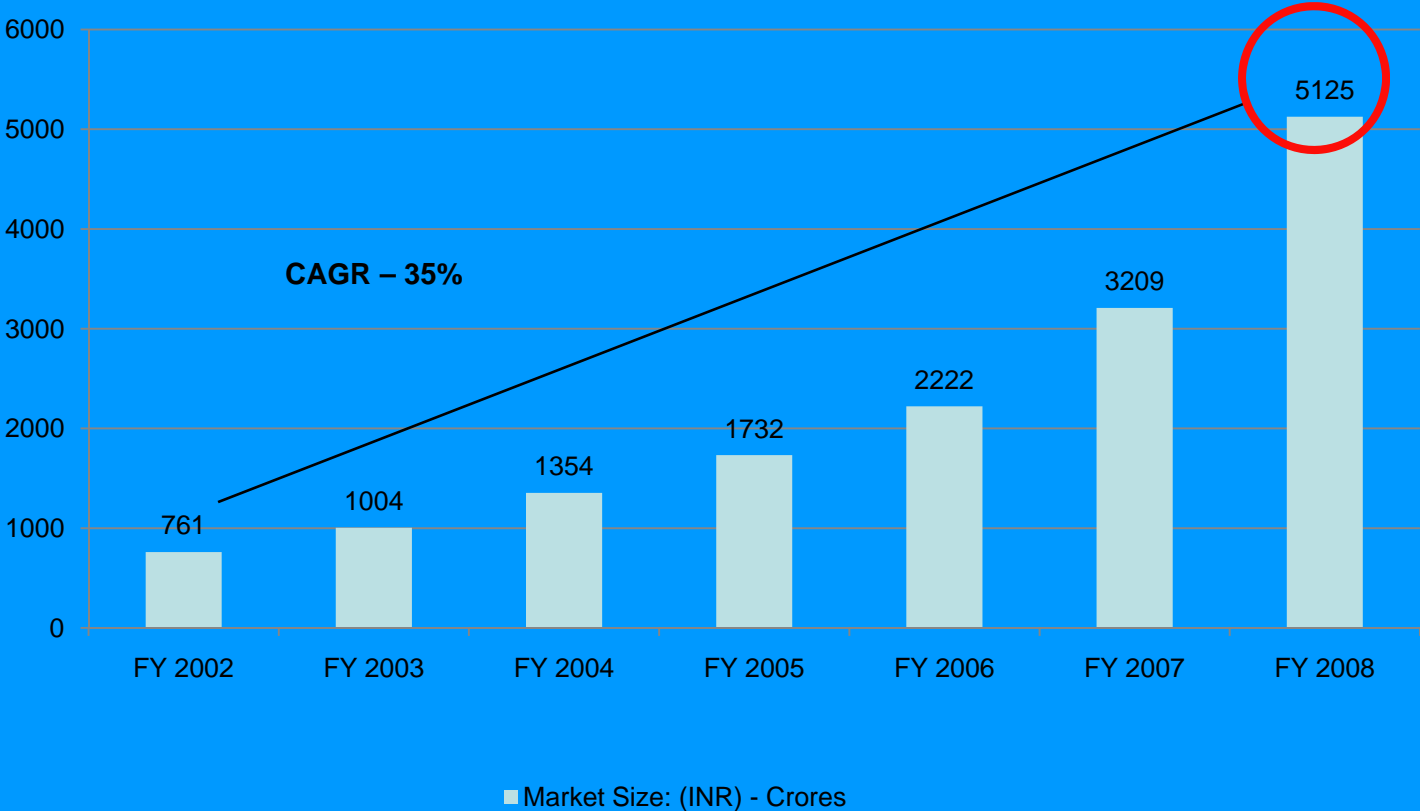


Health Insurance: Key Stakeholders

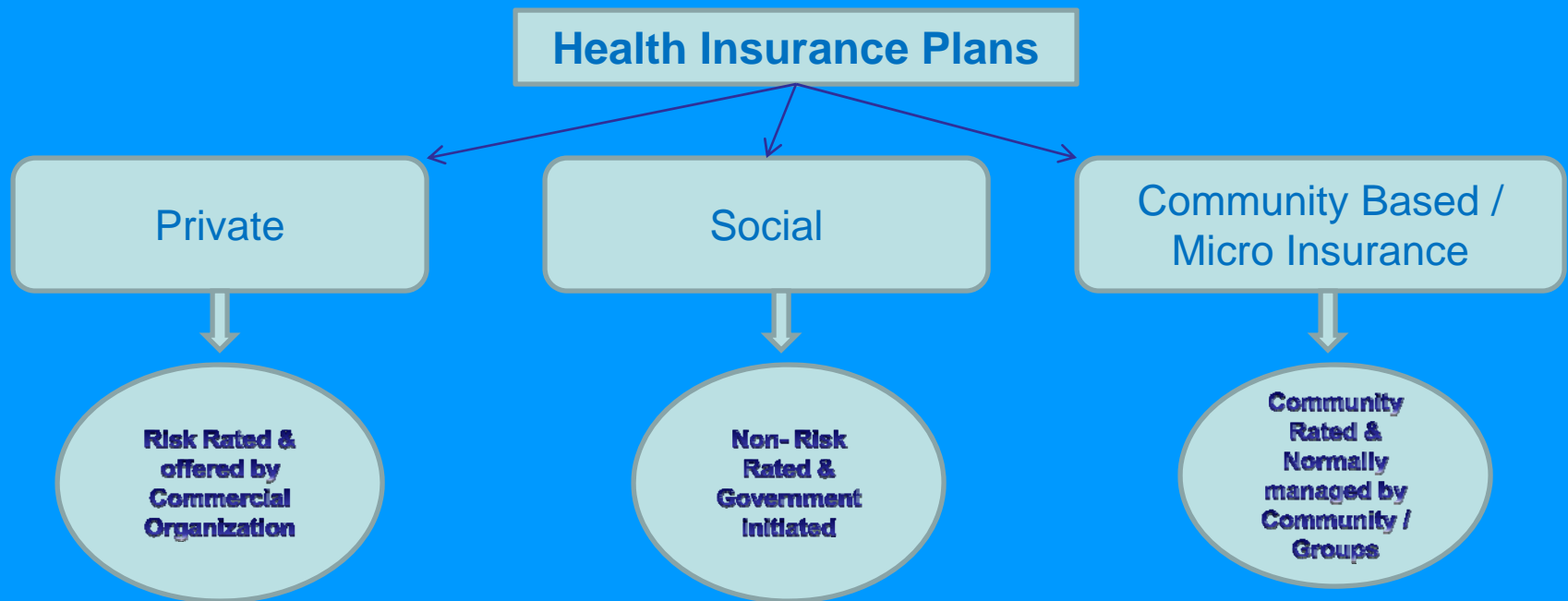


India Health Insurance Market Size & Growth Rate

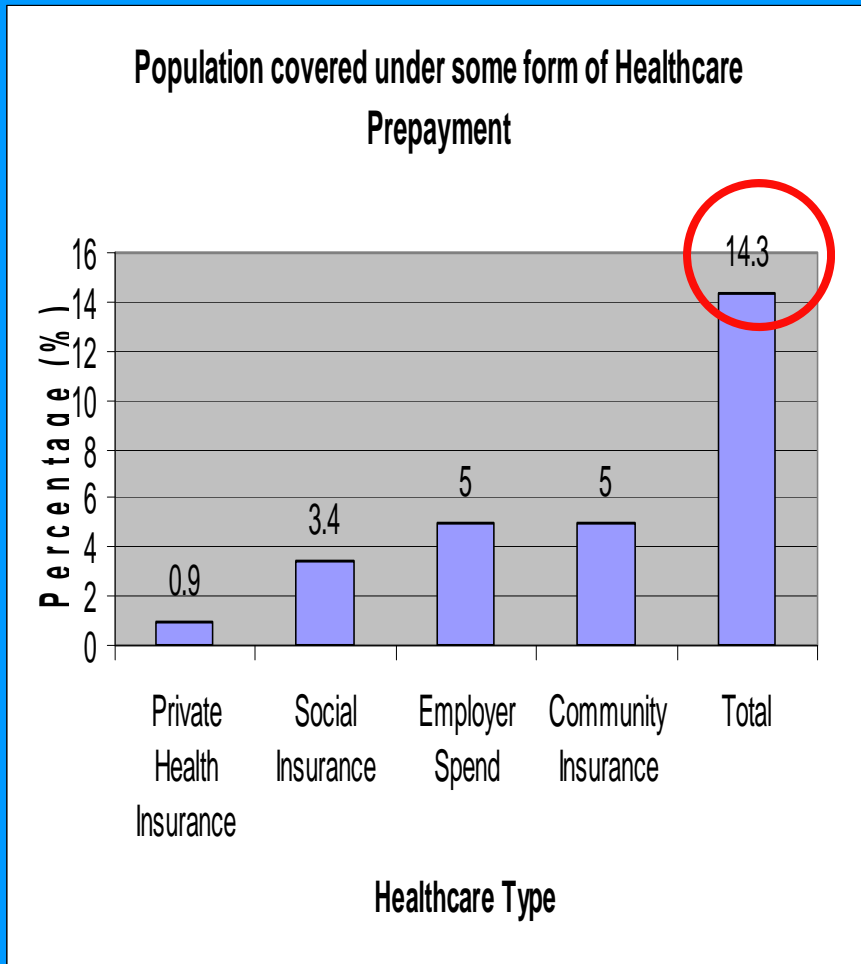
Market Size: (INR) - Crores



Health Insurance Plans



Health Insurance : Need



Source: Mckinsey

Indian health financing CHALLENGES:

- ❑ Increase in health care costs
- ❑ High financial burden on the poor
- ❑ Need for long term and nursing care for senior citizens
- ❑ Increasing burden of new diseases and health risks
- ❑ Due to under funding, preventive and primary care and public health functions are yet to meet their objectives.

Private Health Insurance: Issues & challenges faced by Insurance Companies

Key Issues

- ❑ Limited Influence over healthcare delivery mechanism
- ❑ High claim ratio
- ❑ Low level of consumer awareness
- ❑ Limited product development

Description

- ✓ Limited healthcare delivery network with top few cities
- ✓ Limited bargaining power
- ✓ Insufficient data on consumers & disease patterns, absence of standardization of healthcare costs & significant levels of frauds leading to under-pricing of insurance products and higher value of claims
- ✓ Low level of awareness among consumers about health insurance products and their benefits
- ✓ Insufficient data on Indian consumers & disease patterns and limited control of healthcare delivery network resulting in limited product and pricing innovation

Private Health Insurance: Issues & challenges faced by TPAs

Key Issues

- ❑ *Limited influence over healthcare delivery network*
- ❑ *Funding support*

Description

- ✓ Varying treatment costs across providers due to limited bargaining power
- ✓ Lack of standardization & accreditation in most healthcare facilities leading to difficulty in judging the authenticity of procedures & costs
- ✓ Limited funding support from the Insurance company impacting the claims disbursement time
- ✓ Delays and issues in claims processing leading to negative perceptions by insurance companies & consumers about TPAs

Private Health Insurance: Issues & challenges faced by Re-Insurers

Key Issues

*Limited
Data
availability*

Description

Insufficient data on
Indian consumers &
disease patterns
resulting in difficulty in
product development &
pricing

Private Health Insurance: Issues & challenges faced by Healthcare Providers

Key Issues

- ❑ Pricing demands from Insurance companies
- ❑ Lack of affordability

Description

- ✓ Lack of standardization and accreditation norms for healthcare providers resulting in unreasonable pricing demands by insurance companies
- ✓ Low health insurance penetration and lack of affordability of the consumers in the tier 2/3 cities and rural areas to support the investment in healthcare infrastructure in these areas

Social / Government Schemes

Government Initiatives

- ❑ CGHS Schemes for Government Employees
- ❑ ESIS Schemes
- ❑ Recent Initiative - covering mass populace PAN India
- ❑ RSBY
 - ✓ With participation of health insurer
 - ✓ Implemented in 11 states
 - ✓ Extended to other section of populace other than BPL
- ❑ State Government have also initiated several schemes where there is participation of Insurers to run the Scheme

Social / Government Schemes: Issues & Challenges

- ❑ **Catering to Mass Population based on Income criteria**
 - ✓ Price Pre-fixed
 - ✓ A challenge to administrator – TPA working with synergies in NGO's to ensure a successful model
 - ✓ Subsidized schemes
 - ✓ To be run on community based models

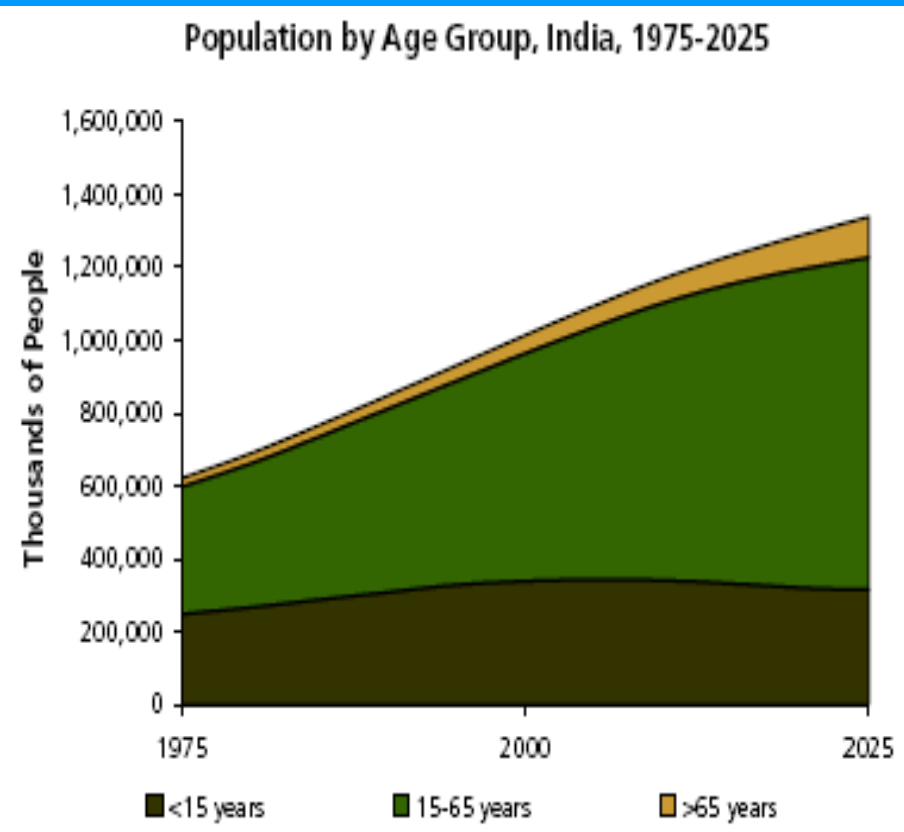
- ❑ **Health Care for Government Employees & Workers**
 - ✓ Self Funded schemes
 - ✓ Impressive network
 - ✓ Covers small segment of population
 - ✓ Cumbersome procedure

“No National Health Care Coverage catering different strata segments”

Community Based / Micro Insurance: Issues & Challenges

- ❑ Diversity
- ❑ Reach – Distribution
- ❑ Poor checks on pricing & service quality
- ❑ Limited medical infrastructure
- ❑ Cost as a Burden – Affordability
- ❑ Insufficient Data
- ❑ Confidence / Trust building

Health Insurance – Focus Areas



- Health Insurance - potential to become a Rs.25000 crores industry by 2012.
- No. of Elderly People in the Developing World will TRIPLE in 25yrs. (WHO)
- In India, the no. of people above 60 yrs is about 8% today, with that no. expected to hit 21% by 2025. (Asia Insurance Review)

RAJIV AROGYA SRI (Andhra Pradesh)

- **Health for All? is one of the objectives of the present Government.**
- To provide health security to the broadest cross section of its population, the Government have introduced Community Health Insurance Scheme called Rajiv Arogya Sri with effective from 1st April, 2007.
- It provides financial protection and to improve the health status of families living in BPL for treatment of all the serious ailments. This scheme is made operational covering all the districts in the State since 15th July, 2008.
- The scheme helps many an invalid young and elderly patients to resume their livelihood. This scheme ensures health for entire population especially in the vulnerable sections of the society.

Objective of Rajiv Aarogya Sri Scheme

To improve access of BPL families to quality medical care for treatment of identified diseases involving hospitalization, surgery and therapies, through an identified network of health care providers. The scheme would provide coverage for the following system

1. Heart
2. Cancer treatment
 - a. Surgery/Therapy
 - b. Chemo Therapy
 - c. Radio Therapy
3. Neurosurgery
4. Renal diseases
5. Burns
6. Poly trauma cases (not covered by the Motor Vehicles Act)
7. Cochlear Implant Surgery with Auditory-Verbal Therapy for Children below 6 years (only services will be provided by the Insurance Company and costs to be reimbursed by the Trust on case to case basis.)

RAJIV AAROGYA SRI (Andhra pradesh)...Contd

□ The overall picture at the state level

No.of Aarogya Sri cards issued (Nos)	618915
No. of operations performed (Nos)	3339
Total amount involved Rs. in lakhs	1086.15

RAJIV AAROGYA SRI (Andhra pradesh)...Contd

- It has been decided that every network hospital in Andhra Pradesh, both private and government has to earmark minimum 25% of the beds in each specially to Aarogyasri Patients. This has been decided at the meeting of the Aarogyasri Healthcare Trust chaired by the Chief Minister and Chairman of the Trust.**
- The Trust is receiving on an average 2500 calls every day through the helpline toll free 1800-425-7788. Around 800 preauthorization and 500 claims are processed daily under the scheme. Every day around 1000 patients are admitted as inpatients and another 800 patients are given consultation as outpatients across the State. As on 30th October, 8873 patients are being treated in different network hospitals.**

Health Insurance – The Way Ahead

- ❑ Creating awareness on Rights & Responsibilities
- ❑ Data Pool – Regulator as a repository
- ❑ Standardization of Cost
 - TPAs
 - Health Providers
- ❑ Increased Tax benefit
- ❑ Removal of Service Tax
- ❑ Standardization of definition – a right step ahead
 - Standard Pre-Existing exclusion defined w.e.f. 01/06/08
- ❑ Gradation of Health service providers
- ❑ Pool for Senior Citizen
- ❑ Renewability / Portability
- ❑ Compulsory Health Benefits for organized sector
- ❑ Government role on mass healthcare initiatives

Pillars of change and Enablers for growth

Pillars of Change

Consumer Awareness

Standardization of Health
care costs and
Accreditation norms

Healthcare Infrastructure

Data & Information
Exchange

Enablers for Growth

Product & Pricing
Innovation

Technology

Channel Innovation

Outcome

Healthy
Vibrant
India



Thank you