HEALTH INSURANCE

INTRODUCTION TO HEALTH INSURANCE

What is Healthcare
You have heard of the saying "Health is Wealth". Have you ever tried to know what Health actually means? The word 'Health' was derived from the word 'hoelth', which means 'soundness of the body'.

In olden days, health was considered to be a 'Divine Gift' and illness was believed to have been caused due to the sins committed by the concerned person. It was Hippocrates (460 to 370 BC) who came up with the reasons behind illness. According to him, illness is caused due to various factors relating to environment, sanitation, personal hygiene and diets.

The Indian system of Ayurveda which existed many centuries before Hippocrates, considered health as a delicate balance of four fluids: blood, yellow bile, black bile and phlegm and an imbalance of these fluids causes ill health. Susruta, the Father of Indian medicine is even credited with complex surgeries unknown to the West in those times.

Evolution of Health Insurance in India
While the government had been busy with its policy decisions on healthcare, it also put in place health insurance schemes. Insurance companies came with their health insurance policies only later. Here is how health insurance developed in India:

a) Employees' State Insurance Scheme

Health Insurance in India formally began with the beginning of the Employees' State Insurance Scheme, introduced vide the ESI Act, 1948, shortly after the country's independence in 1947. This scheme was introduced for blue-collar workers employed in the formal private sector and provides comprehensive health services through a network of its own dispensaries and hospitals.

ESIC (Employees State Insurance Corporation) is the implementing agency which runs its own hospitals and dispensaries and also contracts public/private providers wherever its own facilities are inadequate.

All workers earning wages up to Rs. 15,000 are covered under the contributory scheme wherein employee and employer contribute 1.75% and
4.75% of pay roll respectively; state governments contribute 12.5% of the medical expenses.

The benefits covered include:

a)   Free comprehensive healthcare at ESIS facilities
b)   Maternity benefit
c)   Disability benefit
d)   Cash compensation for loss of wages due to sickness and survivorship and
a)   Funeral expenses in case of death of worker

Insurance Products (Non Life)	Page 1