

US 603 Research Methods in Urban Science Centre for Urban Science and Engineering

Contrasting the out of pocket healthcare expenditure
among people with and without insurance

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Objectives

- To examine the effect of Public Health Insurance Programs for the Poor on hospitalizations and inpatient Out-of-Pocket costs.
- Analysis of healthcare policies by Indian Government such as “AYUSHMAN BHARAT”.
- Role of private sector and public sector in health care sector.
- Strategies to reduce out-of-pocket payments
- Survey or descriptive statistics regarding catastrophic expenditures.

Coverage of insurance schemes

- Only 44% of the 1.3 billion people in India have a health insurance policy.
- Healthcare expenditure as a percentage of GDP is just 4.7% in India, while the US, spends about 18% of its GDP.
- Lack of health insurance coverage and inadequate coverage are important reasons for high out-of-pocket health expenditures.
- There are many Public Health Insurance Programs offered by the Government that cover the cost of hospitalization for the people below poverty line (BPL), but their coverage is still not complete.

Impact of health insurance on poor

- Increased health insurance coverage leads to increase in utilization of health services, but the effect of health insurance coverage on financial risk protection is less clear, especially for poor beneficiaries.
- This is because, there are two opposing forces in play due to increased coverage of insurance; one aspect is the increased access and utilization due to insurance coverage, which increases total health care cost and second, even with lower OOP rates per service, total OOP may actually become higher due to higher utilization.
- The health insurance for the poor in India covers only inpatient services. This creates an incentive for the patients to visit hospitals and get hospitalized, instead of using basic primary health care services.

Public Health Insurance programs

There are many Public Health Insurance programs offered by the Government of India to minimise peoples' OOP expenditures such as-

- **RSBY** - It is a health insurance program started by the Ministry of Labour and GOI in 2008 and it provides a wide range of hospital based healthcare services to BPL families.
- **Ayushman Bharat Yojna** - Launched by Ministry of health and family welfare, GOI to provide free healthcare services to more than 40% of population and it offers a health cover of 5 Lakhs. This scheme covers medicines, diagnostic expenses, medical treatment and pre-hospitalization costs.
- **Pradhan Mantri Suraksha Bima Yojna** - This scheme aims to provide accident insurance to people in age group of 18 to 70, having a bank account. It provides an annual cover of Rs 2 lakh for total disability and Rs 1 lakh for partial disability.
- **Aam Aadmi Bima Yojna** - Established in 2007 and covers individual from age of 18-59. This scheme is tailored for all those citizens living in the upcountry and in the rural areas. It also covers landless citizens tenants living in both urban and rural areas. It also includes giving scholarship to underprivileged children.

Ayushman Bharat Yojana

- Beneficiaries will receive Ayushman Bharat Family Health Cards. The key stakeholders in the scheme besides the consumers or beneficiaries are the Healthcare Providers, State governments.
- It is stated that the government is set to allocate 100 billion Rupees for this ambitious health programme.
- Beneficiaries will have a defined benefit cover of Rs. 5 lakh per family per year.
- To control costs the payments for the treatment will be done on package rate basis
- This will lead to increased access to quality health and medication. In addition, the unmet needs of the population which remained hidden due to lack of financial resources will be catered too.

Ayushman Bharat Yojana

- This will lead to timely treatments, improvements in health outcomes, patient satisfaction, improvement in productivity and efficiency, job creation thus leading to quality of life.
- Ayushman Bharat - National Health Protection Mission will have major impact on the reduction of Out of Pocket (OOP) expenditure on ground
- This scheme will target about 10.74 crore poor, deprived rural families and identified occupational category of urban worker families.
- In the first year of the scheme, according to the health and family welfare, in the last one year, around 46.4 lakh hospital treatments worth ₹7,500 crore have been carried out, and 60% of the amount spent was on tertiary care.

Core Features of AB PM-JAY



A cover of INR 5 lakh per family per year



Over 10 crore poor and vulnerable families eligible



States given flexibility to decide on mode of implementation



Benefits will be portable across the country



Entitlement based scheme

Comparison of private sector and public sector in health care sector.

- The public sector is plagued by a number of weaknesses in terms of inefficiency of services provision, poorly motivated staff, prevalent dual practice of public employees, poor working conditions and geographical imbalances.
- Private sector is not developing in ways that address the weaknesses of the public sector. Poorly regulated, it operates as an isolated entity, strongly profit-driven.
- The increasing burdens on public health care system calls for government to abandon its passive role and take action to direct growth and use potential of private sector.

Positives of available insurance schemes

- In 2017, Indians spent around 62 percent of their total health expenditure as out-of-pocket expenditure. This was at 74 percent in fiscal year 2001, showing a gradual decrease in the share of healthcare expenses that people pay directly to the providers.
- Insurance plays a twin role in health financing. One is to raise revenue for health care services that could be used to increase the quality and quantity of services and make public health facilities more accessible to the general public. The other one is to pool these resources so that health risks can be effectively shared among the members of the insurance scheme
- Health insurance policy is to improve access to care and to reduce individual spending at the time of use, which is particularly important for those with limited ability to pay.

Negatives of available insurance schemes

- On the flip side, the inclusive philosophy behind insurance gives rise to a problem euphemistically called moral hazard which may arise both from consumer and supplier side.
- Demand side moral hazard occurs when members of a Health Insurance plan use services more frequently and more expensive services than they would have had they not been the members.
- Supply side moral hazard is supply-induced demand especially under a fee-for-service system in which providers have 10 financial incentive to do more medical and surgical procedures. Since providers have little or no influence on the level of fees, there is a potential risk for excessive provision of services in the form of longer hospital stays, overuse of diagnostic tests, (expensive) drugs and other services.
- Both types of moral hazards lead to unnecessary consumption of healthcare and consumers end up with higher out of pocket expenditure which is not desired.

Strategies to reduce out-of-pocket payments

- Abolish user fees and charges in public health facilities
- Target and exempt specific population groups such as the poor and vulnerable, pregnant women and children from official payments
- Target and exempt a range of health services such as maternal and child care from official payments and deliver them free of charge.

These strategies need decision-making and proper preparation. User fee abolition and exemption can have a large impact on both demand and supply of health services. They likely increase the demand for services which subsequently affects the workload of health workers.

Survey questions

1. Do you currently have health insurance, or not?
2. Were you without health insurance for any amount of time in the past of 12 months, or not?
3. Who pays for your health insurance?
4. Do your insurance plan satisfy enough services?
5. Why do you currently not have health insurance?

Survey Form Link -

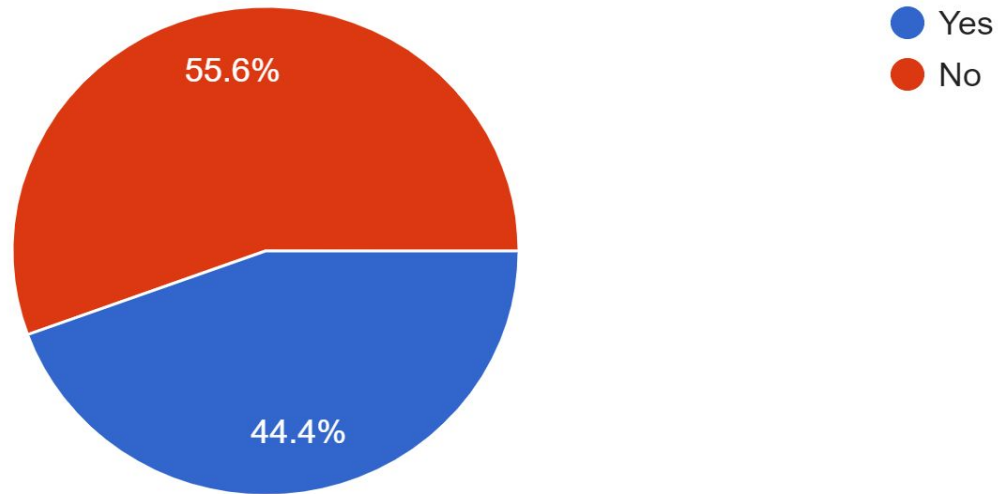
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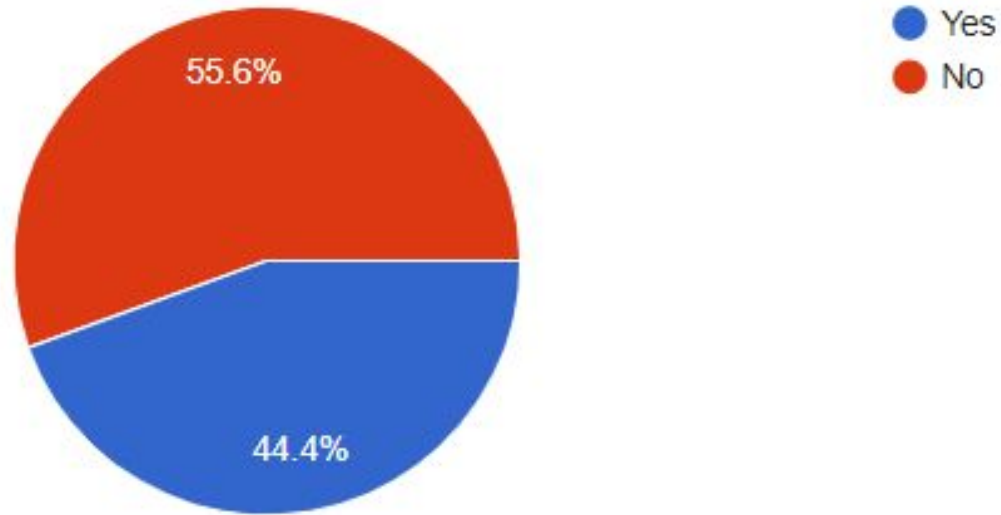
DATA PRESENTATION

Do you currently have health insurance, or not?

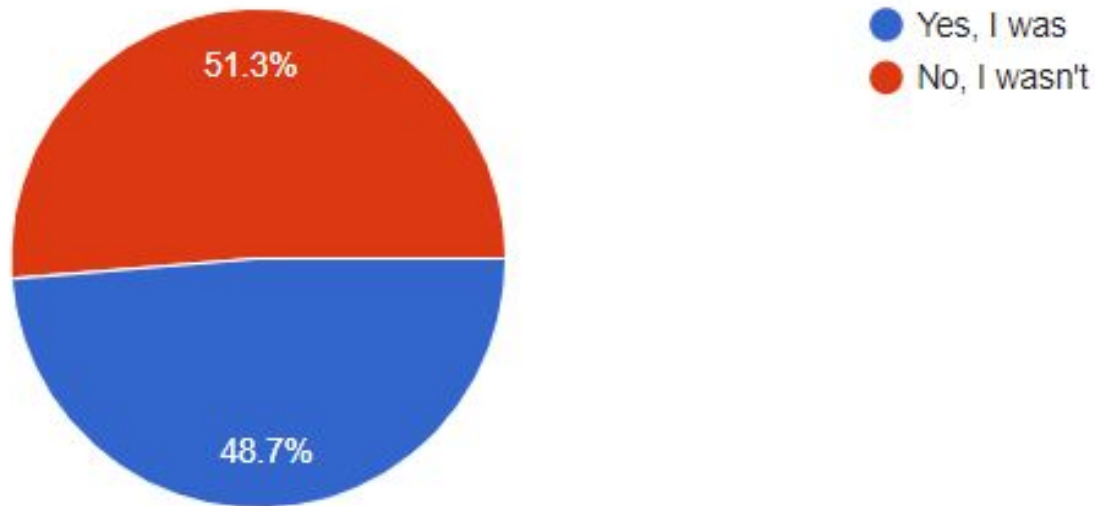
433 responses



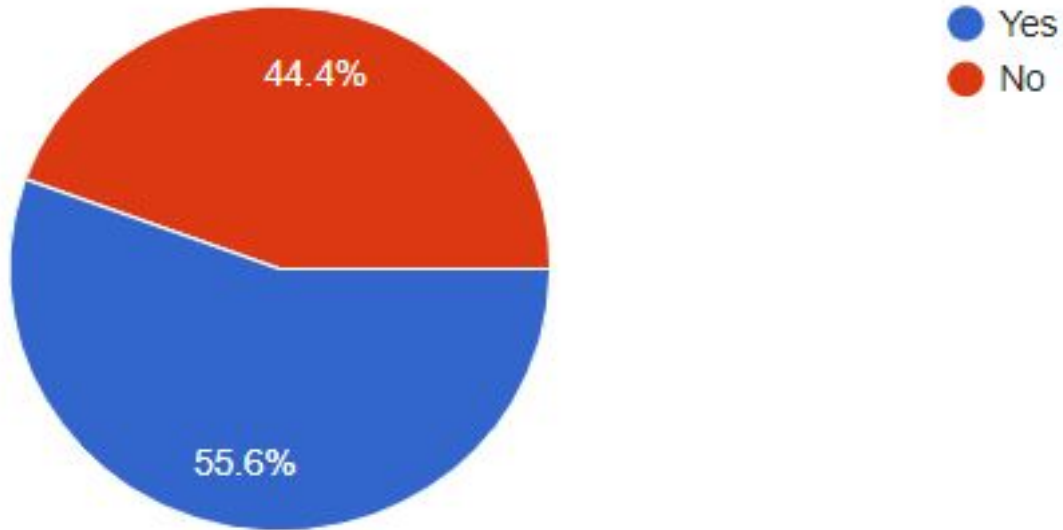
Do you currently have health insurance , or not?



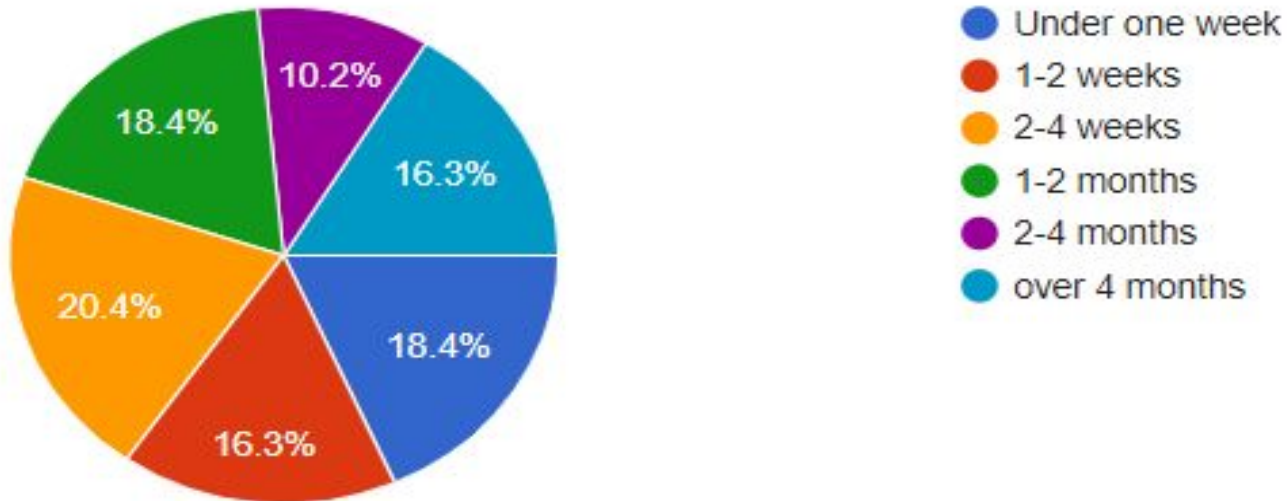
Were you without health insurance for any amount of time in the past 12 months, or not?



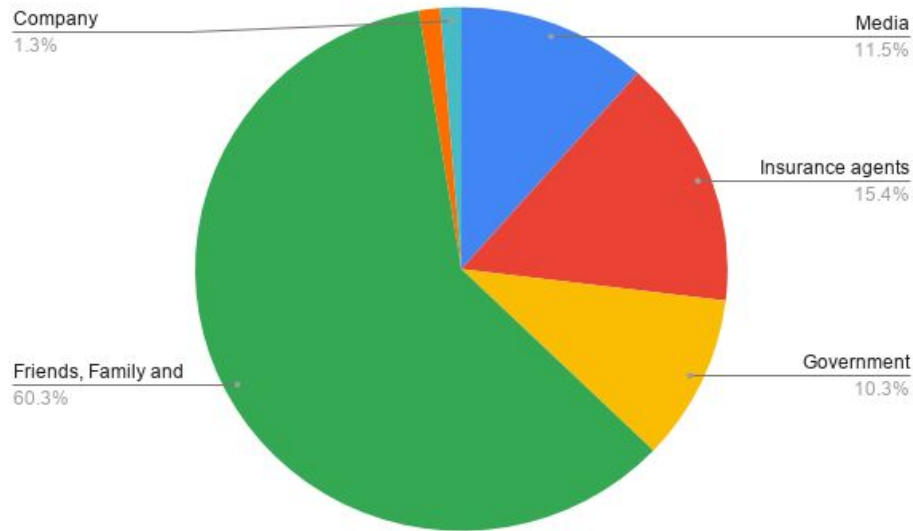
Do your insurance plan satisfy enough services?



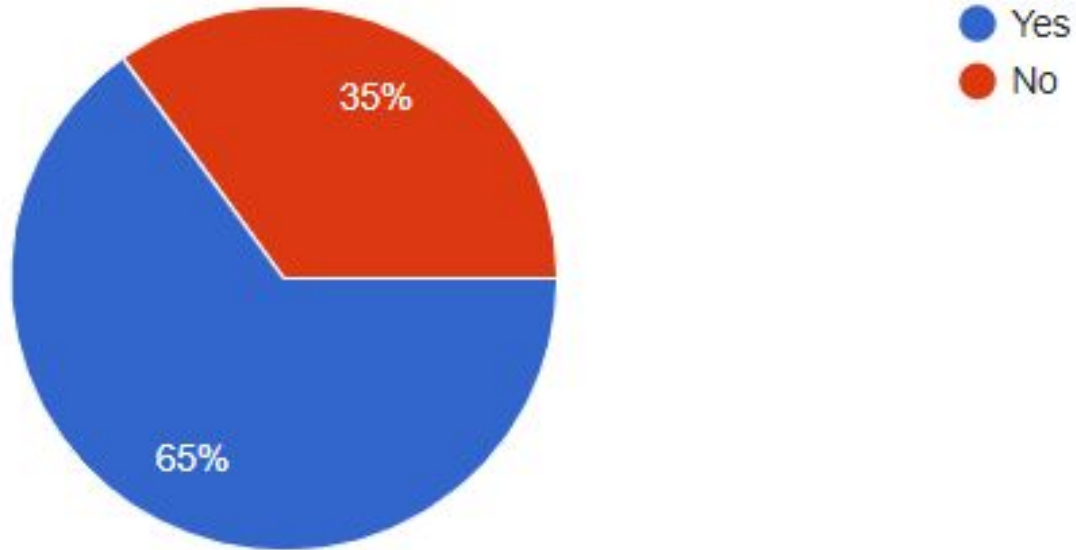
How long did it take for the claim to be settled?



Who influenced you target an insurance policy?



Are you more willing to take health insurance after COVID-19



General Observations

- Inadequate data of all age group: Majority of the people participated in the survey are below 20 years of age, which affects the outcomes of the survey
- Around 23% of the people don't think they need health insurance, this concludes that people are not enough aware of benefits of insurance
- Around 28% of the people thinks that insurance is too expensive this resembles insufficient marketing of the insurance plans.
- Around 45% of the people are frustrated with the delay in settlement of claim

General Observations

- Around 54% of the people fund their insurance themselves
- Covid-19 epidemic make feel the need of the health insurance among majority of the people
- Majority of the people thinks that having insurance provides financial protection, helps to maintain economic stability, to reduce health care expenses and to prevent huge capital loss
- Insurance agents still contribute only 15% in influencing people for the health insurance, this resembles insurance company has lot do to in marketing and publicity of health insurance schemes



METHODOLOGY

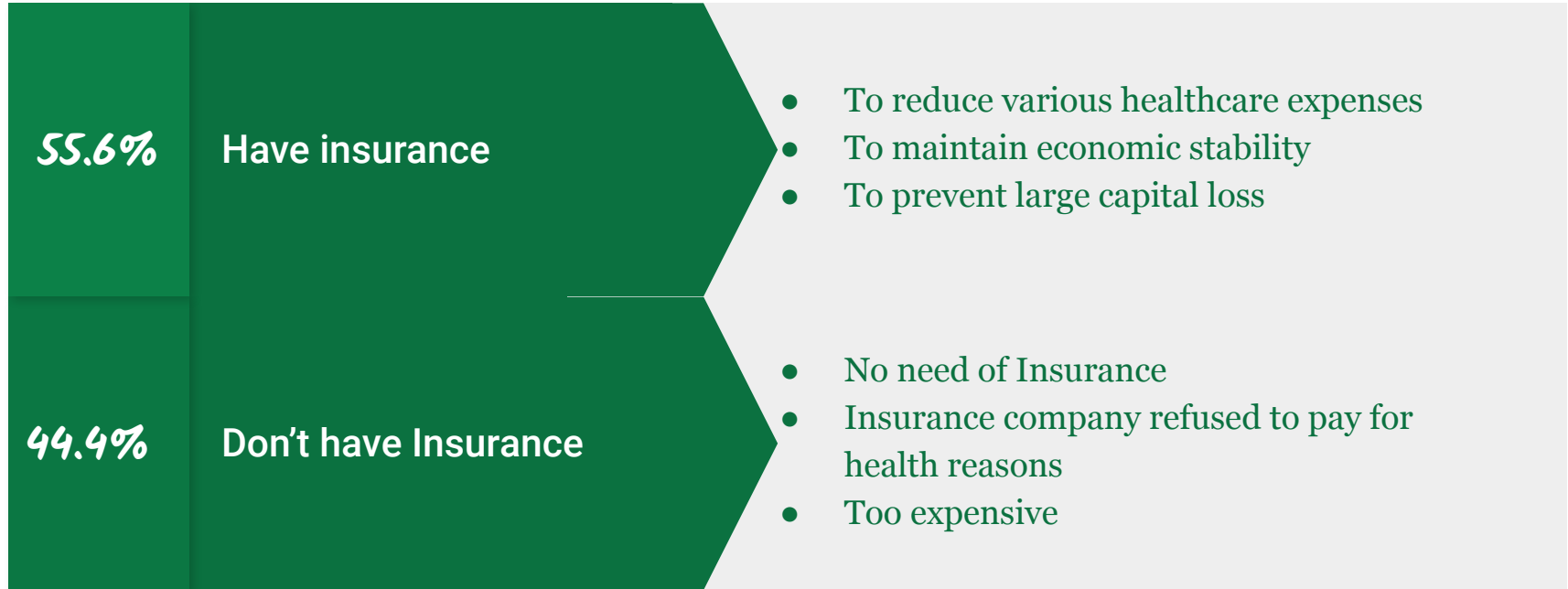
Motive and Mindframe behind the questions formed in survey

- To distinguish the people in various categories and aiming to recognise a pattern between the people having insurance and not having insurance.
- We try to dig deep into the source of funding of insurance, in order to determine the contribution of public sector and government sector in the insurance business.
- Through options provided in questions we tried to give people a glance of pros and cons of insurance and various insurance policy government around them.

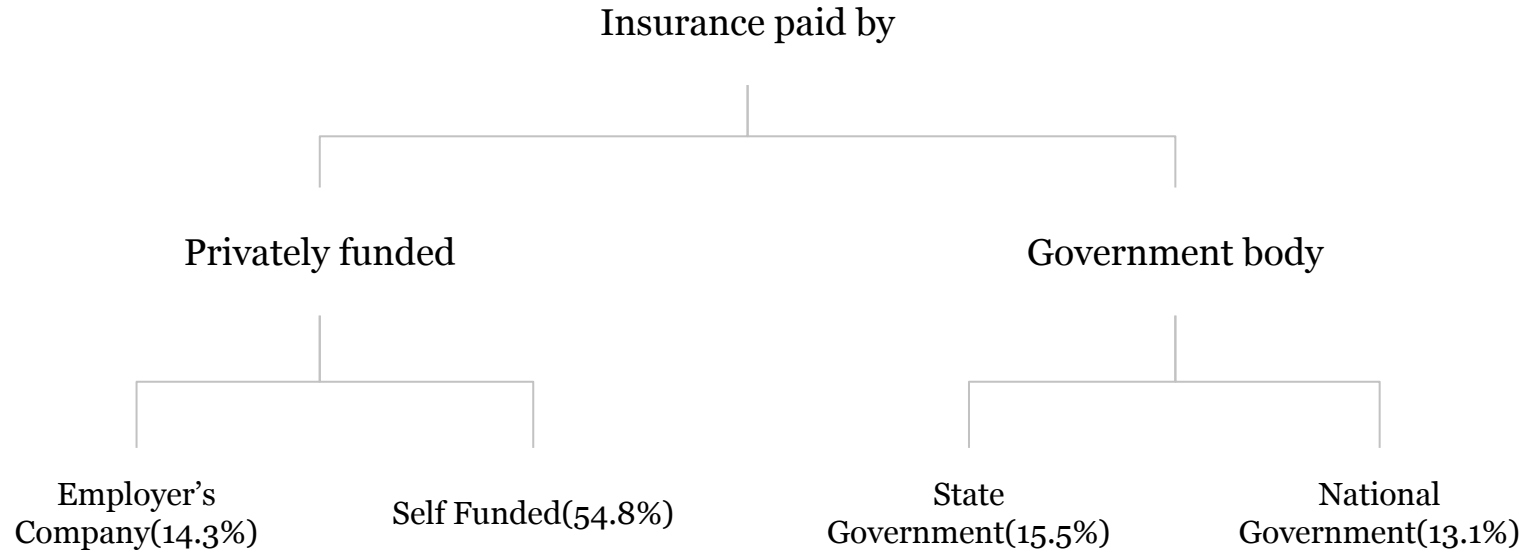
Idea BEHIND SURVEY QUESTIONS

- Overall 117 responses were taken in the survey, out of which 66 (55.6%) people have an insurance and remaining 51 don't have any insurance.
- Then, questions are framed for these two groups like why people have or haven't insurance.
- Aim of the survey was to study people's perception about insurance and know how many people are aware of the insurance schemes and its benefits.
- To acknowledge the impact of covid epidemic on people's point of view on importance of insurance.

COVERAGE OF INSURANCE



FUNDING OF INSURANCE



REFERENCES

- Online articles were referred for adequate information regarding the project like [WHO article](#) and [BMC article](#).
- Different websites were referred to study different types of insurance schemes and its' benefits like [Policybazaar](#), [Bajaj Finserv](#), etc.
- [Report](#) on Out-Of-Pocket (OOP) Financial Risk Protection: The role of health insurance.

Our Opinion

- Insurance is the necessity of the time and is vital in the developed world where majority of the population will be having tertiary occupation.
- Insurance is a large investment and we will most likely purchase multiple policies throughout your lifetime. We do not want to waste our money on policies that do not meet our needs, but the right insurance policy can protect you and our family from unforeseen disasters.
- It will help us pay for medical emergencies, hospitalisation, contraction of any illnesses and treatment, and medical care required in the future. The financial loss to the family due to the unfortunate death of the sole earner can be covered by insurance plans.

Relevance of the project

- This study can be used to spread awareness about the benefits of the insurance schemes
- More competition must be ensured in order to maximise the service quality at the consumer end
- From the service provider point of view data collected with the help of the survey at large scale similar to project survey can help them analyse the behaviour and expectations of the consumer, and thus help them come up with better insurance plans

Relevance of the project

- Nowadays insurances companies are providing automated services. Like HDFC Life making complete customer servicing – premium payment, fund management, making claim available online and customer care support helps addressing all our queries without ever stepping in branch
- So day by day increasing facilities provided by various insurances companies are good enough and we should buy insurance according to our needs and budget.