e. At bus stops, railway stations, markets and other public places.

f. Produce easy to read and recognisable information booklets and posters on the services provided to be prepared and distributed to NGOs for display in their offices.

g. Develop and use a distinctive and easy to recognize logo.

HEALTH INSURANCE: INDIAN SCENARIO

By

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"In order to work out a viable health insurance system, geographical mapping of health infrastructure would be undertaken by the Government." — Dr. *A. Ramadoss*

Health is a human right, which has also been recognized and accepted in the Constitution of India. Its accessibility and affordability has to be insured. Much of the Indian population both in rural and urban areas have acceptability and affordability towards medical care, at the same time cannot be said about the people who belong to poor strata of the society. It is well known that more than 75% of the population utilizes private sectors or medical care unfortunately medical care becoming costlier day by day and it has become almost sky scrapper to the poor people. Today there is need for injection of substantial resources in the health sectors to ensure affordability of health care to all. Health insurance is an important option, which needs to be considered by the policy makers and planners. Health care has always been a problem area for India, a nation with a large population and a larger percentage of this population living in urban slums and in rural area, below the poverty line.[1]

Nearly 80% of Indian populations are without life insurance cover and the health insurance. Health insurance designed to pay the costs associated with health care. Health insurance plans pay the bills from physicians, hospitals, and other providers of medical services. By doing so, health insurance protects people from financial hardship caused by large or unanticipated medical bills.

The health care system in India is characterized by multiple systems of medicine, mixed ownership patterns and different kinds of delivery structures. Public sector ownership is divided between Central and State Governments, Municipal and Panchayat Local Governments. Public health facilities include teaching hospitals, secondary level hospitals, first-level referral hospitals (CHCs or rural hospitals), dispensaries; primary health centers (PHCs), sub-centres, and helath posts. Also included are public facilities for selected occupational groups like organized work force (Employees State Insurance), defence, Government employees (CGHS), railways, post and telegraph and mines among others. The private sector (for profit and not for profit) is the dominant sector with 50 per cent of people seeking indoor care and around 60 to 70 per cent of those seeking ambulatory care (or out-patient care) from private health facilities. While India has made

1. http://www.pitt.edu/~super1/lecture/lec 19571/005.htm>

significant gains in terms of health indicators - demographic, infrastructural and epidemiological, it continues to grapple with newer challenges. Not only have communicable diseases persisted over time but some of them like malaria have also developed insecticide-resistant vectors while others like tuberculosis are becoming increasingly drug resistant. HIV/AIDS have of late assumed extremely virulent proportions. A person who will be treated in hospital has to bear medical expenses *etc.* One should have to purchase the health insurance to reduce his/her financial burden and thus health insurance has become compulsory to every citizen of the country.

1.0 Introduction

Health insurance protects people from financial loss caused by the high cost of medical care. The cost of a one-day stay in a hospital is - including the cost of all other health care services - almost touching the sky in India. Health care costs of this magnitude pose substantial risks to most families' financial well-being.

By combining, or *pooling*, the risks of many people into a single group, insurance can make the financial risks associated with health care more manageable. Experts can reasonably predict the health care costs of a large group, even though they cannot know in advance how much health care will be required by any given individual. Through insurance, each person who buys coverage agrees to pay a share of the group's total losses in exchange for a promise that the group will pay when he or she needs services. Essentially, individuals make regular payments to the plan rather than having to pay especially large sums at any one time in the event of sudden illness or injury. In this way, the group as a whole funds expensive treatments for those few who need them.

Many people believe that in addition to providing financial stability, health insurance can promote good health. Supporters of this idea claim that by lowering the personal cost of services, insurance induces individuals to seek health-maintenance services more regularly than they otherwise would, thereby heading off potentially serious illnesses.[2]

Illness or non-work related injury can be financially devastating, especially when considering the rising cost of health care over the past few years. Insurance (particularly health) can help protect you from large out-of-pocket health care expenses that can accumulate during an acute or chronic illness. If any one has a job, then that employer may provide group comprehensive major medical coverage. One can also purchase individual comprehensive major medical coverage privately or through an insurance agent or broker who is licensed by the appropriate Government to sell health insurance products[3].

1.1 Insurance and Types of Insurance:

The origin of insurance is very old. The time immemorial; man has sought some sort of protection from the unpredictable calamities of the nature. The basic urge in man to secure himself against any form of risk and uncertainty led to the origin of insurance. The insurance came to India from UK.[4]

Leading a happy life, involves good planning for your health. Accidents happen and one need to be prepared for such situations. In times of high health cost, one needs to get covered for health risks. A good insurance should cover Doctor Visits, Lab tests, Hospital stays and Diagnostic tests. There are quite a few companies covering health risks with good Insurance policies. Thus the insurance is must to cover those unpredictable expenses.

2. http:/encarta.msn.com/encyclopedia - 761576408/Health - Insurance.html#s9
3. http://www.insurance.ca.gov/CSD/Brochure/Health/Health Insurance.htm
4. www.indiainfoline.com/bisc/ari/lifi.pdf

Insurance is a contract in which one party agrees to pay for another party's financial loss resulting from a specified event (for example, a collision, theft, storm damage or ill health). Examples of the different types of insurance available are automobile, credit, food, managed care, life, home, health and worker's compensation. Whereas in most cases the insured is paid for their loss, with life insurance a beneficiary is paid when the insured person passes away. The Insurance sector in India governed by Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and General Insurance Business (Nationalisation) Act, 1972, Insurance Regulatory and Development Authority (IRDA) Act, 1999 and other related Acts.[5] This paper is restricted only to the health insurance and its issues.

1.2 Health Insurance

With sky rocketing prices of health care expenses, health insurance plays an important role in today's world. It is the buffer against medical emergencies. Health insurance in India is gaining such a high trend that policies are out for every body including infants.[6]

Health insurance defined as insurance of human beings against bodily injury, disablement or death by accident or accidental means, or the expense thereof, or against disablement or expense resulting from sickness, and every insurance appertaining thereto. Health insurance coverage provides benefits as a result of sickness or injury. Policies include insurance for losses from accident, medical expense, disability, or accidental death and dismemberment.

Health insurance in a narrow sense would be 'an individual or group purchasing health care coverage in advance by paying a fee called *premium*.' In its broader sense, it would be any arrangement that helps to defer, delay, reduce or altogether avoid payment for health care incurred by individuals *and* households. Given the appropriateness of this definition in the Indian context, this is the definition, the author would like to adopt.

1.3 The Need of Health Insurance:

Most of the courtiers in the world did not have socialized medical care. If there is no health insurance coverage, one has to pay for health care out of once own finances at the time of service. This can run into many thousands of rupees/dollars for serious illnesses.

One has to buy health insurance for the same reason one buy other kinds of insurance: to protect oneself financially. With health insurance, one can protect oneself and his/her family in case one need medical care that could be very expensive.

One cannot predict what one's medical bills will be. In a good year, the costs may be low. But if one becomes ill at present era and then bills could be very high this time. If one has health insurance, many of his/her costs are covered by a third-party payer, not by oneself. A third-party payer can be an insurance company or, in some cases, it can be his/her employer.[7]

2.0 The position of Health Insurance in India[8]:

The health insurance market in India is very limited covering about 10% of the total population. The existing schemes can be broadly categorized as:[9]

(1) Voluntary health insurance schemes or private-for-profit schemes;

(2) Employer-based schemes;

(3) Insurance offered by NGOs/community based health insurance, and

(4) Mandatory health insurance schemes or Government run schemes *viz.*, ESIS (Employees State Insurance Scheme),

5. http:/www.economywatch.com/indianeconomy/Indian-insurnace-sector.html
6. http:/www.indianchild.com/Business/medical-insurance-india.htm
7. http://www.foreignborn.com/self-help/health-insurance/3-howto-purchase.htm
8. http://w3.whosea.org/Link Files/Social-Health-Insurance-an2.pdf
9. http://w3.whosea.org/Link Files/Social-Health-Insurance-an2.pdf

CGHS (Central Government Health Scheme)

Availability of Insurance as follows: 1) Indemnity insurance: where the insurer first pay to the hospital and claim is made. E.G. Jeevan Asha II, Asha Deep II, Mediclaim *etc.*, 2) Cash less claim facility: TPAs (Third Party Administrators) who bear the expenses on behalf of insurance company. Patients need not to pay directly as a rule *e.g.* Bajaj Alliance; Community Based Health Insurance (CBHI)

2.1 Health Insurance in Public Sector:

In the public sector, the General Insurance Corporation (GIC) and its four subsidiary companies (National Insurance Corporation, New India Assurance Company, Oriental Insurance Company and United Insurance Company) and the Life Insurance Corporation (LIC) of India provide voluntary insurance schemes. The Life Insurance Corporation offers *Ashadeep Plan II* and *Jeevan Asha Plan II*. The General Insurance Corporation offers *Personal Accident policy*, *Jan Arogya policy*, *Raj Rajeshwari policy*, *Mediclaim policy*, *Overseas Mediclaim policy*, *Cancer Insurance policy*, *Bhavishya Arogya policy* and *Dreaded Disease policy* (*Srivastava 1999 as quoted in Bhat R & Malvankar D, 2000*)

Of the various schemes offered, Mediclaim is the main product of the GIC. The Medical Insurance Scheme or Mediclaim was introduced in November 1986 and it covers individuals and groups with persons aged 5 - 80 yrs. Children (3 months - 5 yrs) are covered with their parents. This scheme provides for reimbursement of medical expenses (now offers cashless scheme) by an individual towards hospitalization and domiciliary

2.2 Voluntary health insurance schemes or private-for-profit schemes

In private insurance, buyers are willing to pay premium to an insurance company that pools people with similar risks and insures them for health expenses. The key distinction is that the premiums are set at a level, which provides a profit to third party and provider institutions. Premiums are based on an assessment of the risk status of the consumer (or of the group of employees) and the level of benefits provided, rather than as a proportion of the consumer's income. Private insurance can either be: Employer-provided group coverage or individually-purchased family coverage.[10]

2.21 Bajaj Allianz: Bajaj Alliance offers three health insurance schemes namely, Health Guard, Critical Illness Policy and Hospital Cash Daily Allowance Policy.

2.22 ICICI Lombard: ICICI Lombard offers Group Health Insurance Policy. This policy is available to those aged 5-80 years, (with children being covered with their parents) and is given to corporate bodies, institutions, and associations. The sum insured is minimum Rs.15,000/- and a maximum of Rs.5,00,000/-. The premium chargeable depends upon the age of the person and the sum insured selected. A slab wise group discount is admissible if the group size exceeds 100.

2.23 Royal Sundaram Group: The *Shakthi* Health Shield policy offered by the Royal Sundaram group can be availed by members of the women's group, their spouses and dependent children. No age limits apply. The premium for adults aged up to 45 years is Rs.125/- per year, for those aged more than 45 years is Rs.175/- per year. Children are covered at Rs.65/- per year.

2.24 Cholamandalam General Insurance: The benefits offered (in association with the Paramount Health Care, a re-insurer) in case of an illness or accident resulting in hospitalization, are cash-free hospitalization in more than 1,400 hospitals across India, reimbursement of the expenses during pre-hospitalization (60 days prior to hospitalization) and post-hospitalization (90 days after discharge) stages of treatment.

2.25 New India Assurance Bhavishya Arogya: Age from 3 to 50 years. Bhavishya

10. http://www.lawyers.com/lawyers/A~1001742~LDS/HEALTH+INSURANCE.html

Arogya is essentially to take care of medical expenses needs of persons in their old age.

2.26 Mediclaim insurance: General Insurance Corporation through its four subsidiaries: Oriental Insurance, New India Assurance, National Insurance Company, United India Insurance. Between 5 - 80 years. Children between 3 months and 5 years can be covered provided one or both parents are also covered. Insures against any hospitalization expenses arise in future. The scheme reimburses hospitalization expenses for illness, diseases or injury sustained, excludes any disease existing before taking the policy.

2.3 Employer-based schemes

Employers in both the public and private sector offers employer-based insurance schemes through their own employer-managed facilities by way of lump sum payments, reimbursement of employee's health expenditure for out-patient care and hospitalization, fixed medical allowance, monthly or annual irrespective of actual expenses, or covering them under the group health insurance policy. The railways, defence and security forces, plantations sector and mining sector provide medical services and/ or benefits to its own employees. The population coverage under these schemes is minimal, about 30-50 million people.

2.4 Insurance offered by NGOs/community-based health insurance

Community-based funds refer to schemes where members prepay a set amount each year for specified services. The premia are usually flat rate (not income-related) and therefore not progressive. Making profit is not the purpose of these funds, but rather improving access to services. Often there is a problem with adverse selection because of a large number of high-risk members, since premiums are not based on assessment of individual risk status. Exemptions may be adopted as a means of assisting the poor, but this will also have adverse effect on the ability of the insurance fund to meet the cost of benefits. Community-based health insurance schemes are as follows:

2.41 Self-Employed Women's Association (SEWA), Gujarat: This scheme established in 1992, provides health, life and assets insurance to women working in the informal sector and their families. Another CBHI scheme located in Gujarat, is that run by the Tribhuvandas Foundation (TF), Anand. This was established in 2001.

* The Mallur Milk Co-operative in Karnataka established a CBHI scheme in 1973. the Action for Community Organization, Rehabilitation and Development (ACCORD), Nilgiris, Tamil Nadu was established in 1991.
* Kadamalai Kalanjia Vattara Sangam (KKVS), Madurai, This was established in 2000 and covers members of women's self-held groups and their families.
* The Voluntary Health Services (VHS), Chennai, Tamil Nadu was established in 1963.
* Raigarh Ambikapur Health Association (RAHA), Chhatisgarh was established in 1972.

2.42 Government run schemes (namely the ESIS, CGHS)

Social insurance is an earmarked fund set up by Government with explicit benefits in return for payment. It is usually compulsory for certain groups in the population and the premiums are determined by income (and hence ability to pay) rather than related to health risk. The Government-run schemes include the Central Government Health Schemes (CGHS) and the Employees State Insurance Scheme (ESIS).

2.421 Central Government Health Scheme (CGHS) : Since 1954, all employees of the Central Government (present and retired); some autonomous and semi-Government organizations, MPs, Judges, freedom fighters and journalists are covered under the Central Government Health Scheme (CGHS). This scheme was designed to replace the cumbersome and expensive system of reimbursements (GOI, 1994). It aims at providing

comprehensive medical care to the Central Government employees and the benefits offered include all out-patient facilities, and preventive and promotive care in dispensaries. In-patient facilities in Government Hospitals and approved private hospitals are also covered.

2.422 Employee and State Insurance Scheme (ESIS) : The enactment of the Employees State Insurance Act in 1948 led to formulation of the Employees State Insurance Scheme. This scheme provides protection to employees against loss of wages due to inability to work due to sickness, maternity, disability and death due to employment injury. It offers medical and cash benefits, preventive and promotive care and health education. Medical care is also provided to employees and their family members without fee for service. Originally, the ESIS scheme covered all power-using non-seasonal factories employing 10 or more people. Later, it was extended to cover employees working in all non-power using factories with 20 or more persons. While persons working in mines and plantations, or an organization offering health benefits as good as or better than ESIS, are specifically excluded. Service establishments like shops, hotels, restaurants, cinema houses, road transport and newspapers printing are now covered.

2.5 Other Government Initiatives

Apart from the Government-run schemes, social security benefits for the disadvantaged groups can be availed of, under the provisions of the Maternity Benefit (Amendment) Act 1995, Workmen's Compensation (Amendment) Act 1984, Plantation Labour Act 1951, Mine Mines Labour Welfare Fund Act 1946, Beedi Workers Welfare Fund Act 1976 and Building and other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996.

The Government of India has also undertaken initiatives to address issues relating to access to public health systems especially for the vulnerable sections of the society. The National Health Policy 2002 acknowledges this and aims to evolve a policy structure, which reduces such inequities and allows the disadvantaged sections of the population a fairer access to public health services.

2.6 Health insurance initiatives by State Governments

In the recent past, various State Governments have begun health insurance initiatives. For instance, the A.P. Government is implementing the *Aarogya Raksha* Scheme since 2000, with a view to increase the utilization of permanent methods of family planning by covering the health risks of the acceptors. All people living below the poverty line and those who accept permanent methods of family planning are eligible to be covered under this scheme.

2.7 New Insurance Schemes

The Universal Health Insurance policy is available to groups of 100 or more families. The policy provides for reimbursement of medical expenses up to Rs.30,000/- towards hospitalization floated amongst the members of the family, death cover due to an accident for Rs.25,000/- to the earning head of the family and compensation due to loss of earning head of the family @ Rs.50/- per day up to a maximum of 15 days, after a waiting period of three days, when the earning head of the family is hospitalized. Universal health insurance policies of Oriental Insurance Company Limited among the members of the below poverty line (BPL) families of seven villages of the Moonak and Khanauri areas at a function here. The money for the premium of all these insurance policies had been paid by some social workers on behalf of the beneficiaries. Each beneficiary had been insured for Rs.30,000/- in case of accidental death and for Rs.25,000/- for the treatment of disease.[11]

2.8 The role of Third Party Administrators in health insurance:

The advent of Third Party Administrators (TPAs) is expected to play an important role in health insurance market in ensuring better services to policy holders. The presence of

11. http://www.tribuneindia.com/2005/20050501/punjab 1.htm

TPAs is expected to address the cost and quality issues of the vast private health care providers in India. However, the insurance sector still faces challenge of effectively institutionalising the services of the TPA. A lot needs to be done in this direction. The major findings about Third Party Administrators are as follows: (i) low awareness among policyholders about the existence of TPA; policy holders mostly rely on their insurance agents; (ii) policy holders have very little knowledge about the empanelled hospitals for cashless hospitalization services; (iii) TPAs insist on standardization of fee structure of medical services/procedures across providers; (iv) health care providers do experience substantial delays in settling of their claims by the TPAs; (v) hospital administrators perceive significant burden in terms of effort and expenditure after introduction of TPA and (vi) no substantial increase in patient turnover after empanelling with TPAs. However, there is an indication that hospital administrators foresee business potential in their association with TPA in the long-run[12].

2.9 Travel and Health Insurance

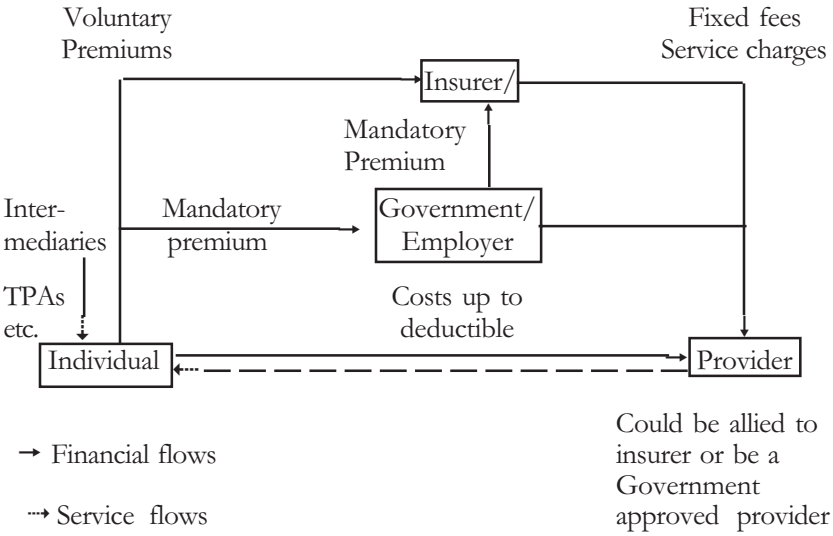
Travel and health insurance is strongly recommended for all overseas travel. Travellers should check with their insurer to make sure that their policy meets their needs. In particular, travellers should seek advice from their insurer on what type of circumstances and activities are the subject of exclusions in their policy.

Health insurance do make sure that you have comprehensive medical insurance to include private treatment and hospitalization as well as medical evacuation since the State medical services are not generally so good. Hence, keep the policy document while one is in travel is strongly recommended.

The experience of different countries suggests that private insurance has an important role to play in overall health: Sources of health insurance in countries with targeted, non-universal access to health care covered *e.g.* Netherlands restricts public health coverage to an income threshold. Private health insurance has enhanced access to timely hospital care *e.g.* in U.K. waiting time reduction and private health insurance coverage have led to a virtuous cycle.

2.10 The Traditional model of Health Insurance:

As a result, the traditional model for health insurance needs to change …



Source: http://www.pitt.edu/~super1/lecture/lec 19571/005.htm

12. http://ideas.repec.org/p/iim/iimawp/2005-01-02.html

3.0 The Existing Insurance Companies in India:

IRDA has so far granted registration to 12 private life insurance companies and 9 general insurance companies. If the existing public sector insurance companies are included, there are currently 13 insurance companies in the life side and 13 companies operating in general insurance business. General Insurance Corporation has been approved as the "Indian reinsurer" for underwriting only reinsurance business. Particulars of the life insurance companies and general insurance companies including their web address is given below:

Life Insurers	Websites
Public Sector	
Life Insurance Corporation of India	www.licindia.com
Private Sector	
Allianz Bajaj Life Insurance Company Limited	www.allianzbajaj.co.in
Birla Sun-Life Insurance Company Limited	www.birlasunlife.com
HDFC Standard Life Insurance Co. Limited	www.hdfcinsurance.com
ICICI Prudential Life Insurance Co. Limited	www.iciciprulife.com
ING Vysys Life Insurance Company Limited	www.ingvysayalife.com
Max New York Life Insurance Co. Limited	www.maxnewyorklife.com
MetLife Insurance Company Limited	www.metlife.com
Om Kotak Mahindra Life Insurance Co. Ltd.	www.omkotakmahindra.com
SBI Life Insurance Company Limited	www.sbilife.co.in
TATA AIG Life Insurance Company Ltd.	www.tata-aig.com
AMP Sanmar Assurance Company Limited	www.ampsanmar.com
Dabur CGU Life Insurance Co. Pvt. Limited	www.avivaindia.com
General Insurers	
Public Sector	
National Insurance Company Limited	www.nationalinsuranceindia.com
New India Assurance Company Limited	www.niacl.com
Oriental Insurance Company Limited	www.orientalinsurance.nic.in
United India Insurance Company Limited	www.uiic.co.in
Bajaj Allianz General Insurance Co. Limited	www.bajajallianz.co.in
ICICI Lombard General Insurance Co. Ltd.	www.icicilombard.com
IFFCO-Tokio General Insurance Co. Ltd.	www.itgi.co.in
Reliance General Insurance Co. Limited	www.ril.com
Royal Sundaram Alliance Insurance Co. Ltd.	www.royalsun.com
TATA AIG General Insurance Co. Limited	www.tata-aig.com
Cholamandalam General Insurance Co. Ltd.	www.cholainsurance.com
Export Credit Guarantee Corporation	www.ecgcindia.com
HDFC Chubb General Insurance Co. Ltd.	
Reinsurer	
General Insurance Corporation of India	www.gicindia.com

Source: http:/www.economywatch.com/indianeconomy/Indian-insurnace-sector.html

3.1 Indian companies tying up joint ventures in insurance

A number of Indian companies are entering into collaborations with foreign corporations to make a foray into health insurance. The Finance Minister had announced in the latest budget that the health insurance sector would be open to private players in which foreign interests could hold a minority stake.

Among those who have already tied up with foreign companies are KK Birla-Shobana Bhartia of The Hindustan Times media group, the GP Birla-C K Birla combine, Nusli Wadia of Bombay Dyeing, the Tatas, the Shrirams and the Mumbai-based finance company Alpic. The Ambanis are looking for a partner.

The KK Birla-Bhartia combine has signed up with Commercial Union of the UK, while the Tatas have signed an agreement with AIG of the US.[13]

4.0 Health Insurance in other countries

Germany introduced the first national health insurance program in 1883. Other industrialized countries adopted Government-funded health insurance systems in the early 20th century. Most of these programs grew extensively after World War II (1939-1945), but some have always offered more extensive coverage than others.

Many countries - such as Brazil, Mexico, Russia, and Sweden - directly employ physicians who treat patients in Government-operated facilities. In other countries - such as Britain, Norway, and Spain - Governments pay private physicians who may also practice outside Government-funded programs.

Government-funded health insurance systems increasingly offer incentives for people to seek supplementary coverage through private insurance companies. For example, in 1998 China introduced a program designed to guarantee Government-sponsored health insurance for all workers, but this program also imposes ceilings on annual reimbursements to insured individuals. To make up for the shortfall in Government subsidies, employers that can afford to do so are encouraged by the Government to subscribe to supplementary health insurance plans through private companies.

Australia also encourages citizens to join private health plans. The Australian Government has long guaranteed basic health insurance for its citizens through its Medicare plan, but many Australians have traditionally chosen to subscribe to more comprehensive private plans. As health care costs rose in the 1980s and 1990s, however, many Australians abandoned private health insurance for Medicare. For example, in 1984 about 50 per cent of Australians used the Medicare system, but by 1996 that figure had risen to 67 per cent. This increased burden on public funds led to proposals in 1997 for Government subsidies for low-income Australians who subscribe to private insurance.[14]

5.0 Conclusion:

Health insurance, which is still in its infancy, is also likely to get a major boost, ultimately leading to improvement in the quality of medical treatment and facilities in the country. An attempt was made in above pages with regard to health insurance in India. Given the situation, there are few issues of concern of barriers towards implementing a social health insurance scheme in India. Some of them are enumerated below along with the possible way ahead. India is a low-income country with nearly one fourth population living below the poverty line, and 35% illiterate population with skewed health risks. Insurance is limited to only a small proportion of people in the

13. http://www.ipan.com/reviews/archives/0697ins.htm

14. http://encarta.msn.com/text - 761576408 - 54/Health - Insurance.html

organized sector covering less than 10% of the total population. Currently, there is no mechanism or infrastructure for collecting mandatory premium among the large informal sector. Even in terms of the existing schemes, there is insufficient and inadequate information about the various schemes. Data gaps also prevail. Much of the focus of the existing schemes is on hospital expenses. There continues to be lack of awareness among people about health insurance. In spite of existing regulation in some States in India, the private sector continues to operate in an almost unhindered manner. The growth of health insurance increases the need for licensing and regulating private health providers and developing specific criteria to decide upon appropriate services and fees.

Health insurance *per se*, suffers from problems like adverse selection, moral hazard, cream-skimming and high administrative costs. This is coupled with the fact that in the absence of any costing mechanisms, there is difficulty in calculating the premium. There is also a need to evolve criteria to be used for deciding upon target groups, who would avail of the certain known scheme/s and also to address issues relating to whether indirect costs would be included in health insurance. Health insurance can improve access to good quality health care only if it is able to provide for health care institutions with adequate facilities and skilled personnel at affordable cost. Given this scenario, the challenge, then, for Indian policy-makers is to find ways to improve upon the existing situation in the health sector and to make equitable, affordable and quality health care accessible to the population, especially the poor and the vulnerable sections of the society. It is in a way inevitable that the State reforms its public health delivery system and explores other social security options like health insurance. Implementing regulations would be one, but by no means the best mechanism to contain provider behaviour and costs. This can only be done by developing mechanisms where Government and households can together pool their funds. This could be one way of controlling provider behaviour.

The key usse related to financing of health care in India revolves around the lack of adequate insurance scheme particularly health, system leakages, lack of universal schemes which includes the limitations in terms of coverage of illnesses as well as treatment options, alternative therapies often not considered/included under insurance.

A unique Managed care model comprising of a partnership between family doctors and the general population through Health Maintenance Organisations (HMOs) supported by general insurance companies will be launched on a pilot scale in Mumbai within the next three months.

The proposed HMO under the aegis of *Padmabhushan* Dr. *RD Lele*, eminent senior physician of Mumbai is being explored with the partnership of organization group such as the Mumbai Grahak Panchayat, a not-for-profit consumer body consisting of 20,000 members.

Today only one per cent of the Indian population is insured for health in some form or the other. The cost of health care is escalating. Health care is neither affordable nor accessible to families living below poverty line. The entire health care spending is merely five per cent of GDP, while Government spending is only 0.9 per cent of GDP and is not in a position to provide affordable health care to the majority of the population, a case in point is our primary health care centers. Though health insurance can provide some relief but its reach is small. With all these hurdles in place, there is a need to innovate or evolve solutions to address these problems.[15]

There is an urgent need to document global and Indian experiences in health insurance. Different financing options would need to be developed for different target

15. http://www.expresshealthcaremgmt.com/20050415/focus01.shtml

groups. The wide differentials in the demographic, epidemiological status and the delivery capacity of health systems are a serious constraint to a nationally mandated health insurance system. Given the heterogeneity of different regions in India and the regional specifications, one would need to undertake pilot projects to gather more information about the population to be targeted under an insurance scheme and develop options for different population groups. Health policy-makers and health systems research institutions, in collaboration with economic policy study institutes, need to gather information about the prevailing disease burden at various geographical regions; to develop standard treatment guidelines, to undertake costing of health services for evolving benefit package to determine the premium to be levied and subsidies to be given; and to map health care facilities available and the institutional mechanisms which need to be in place, for implementing health insurance schemes. Skill building for the personnel involved, and capacity-building of all the stakeholders involved, would be a critical component for ensuring the success of any health insurance programme. The success of any social insurance scheme would depend on its design, the implementation and monitoring mechanisms which would be set in place and it would also call for restructuring and reforming the health system, and developing the necessary prerequisites to ensure its success.

It is also important to protect the interests of the poor that is why; a rational form of health insurance is needed. Moreover, the traditional model has to be changed so that it could be suitable the present situation.

According to some legal experts, Indian companies can also be sued for possible divulging of Protected Health Information of US citizens even if they did not divulge the same. The legal experts warn that both the American and Indian counterparts should increase their errors and omission insurance by 100 times.[16]

There could not be a single model for health insurance in India and there's need to adopt differential norms for different groups, which could include credit co-operatives, dairy co-operatives, self-help groups *etc.* Community based health insurance schemes are good for the rural communities. Public-private partnership could become an ideal model for health insurance for the poor.

Health insurance is an emerging important financial tool in meeting health care needs of the Indian people. CBHI is to be further designed nicely so that the disadvantages, vulnerable section get maximum benefit. There is need to examine alternative mechanisms for financing of health care as well as to strengthen mechanisms for optimum utilization of existing systems. Let the author concludes with ***"Purchasing health insurance is ninety nine percentage better than running fund raisers whenever such situation touches the community.".***

PROTECTION OF ENVIRONMENT – THE ROLE OF JUDICIARY

By

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HANAMKONDA

Introduction :—The goal of the Indian Constitution is a "Welfare idealism" covering a wide range of socio-economic aspirations of its people. The Constitution of India has

16. http://www.indiadaily.com/editorial/12-20e-04.asp