

POLICIES RELATING FINANCIAL BUSINESS OF INSURANCE SECTOR WITH REFERENCE TO HEALTH INSURANCE SECTOR

**Priya Jain, Gargi Sengar , Pranav Kumar Aditya, Sadhana Trivedi, Kaneez
Fatima,**

**Faculty of Juridical Sciences, Rama University, Mandhana, Kanpur, U.P., India
ABSTRACT**

Health insurance is a contract between Individual or group (insured) and insurance company (insurer). In order to cover medical expenses incurred due to illness or injury due to an accident. In other words it can be said that purchasing health care health care coverage in advance by paying a fee called „premium“. Health is a human right, its affordability and accessibility has to be insured. Health insurance can also be related with the economy of the country. If people are healthy, economy is healthy which means healthy people can contribute properly in the economic development of the country. Even social development can be ensured with sound health insurance structure of the country. Health insurance being a personal insurance it covers expenses incurred on medical treatment by the insured. Treatment amount can be re-imbursed by paying a lump sum amount or providing cashless treatment at network hospitals

KEYWORDS: Insurance Sector, Rsby Etc

INTRODUCTION

In India, health system works according to the constitutional provisions that comprise of various governments health departments. These government health departments are available at National, State and local levels. Public health system at the National level works through its official organs, which are Central council of health, Ministry of health and family welfare, department of medical research and directorate general of health services. The Ministry of labour, which is government department, regulates and administers the ESIC and Rashtriya Swasthya Bima Yojana (RSBY). Public health system at the state works through its official organs like state health directorate and the state Ministry of health and family welfare. According to constitution of India, Public health care facilities come under the state list. Therefore state has independent rights to make health care plans at the state level and the national healthcare programmes sometimes also support these state level healthcare plans. Public health system at the district and local levels also comes under state but are managed by chief district medical officers being the head in the district of the health system with help of health officers looking after municipal corporations and other local corporation's activities regarding the health care system. Public health sector in rural areas is operated mainly through primary health centres and community health

centres. After all the health system available in the country still private health sector accounts for more than 75% of total health spending in India.

HEALTH INSURANCE IN INDIA

Health insurance saw its first signs in 1948 in India. Government of India introduced ESIC employee's state insurance scheme for workers of private organised 8 sector. This was followed by (CGHS) central government health scheme for central government employees in year 1954. These schemes were for the limited groups and did not cover the large population. Then health insurance was introduced in proper and systematic manner in 1986-87 as "Mediclaime Scheme" (health care financing). This scheme was introduced to provide coverage to hospitalisation expenses to the insured. Individuals and their families were covered under this scheme. This standardised health insurance product was introduced by the four public sector subsidiaries of General Insurance Corporation of India (four nationalised general insurance companies)¹.

SOCIAL HEALTH INSURANCE

Social health insurance is a employment based health insurance. The health insurance is financed through a regular contribution from the employees and the employers at some specific rate. These funds are further used for healthcare funding for the employees as well as their families. Additional state government support is also available in some cases. it may be in any form such as mandatory, payroll-tax to a voluntary, earmarked and tax deductible contribution to a health plan. ESIC scheme is one of good example of social health insurance in India. ESIC is providing a good range of medical care to industrial sector blue collar employees and their families.

COMMERCIAL HEALTH INSURANCE

The health insurance provided on private basis by the insurance companies is known as commercial health insurance. This is also known as private health insurance 70 under individuals pays certain amount to avail coverage towards expenses to be incurred on their healthcare needs. There are more than 300 health insurance policies available in insurance market for health care insurance for the individuals. Some of the main categories which are available are individual mediclaime which provides health coverage to a normal person. Health insurance products for students, senior, citizens and also covering some of critical illness insurance covers, cashless facilities are also provided registered hospitals, so, there is no need to maintain any kind of surplus funds to meet health care expenses

¹ Aggarwal, A. (2010). Impact evaluation of India's 'Yeshasvini' community-based health insurance programme. *Health economics*, 19(S1), 5-35

NATIONAL RURAL HEALTH MISSION

Introduction of national rural health mission in recent years aimed to reduce a huge gap between urban and rural areas healthcare availability. This scheme also resulted one of the most significant developments in public health financing system. Additional funds for the health sector financing were brought by the NRHM. For these additional funds were available through introduction of various new innovations in health financing such as UNITED FUNDS. Availability and access of quality healthcare is enabled by these united funds. This scheme is for all the people of rural areas. United funds are the good source of funds for providing health facilities and these funds are also beneficial for the community level bodies to spend their funds for requiring the facilities as per guidelines. The vertical disease control programmers were also integrated by NRHM. Public health infrastructure have become strong in rural areas with the help of NRHM. NRHM has provided rural areas with the facilities of equipment structure and human resources, NRHM also focused on hiring specialist doctors on contract basis and delegation them the responsibility. Grass root level link workers in villages were also introduced by NRHM.²

PROBLEMS OF HEALTH INSURANCE

Comprehensive primary health care delivery system was established in country like social health insurance schemes available in other countries based on revenue from taxes, Since last six decades, a sound infrastructure of health care is build up in India at various levels such as primary, secondary and tertiary levels, Although after all these developments public health care sectors is still facing problems due to inefficient men power, inadequate funds and many more operational problems due to certain geographical limits and boundaries as well, Most of the problems regarding healthcare are found in the rural areas due to far away location from towns and private insurers also don't show nay interest in providing healthcare systems in rural and remote areas, whereas when it comes to urban area situation are little better due to presence of private health care providers. Many individuals seek private health insurance conversion basis of their affordability, but these private healthcare providers also face many problems in improper regulations of the policies despite of proper legislation enacted for health sector. Government also needs to check whether these policies properly implemented and services provided regularly and on proper basis.

THREATS TO THE HEALTH INSURANCE MECHANISM

Health insurance provided by either public or private sector is a good source to provide financial protection from the healthcare expenses at time of need. Health insurance as a document also acts as purchaser of health insurance for the insured,

² Ahuja, R. (2005). Universal Health Insurance Scheme. Yojana, 49(7), 6-8.

which cannot be purchased by the person, in case individuality having insurance coverage. Problem or threat to health insurance seems to be in case of inadequate public funding and poor regulations of government. Health insurance being a necessity in today's life can easily influence the healthcare providers. Due to poorly designed health insurance system also gives chance to healthcare providers to earn more by pushing up the cost and this is not a good situation for the healthcare system in India³.

AN INTRODUCTION OF RASHTRIYA SWASTHYA BIMA YOJANA (RSBY)

In India health insurance has been limited to the people who can purchase or afford insurance cover privately or the workers of organized sector. No sound health insurance was available for the workers of unorganized sector, which comprises 94% of the workforce in India (more than 430 millions workers in informal sector). Due to absence of social security arrangements for the workers of informal sector is also harmful for the society and economy of the country, such workers of vulnerable groups does not have financial sources to bear very expensive cost of medical treatment even public health care facilities are not sufficient, all the necessary medicines are not available at the public health care centres and dispensaries even no proper diagnostic tests facilities are not functioned. These workers are getting very low level of health security, there burden increases due to paying out of pockets for medical care and medical treatments, often they sell their assets and property or borrow money for the payment of medical treatments and medicines which gives rise to poverty and it affects our economy very badly. There are various sources through which healthcare sector in India get financed it includes tax revenues central and state government, profits of private companies external aid and out of pocket payments of individuals. According to national health accounts data of 2004-005 contribution of state, central and local government is merely 20% of total health expenditure in India and remaining 80% health expenditure comprises of unspooled out of pockets and 2% out of 80% is from external aid 78% of health care expenses from out of pockets in the highest in the world.

The government of India introduced many measures to improve health care facilities as high growth rate (avg 8% per annum during last two decades) provided opportunities for various social protection initiatives. Government decided to increase allocation of budgets for health care. Seeing inequalities in health and financing infrastructure many other steps were taken only increasing budget is not the mere solution for it. Many government schemes have been introduced earlier to provide health coverage to workers of informal group, but none of the needs of health

³ Ahuja, R., & Narang, A. (2005). Emerging trends in health insurance for low-income groups. *Economic and Political Weekly*, 39(28), 4151-4157.

insurance to the BPL families. The Yeshasvini health insurance scheme in KARNATAKA in 2003 and the RAJIV AAROGYASRI scheme in Andhra Pradesh in 2007 were not very successful .To provide a framework for social protection to large number of workforce of informal sector in India. Government of India is legislated. The unorganized workers social security act in 2008,Rastriya swasthya bima yojana was launched by the 2007.RSBY was designed for better services of health care to informal sector keeping in mind the drawbacks of earlier schemes introduced by the government of India⁴.

ORIGIN AND DEVELOPMENT OF RSBY

Health insurance in India has been untapped area as it is completely confined to private area where people buy health cover for them and families is available in form of group insurance for workers in the organised sector, whereas no such facilities were available for the workers from organized sector or vulnerable group. Many schemes were launched by different state government time to time such as universal health insurance scheme launched by the ministry of finance in 2003 central government, state level health insurance schemes launched by the states of Punjab, Kerala, Assam etc. All there central and state government schemes were not much problems such as lack of proper implementation, weak policy design, monitoring, evaluation and lack of clear accountability and responsibilities and beneficiaries were unaware about the schemes. But Arogya sri scheme in the state of Andhra Pradesh was exception. No health insurance scheme was available at central level, so a need was felt by the central government for a national level health insurance scheme in the country. The aim was to provide financial security to the unorganized sector workers against the medical perils occurring due to illness or accident. Learning from the drawbacks of earlier central and state level health insurance scheme was launched which later came to known as Rashtriya Swasthya Bima Yojana RSBY Rashtriya Swasthya Bima Yojana RSBY started working from 1 April 2008 ministry of labour and employment initially launched this scheme was to provide health care insurance coverage to the BPL below poverty line population and address Non formal sector workers and those self employed.

After setting first target to BPL families it was extended to some other groups of unorganized of workers and their families, for example beedi workers, railway coolies ,building and construction workers and also beneficiaries of National rural employment guarantee scheme (those who have worked for 15 days in previous 166 year) it mainly aimed to provide protection against financial liabilities occurring due to medical expenses including hospitalization to the identified households. RSBY provides cashless treatment in both public and private sectors hospitals in case of

⁴ . Penetration of Health Insurance Sector in Indian Market. Opinion, 3(1), 55-67.

hospitalization. This is a project under the ministry of labour and employment. This scheme is mainly for the poor population holding a yellow ration card by paying nominal fees Rs 30 for the registration. This scheme provides an annual coverage of rs30000, which extends to family of fine persons for hospitalization to the beneficiaries. Beneficiaries have to pay RS 30 as a registration fees. They are provided biometric enabled smartcards containing their fingerprints .All pre-existing diseases are covered under this scheme from day one of registration. Five members consist of head of family spouse and three dependents parents or children.⁵

ORGANISATIONAL AND FINANCIAL STRUCTURE OF RSBY

Institutional structure comprises of many stakeholders at both the national and state levels involved in the oversight and execution of RSBY. Insurer is one of the key stakeholders for administrative function. Once implementation of RSBY is agreed by the state, state selects the nodal department. Then nodal agency is setup by the nodal department, which is responsible for implementing RSBY. Financial bidding is done by the nodal agency for registered public or private insurance companies. The financial bid is necessarily an annual premium per enrolled households. The states RSBY are selected on the basis of technically qualified insurers with the lowest bid .A state can seek bids for various districts from many numbers of insurers. Compensation is given to selected insurers on the basis of number of smartcards issued or households covered.

Every contract is specifically based on the individual district is a state, if insurer agrees to setup an office in each district depending on its operations more than one insurer can operate in a particular state but when it comes to district only one insurer can operate in a single district at any given point of time. After being selected as a state RSBY insurer. The insurer company has to do some basic work, first must agree to provide cashless cards issued to all enrolled members and to cover the benefit package prescribed by the central ministry of labour and employment. Then should contract with the qualified TPAS smart card provides insurer should also engage some intermediaries with local presence such as NGOs, so they make aware about the scheme to the beneficiaries after they are enrolled. Insurer should make list of network hospitals that will provide cashless treatment. Empanelled hospitals should fulfil the minimum requirement and provide qualified staff to deal with RSBY activities such s smartcard and fingerprints reader. Empanelled hospitals should include both private and public hospitals.⁶

⁵ Determinants of customer satisfaction with hospitals: a managerial model. *International Journal of Health Care Quality Assurance*, 11(6), 181-187.

⁶ K., & Perumal, R. (2015). Health insurance in India. *International Journal of Advanced Research in Management and Social Sciences*, 4(10), 84- 104.

EMPANELMENT OF HEALTH CARE PROVIDERS

Before starting of enrolment process and selection of insurance company is done. Then insurer expands both public and private hospitals, state government also plays a great role in supporting insurance company for identifying well established hospitals for empanelment according to the prescribed criteria given by the government, insurance companies also empanels hospitals in nearby areas of the beneficiaries, so that beneficiaries need not to travel very far for treatment as they belong to very poor families. At the time of enrolment insurance company provides brochures carrying information about the hospitals for the enrolled beneficiaries.

The insurer expands to empanel large number of hospitals under RSBY which are in the easy reach of the beneficiaries, more communication about the network hospitals to the beneficiaries is done through hoardings, and wall paintings in the villages. Necessary technology to be used in implementation of RSBY scheme is also installed at the concerning network hospitals. There empanelled hospitals are also provided with the unique ID and need hardware and software are also provided to their network empanelled hospitals, so it's easy to process smartcard transaction at every hospital special RSBY desk is setup with the trained staff. Insurance companies or their representatives train the hospital staff for RSBY scheme clearly depicts their roles. MOLE generates a unique number of each empanelled hospital across India which is further provided to the state nodal agency with the security smart card called HAC.HAC smartcard provided to hospitals help to track and read the smart card of the beneficiary for the transaction when they visit hospital for transactions.⁷

ROLE OF STAKEHOLDERS UNDER RSBY SCHEME

RSBY scheme has set a good example that how scheme of this scale can be successfully implemented with the corporation of different stakeholders. The experts supported the conceptual framework of RSBY such as design, processes and development and agencies at international level such as World Bank and Deust sche cresels chaffe fur international zussam menarbeit. The stakeholders from different organizations provided many intellectual inputs. RSBY scheme is a unique scheme providing social security to the vulnerable sections of society with the government and private sectors delivering the benefits. This scheme is also an excellent example to deliver social security with the public private cooperation.

CONCLUSION

To make a health insurance system more effective and to be in reach of entire population. Government of India introduced RSBY Rashtriya Swasthya Bima Yojana, which started rolling from 1st April 2008. This scheme generally started to cover the

⁷ Uncertainty and the Welfare Economics of Medical Care. American Economic Review, 53(5), 941-973

BPL families throughout the nation and also started and established properly in C.G. This National health insurance scheme proved out to be a positive success due to its proper management & execution irrespective of other health insurance schemes at National level. Despite all these where health insurance sector has shown a positive growth and sound results. There are still some major problems relating to the health insurance sector. Health insurance sector has greater potential in the country but its penetration is very low. The growth of health insurance has to be increased at a faster rate by means of various activities like awareness programmes, publicity activities & proper marketing activities. After studying many problems relating to health insurance in the research work. Some measures are recommended to overcome those problems. Intermediaries working in the health insurance sector like agents should be equipped enough to enrol more policies and to serve better for customers. TPAs should work together with the other stakeholders like health care providers to enhance the health insurance sector in India.

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