

Chapter 18

Health Insurance

Basics

- Health insurance is a safeguard against rising medical costs
- A health insurance policy is a contract between an insurer and an individual or group, in which the insurer agrees to provide specified health insurance at an agreed-upon price (the premium)
- There are many health concerns including the following which accentuate the demand for health insurance
 - a) Environmental pollution is causing serious health problems to humans
 - b) The fast spreading AIDS, poisonous gases, various wastes including nuclear waste generated by the people are seriously endangering the life on earth
 - c) A person may face serious monetary problems for the medical treatment and hospitalizations during life

Current Scenario

- Healthcare, with global revenue of over Rs. 2.75 trillion is the largest industry in the world
- The nation of India with a population of 1000 million experiences a vast inequity that exists in the healthcare industry with barely 3 per cent of the population covered by some form of health insurance, either social or private
- In India, presently the health insurance exists primarily in the form of Mediclaim policy offered to the individual or to any group, association or corporate bodies
- Although, total expenditure on health in India is nearly 6 per cent of the entire GDP, the government spending is less than 25 per cent against the average spending of 30-40 per cent in other developing countries

Health Insurance Schemes

- Government or State-based Systems (including CGHS andESIS)
- Market-based Systems (Private and Voluntary)
- Employer provided Insurance System
- Member Organization (NGO or Cooperation) based Systems

Government/State Based Systems

- The best documented and largest system of health care delivery in India is the diverse network of hospitals, primary health Centre, community health centre, dispensaries and specially facilities financed and managed by the Central and State local Governments
- These facilities are officially available to the entire population either free or for nominal charges
- Over the years, the Central Government has been the main source of funds for the primary health care facilities, whereas the states bear the major responsibility of recurrent costs, especially the costs of running hospitals.
- This system has added to the overall inefficiency of public health facilities

Central Government Health Scheme

- The Central Government Health Scheme (CGHS) was introduced in 1954 as a contributory health scheme to provide comprehensive medical care to the central government employees and their families
- The list of beneficiaries includes all categories of current as well as former government employees, members of parliament and so on.
- Since the large central bureaucracy in India definitely belongs to the middle-income and high-income categories, they are likely to make above-average use of health services

Employees State Insurance Scheme

- Established in 1948, the Employees State Insurance Scheme (ESIS) is an insurance system which provides both the cash and the medical benefits
- It is managed by the Employees State Insurance Corporation (ESIC), a wholly government-owned enterprise
- Since 1989 the scheme has been expanded, and it now includes all such factories which are 'not using power' and employing 20 or more persons
- Mines and plantations are explicitly excluded from coverage under the ESIS Act

Market Based Systems

- GIC Mediclaim Coverage's
- Mediclaim or Hospitalization Benefit Insurance Policy

- Domiciliary Hospitalization
- Bhavishya Arogya Insurance Policy
- LIC Coverage's
- Asha Deep

Hospital Cash Daily Allowance Policy – Bajaj Allianz

- Suitability
 - Policy provides for the cash benefits in the event of insured person(s) being hospitalized due to sickness or accident
 - It provides cash for each and every completed day of hospitalization
 - It can be taken by anyone in the age group of 3 months to 60 years

Health Guard – Bajaj Allianz

- Suitability
 - Policy provides for the cash benefits in the event of insured person(s) being hospitalized due to sickness or accident
 - It also offers you cashless benefit and medical reimbursement for hospitalization expenses

Critical Illness – Bajaj Allianz

- Suitability
 - The policy can be availed by anyone in the age group of 6 to 59 for a sum assured between Rs. 50,000 and Rs. 5,00,000
- Health Shield – Royal Sundaram
- Suitability
 - The policy covers hospitalization expenses following sickness or accident and can be availed by anyone in the age group of 90 days to 75 years

Employee-Managed Systems

- “Employee –managed health facilities”, and the “reimbursement of health expenses by employers” are the other means of health insurance in India
- Generally, the public sector undertakings and big industrial houses have their own

dispensary and hospitals and provide medicines, etc. across the counter, usually within the company premises/township

- These include defense service also
- Also, educational institutions, particularly universities also provide medical services to their employees

NGO Systems

- Health facilities are also provided by voluntary and charitable or Non-government organizations (NGOs).
- Some of the important NGOs are Child in Need Institute (CINI), Self-employed Women's Association (SEWA), Streehitkarni and Parivar Seva Sanstha
- The health care facilities offered by these organizations are a part of their main objectives
- Though, these are not exactly health insurance programmes, yet they have potential to generate awareness and associate themselves with the major health insurers

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