

Internship Training
At
VipulMed Corp TPA Pvt. Ltd., Faridabad

**To study the performance of corporate health insurance companies by
calculating their incurred claim ratio**

By

Dr. Priyanka Mutreja
PG/13/048

Under the Guidance of
Ms. Kirti Udayai
Assistant Professor and Assistant Dean (Academics)

Post Graduate Diploma in Hospital and Health Management
2013-15



International Institute of Health Management Research
New Delhi

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TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Dr. Priyanka Mutreja** student of Post Graduate Diploma in Hospital and Health Management (PGDHHM) from International Institute of Health Management Research, New Delhi has undergone internship training at **Vipul MedCorp Pvt. Ltd., Faridabad (Haryana)** from **2 February, 2015 to 19 April, 2015**.

The Candidate has successfully carried out the study designated to him during internship training and his approach to the study has been sincere, scientific and analytical.

The Internship is in fulfillment of the course requirements.

I wish her all success in all her future endeavors.



Dr. A.K. Agarwal

Dean, Academics and Student Affairs

IIHMR, New Delhi



Ms. Kirti Udaya

Assistant Dean (Academics)

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FEEDBACK FORM

Name of the Student: DR. PRIYANKA MUTREJA

Dissertation Organisation: VIPUL MEDCORP PVT. LTD., FARIDABAD

Area of Dissertation: CLAIMS PROCESSING.

Attendance: 1ST FEBRUARY TO 31ST APRIL, 2015

Objectives achieved: CLAIMS PROCESSING - CASHLESS AND REIMBURSEMENT, STUDY THE PERFORMANCE OF INSURANCE COMPANIES.

Deliverables: Met the objectives

Strengths: Active, good grasping power, polite and obedient.

Suggestions for Improvement:
She should give more insight about practical problems.

Signature of the Officer-in-Charge/ Organisation Mentor (Dissertation)

Date: 1/5/2015
Place: Faridabad

(Completion of Dissertation from respective organization)

The certificate is awarded to,

Name DR. PRIYANKA MUTREJA

In recognition of having successfully completed her
Internship in the department of CLAIMS PROCESSING

Title STUDY ON PERFORMANCE OF
HEALTH INSURANCE COMPANIES CALCULATING
IGR.
and has successfully completed her Project on

Title of the Project

Date 16/5/2015

Organisation "VIPUL MEDICORP PVT. LTD."

He/She comes across as a committed, sincere & diligent person who has
a strong drive & zeal for learning

We wish him/her all the best for future endeavors

Training & Development

Zonal Head-Human Resources


MOHIT SAXENA (B.M.)
Vipul MedCorp, Faridkot

Certificate of Approval

The following dissertation title "To study the performance of corporate health insurance companies by calculating their incurred claim ratio" at "Vipul MedCorp TPA Pvt.Ltd." is hereby approved as a certified study in management carried out and presented in a manner satisfactorily to warrant its acceptance as a prerequisite for the award of Post Graduate Diploma in Health and Hospital Management for which it has been submitted. It is understood that by this approval the undersigned do not necessarily endorse or approve any statement made, opinion expressed or conclusion drawn therein but approve the dissertation only for the purpose it is submitted.

Dissertation Examination Committee for evaluation of dissertation.

Name

Sr. I. Adhik

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Kirti Adyaji

**INTERNATIONAL INSTITUTE OF HEALTH MANAGEMENT RESEARCH,
NEW DELHI**

CERTIFICATE BY SCHOLAR

This is to certify that the dissertation titled “Study on performance of health insurance companies by calculating their Incurred Claim Ratio (ICR) and submitted by Dr.Priyanka Mutreja, Enrollment No. PG/13/048 under the supervision of Ms.Kirti Udayai, Assistant Dean for award of Postgraduate Diploma in Hospital and Health Management of the Institute carried out during the period from 1st February, 2015 to 31st April, 2015 embodies my original work and has not formed the basis for the award of any degree, diploma associate ship, fellowship, titles in this or any other Institute or other similar institution of higher learning.

Signature

ABSTRACT

BACKGROUND:-

Corporate Insurance in India is becoming a wide spread phenomenon and almost each and every company is trying to include health insurance as a part and parcel of its employee benefits. Corporate medical insurance is health insurance offered by an employer to its employees. By offering its employees with a corporate health insurance policy, an employee tends to take care or provide for the varied health care needs of its employees.

Benefits of offering Corporate Insurance:- Helps in attracting good employees; boosts performance and offers peace of mind; helps in offering added health coverage; attainment of Job Satisfaction; helps in becoming an “Employee First” company; offers support in times of medical emergencies; works towards employee loyalty.

Incurred claim ratio is a reflection of how much an insured can count on his/her insurer on getting his claim settlement amount, when he makes a claim .The thumb rule is , higher the ICR , higher level of trust an insured can put on his insurer .It’s a way of rating insurance companies.

OBJECTIVE:-

To study the performance of health insurance companies by calculating the incurred claim ratio in corporate clients.

PURPOSE OF STUDY:-

Purpose of study is to gauge the performance of health insurance companies by understanding their ICRs.

METHODOLOGY:-

A descriptive analytical study was conducted among employees of X and Y corporate insured under National Health Insurance and New India Assurance health policy. The policy period including started from 1st September,2014 to 31st August ,2015.The data was collected and analyzed over a period of two months i.e., 2nd February,2015 to 31st April,2015.

CONCLUSION:-

The ideal ICR for insurance company ranges 72-90%.An insurance company with incurred claim ratio is 90%. Then what it indicates is, for every Rs.100 earned as premium, Rs.90 spent on the claims settled by the insurer. Therefore, Rs.10 is the profit to the company. If this incurred claim ratio is over and above 100%, then it indicates that they suffered a loss in their business. Usually higher the incurred claim ratio then it is good for you. This is how the health insurance company's performance is gauged. However, when it comes to insurance company point of view, then if higher the incurred claim ratio means the company is in loss. That is the reason usually insurance companies load your premium when they incur a higher loss in particular age group segment

Acknowledgement

A special note of thanks to my HOD, Dr.Aparna and Dr.Ashwani Kumar for their expert guidance and support in seeking knowledge about the insurance sector and functioning of the organization in claims processing and various departments

I would like to thank my Branch Manager, Mr. Mohit Saxena for permitting me to pursue this project and providing me access to the data required for the study.

I would also like to thank my mentor, Ms.Kirti Udayai for her guidance.

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CHAPTER 1
INTERNSHIP REPORT

Vipul Medcorp TPA is promoted by Vipul group of India, a diversified business group having presence in Automobile Dealerships. Real Estate, Information Technologies, Smart Card related services and in Health and wellness domain.

Vipul MedCorp TPA Pvt. Ltd. has been promoted by Vipul Group. Vipul Group is promoted by Mr. Vinit Beriwal and family, third generation entrepreneurs. The promoters have a long-term vision of providing Complete Health and Medical Insurance products to the largely untapped Indian population.

Management The Company has appointed, Mr. Rajan Subramaniam, a Management graduate and a qualified Insurance professional, as its CEO. He has wide experience in the TPA Industry and is assisted by qualified professionals from the field of Insurance and Healthcare.

Vipul MedCorp TPA Pvt. Ltd, a company promoted by Vipul group is engaged in the managed healthcare facilitation & has obtained a license from IRDA for TPA activities (Health) and offers its clients a wide array of services and products in the following areas:

1. Third Party Administration (Health) services (TPA)
2. Claims Handling, Management & Back office operations
3. HealthCare Assistance Services
4. Preferred Service Provider (PSP) Networks

Vipul MedCorp TPA has shortlisted hospitals and Nursing Homes as per the minimum norms prescribed under Mediclaim Policy, that is --

- Hospital / Nursing Homes established for Indoor Care / Treatment of sickness & Injuries
- Either registered as a hospital or nursing home with local authority and under supervision of registered & qualified medical practitioners, OR, Should have at least 15 IP beds [10 beds in class C town]
- Fully equipped OT, wherever surgical procedure is carried out
- Fully qualified Nursing Staff – round the clock

Vipul MedCorp TPA - Infrastructure

- Headquartered in Gurgaon with branch offices in New Delhi, Noida, Faridabad, Brindavan Jaipur, Mumbai, Kolkata, Bangalore, and Chennai & Cochin.
Medical Network of over 6000 + hospitals/Nursing Homes.
- Operates a 24/7 Assistance Centre.
- Tailor-made software developed in-house with full web-based access for Claims Tracking, On-Line Access and Querying.
- Professional manpower presenting our clients with benefits derived from our knowledge & experience of the medical network, TPA & Insurance fields.

Vipul MedCorp TPA Pvt. Ltd. TPA Services:

- Cashless medical service facilitation at network hospital up to the limit authorized by mediclaim/hospitalization Insurance
- Claim processing & reimbursement, for non-network hospitals

- Computerized Medical History records
- Online assistance to Insured during hospitalization & filing of claim documents
- Hospitals/ nursing Homes all over India

ACTIVITIES LEARNT WHILE WORKING:-

1. **ENROLLMENT PROCESS** –Enrollment is the first step in the policy process.

2. **CLAIM INTIMATION**

3. **SCANNING**

4. **.INVESTIGATION**

5. **CLAIMS PROCESS**

CLAIMS PROCESSING:-

1 .There are two types of claims:-

- Corporate
- Retail

2 .Claims can be cashless and reimbursement claims

3 .CASHLESS CLAIM –

- Patient gets admitted into the hospital and intimate within 24 hours of admission to TPA about the admission.
- Along with the intimation, preauth form, valid ID proof of the patient ,TPA card and all reports in support are sent to TPA.
- Then on this basis initial amount is approved.
- Then the rest of the amount is given to the patient reducing all the deductibles after the discharge summary along with the final bill is sent.
- In case indoor case papers or any other documents are required then, hospital is used to send them before final approval.

4. REIMBURSEMENT CLAIM –

All the expenses of pre, post and hospitalization are included. It includes claims of NON NETWORK or NON PPN hospitals.

CHAPTER 2
DESSERTATION REPORT

INTRODUCTION:

Statement of research problem - Every policyholder pays the premium with a trust on his/her insurer that he'll be provided financial assistance in times of need, in a simple, smooth and timely manner.

There are certain parameters to measure this trust. One such parameter is **Incurred Claim Ratio**. Incurred ratio indicates how much you can believe in insurance companies, when it comes to claim. Usually higher the incurred claim ratio then it is good for you. This is how the health insurance company's performance is gauged.

A Health Insurance Policy is a contract between an insurer and an individual or a group in which the insurer agrees to provide specified health insurance cover at a premium. Depending on a policy, the premium may be payable either as a lump sum amount or in installments.¹

Health insurance could be either a personal scheme or a group scheme sponsored by an employer. Unlike life insurance where there are only two parties i.e. the insured and the insurer, in the case of health insurance there are three parties namely the insured, the insurer and the provider (network hospital).

Health insurance is insurance against the risk of incurring medical expenses among individuals. By estimating the overall risk of health care and health system expenses, among a targeted group, an insurer can develop a routine finance structure, such as a

monthly premium or payroll tax, to ensure that money is available to pay for the health care benefits specified in the insurance agreement.

Health insurance in India is a growing segment of India's economy. In 2011, 3.9% of India's gross domestic product was spent in the health sector. According to the World Health Organization (WHO), this is among the lowest of the BRICS (Brazil, Russia, India, China, and South Africa) economies. Policies are available that offer both individual and family cover. Out of this 3.9%, health insurance accounts for 5-10% of expenditure, employers account for around 9% while personal expenditure amounts to an astounding 82%.

Health insurance in India typically pays for only inpatient hospitalization and for treatment at hospitals in India. Outpatient services were not payable under health policies in India. The first health policies in India were Mediclaim Policies.

OBJECTIVE:

To study the performance of health insurance companies by calculating the incurred claim ratio in corporate clients.

REVIEW OF LITERATURE:

Health insurance industry has been growing at an appreciable rate in the past few years. The PSUs still have the lion's share of 60%, while the private players have the balance 40% in health insurance.

Corporate Insurance in India is becoming a wide spread phenomenon and almost each and every company is trying to include health insurance as a part and parcel of its employee benefits. Corporate medical insurance is health insurance offered by an employer to its employees. By offering its employees with a corporate health insurance policy, an employee tends to take care or provide for the varied health care needs of its employees².

Benefits of offering Corporate Insurance:- Helps in attracting good employees; boosts performance and offers peace of mind; helps in offering added health coverage; attainment of Job Satisfaction; helps in becoming an "Employee First" company; offers support in times of medical emergencies; works towards employee loyalty.

Incurred claim ratio is a reflection of how much an insured can count on his/her insurer on getting his claim settlement amount, when he makes a claim .The thumb rule is , higher the ICR , higher level of trust an insured can put on his insurer .It's a way of rating insurance companies.

According to **IRDA (Insurance Regulatory and Development Authority)** ³,

1. Incurred claim ratios in 2010-2011 were 105 %(National Health Insurance) and 97 %(New India Assurance).
2. Incurred claim ratios in 2012-2013 were 106 %(National Health Insurance) and 104 %(New India Assurance).

The National Insurance Company Ltd was established during 1906 and its registered office is in Kolkata.⁴ This policy provides for cashless hospitalization in India for the treatment of

any illness or disease or accidental injury (not specifically excluded) suffered during the policy period. The payment of claim is made through Third Party Administrators who have been empanelled by the Company to provide hassle free admission and discharge from the Network hospital without making any payment.

According to study, health insurance claims ratios are a cause of concern and they have come down from a ratio of 112% to 108% last year and now to 99%.⁵

It is advisable to take a health insurance policy at an early age when one is in good health. It is important that the coverage is adequate to take care of rising medical costs.

In National Insurance health policy, pre and post hospitalization expenses are incurred during 30 days prior to hospitalisation and 60 days after discharge from hospital will be covered. Room, Boarding and nursing expenses includes 1% of Sum Insured per day subject to maximum of Rs 5000 and ICU charges includes 2% of sum insured per day subject to maximum of Rs 10000. Surgeon, Anaesthetist, Medical Practitioner, Consultants Specialist fees is covered up to maximum of 25% of sum insured per illness. Ambulance charges are paid 1% of the sum insured subject to maximum of Rs 1000. Day care procedures such as dialysis, chemotherapy cover certain treatment which does not require overnight hospitalisation due to advancement of technology. Health check up is allowed once at the end of four continuous claim free years.

Pre-existing illnesses are covered after 4 continuous claim free policy years. Certain disorders and surgeries will be covered after first policy year. Certain illnesses such as cataract, hernia, diabetes, hypertension etc. will be covered after completion of first two policy years.

NEW INDIA ASSURANCE

New India Assurance is one of the biggest and oldest general insurance companies in India with the largest number of offices in India and overseas. The **New India mediclaim insurance** is more popular than any other health insurance policy in India.

EXCLUSIONS:-

- Diseases contracted within first 30 days of policy issuance
- Dental treatment except arising out of accident
- Circumcision, Cosmetic surgery, Plastic surgery unless required to treat injury or illness
- Cost of getting vaccination and inoculation
- Expenses related to pregnancy and child birth
- Any treatment done outside India
- Any kind of Domiciliary Treatment
- Expenses incurred on any kind of unproven or experimental treatment
- All external equipments such as contact lenses, cochlear implants etc.
- Sexually transmitted diseases and HIV (AIDS)

INCLUSIONS:-

- Pre-existing diseases are covered only after 4 continuous and claim free policy renewal
- Pre-existing conditions like Diabetes, Hypertension and their complications are covered after 2 continuous policy years by paying additional premium.

COVERAGE:-

- Expenses incurred during hospitalization for the treatment of illness or any injury
- Pre-hospitalization expenses are covered for 30 days
- Post hospitalization expenses are payable for 60 days after being discharged
- Policy covers day-care treatments and surgeries where 24 hour hospitalization for the policy holder is not required.
- Cost of hiring an Ambulance to shift the insured from his/her residence to the hospital
- If the medicines of Ayurvedic / Homeopathic and Unani system are taken in the Government Hospital then the same is also covered

METHODOLOGY:-

STUDY AREAS:-Vipul Medcorp Pvt.Ltd.

Vipul Medcorp TPA is promoted by Vipul group of India, a diversified business group having presence in Automobile Dealerships. Real Estate, Information Technologies, Smart Card related services and in Health and wellness domain. Vipul MedCorp TPA Pvt. Ltd. has been promoted by Vipul Group. Vipul Group is promoted by Mr. Vinit Beriwalla and family, third generation entrepreneurs. The promoters have a long-term vision of providing Complete Health and Medical Insurance products to the largely untapped Indian population.

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- Third Party Administration (Health) services(TPA)
- Claims Handling, Management & Back office operations
- HealthCare Assistance Services
- Preferred Service Provider (PSP) Networks

Study Design- Descriptive Analytical Study.

Study period-Two Months

Study Population-Employees of X (National Health Insurance) and Y (New India Assurance) Corporate Insurance Companies

Sample size- 256 employees out of whom 156 employees are working in X corporate insured under National Health Insurance and 100 employees are working in Y corporate insured under New India Assurance.

Period of Evaluation-2nd Feb to 30th April

Tools and technique- Secondary data collected based on cashless and reimbursement claims settled.

Policy Period – 1st September, 2013- 31st August, 2014

VARIABLES:-

Cashless claims paid, reimbursement claims paid, cashless approved (bill not received), cashless settled (but unpaid), reimbursement settled (but unpaid), query, under process claims.

FINDINGS AND ANALYSIS

SIGNIFICANT DATA:-

Incurred claim ratio = Incurred claim / Earned premium

Incurred claim= claim paid (both cashless and reimbursement) + outstanding.

OUTSTANDING CLAIMS: - 5 Types

1. Cashless approved (bill not received)
2. Cashless settled (but unpaid)
3. Reimbursement settled (but unpaid)
4. Query
5. under process

Data attached in Excel format including:-

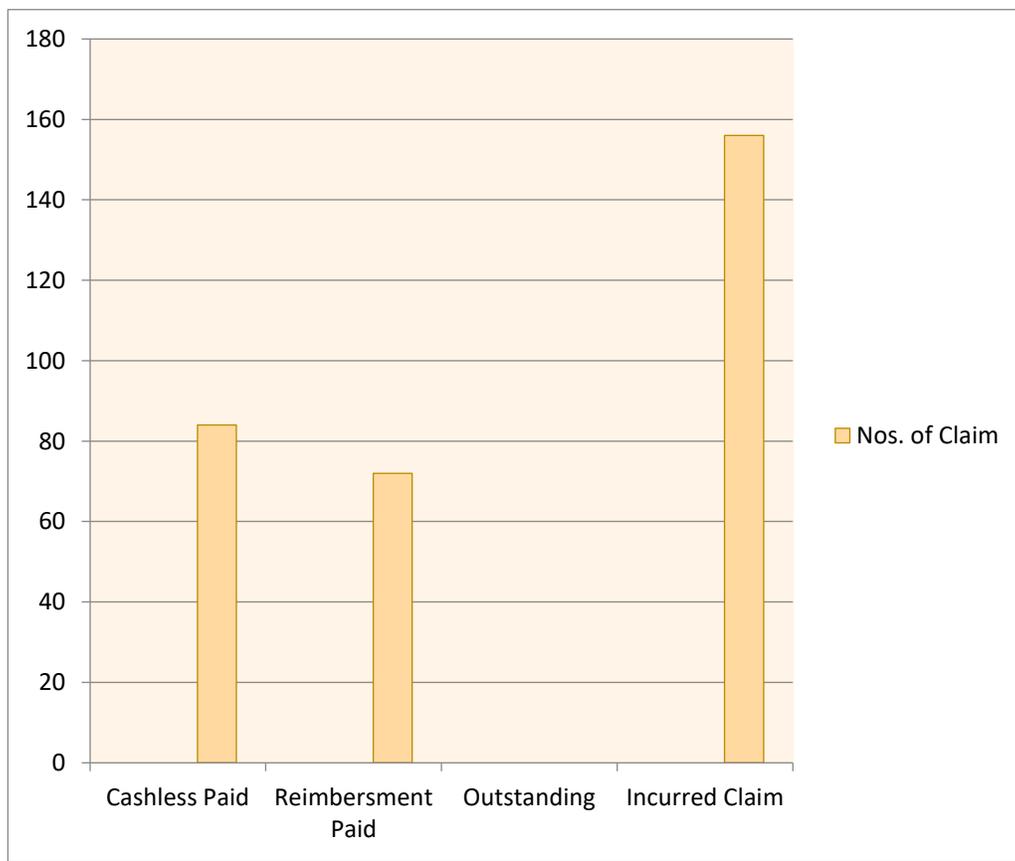
1. Claim dump
2. ICR(Incurred Claim Ratio)

IDEAL RATIOS AS PER IRDA

1. If it is $>100\%$, it means that the company has given more money away as claim than what it has collected as premium. This is not sustainable for the company
2. If it 50-100%, it means that the company has given lesser amount as claims than what it has collected. They are therefore making profits.
3. If ICR is $<50\%$, company is either selling a high-priced product successfully and/or hardly giving out claims. . The company is making very big profits and that is NOT as good as it sounds. Any health insurance company must provide products which actually pay out claims within the right limits

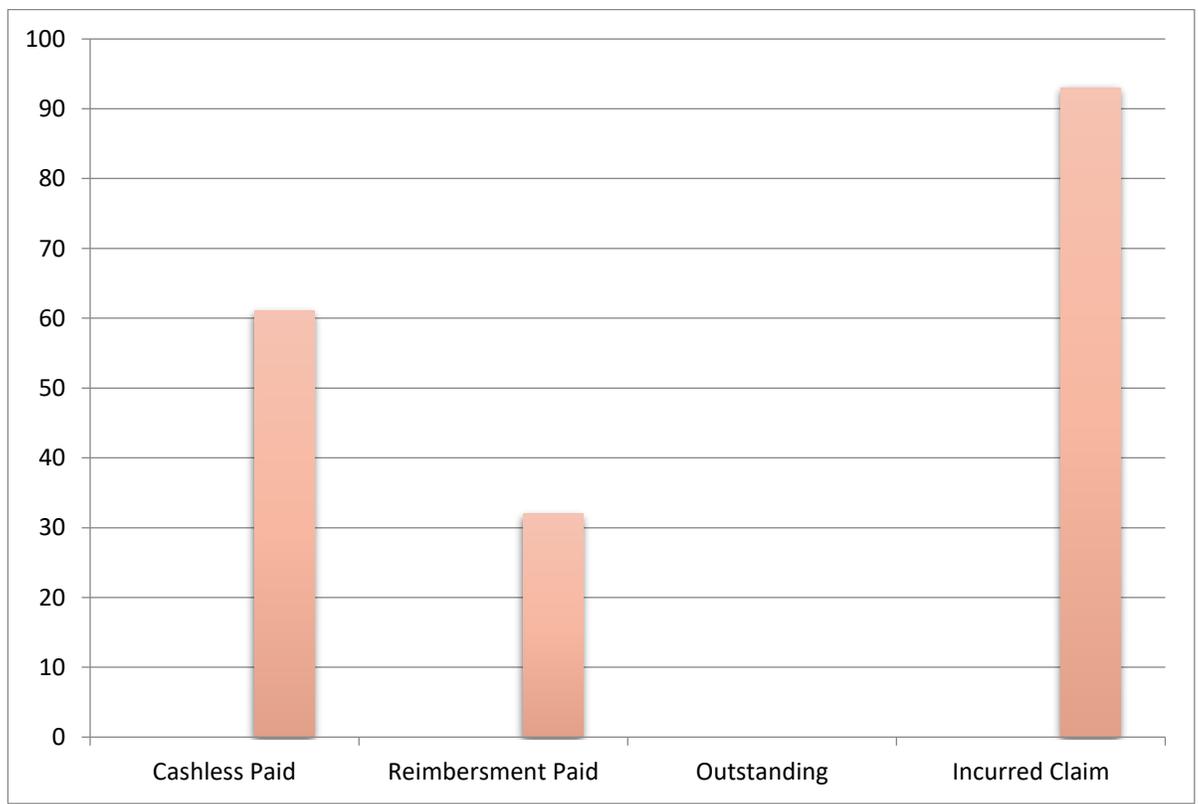
NATIONAL HEALTH INSURANCE

1. At the end of policy year the total number of claims paid (cashless and reimbursement) are 156.
2. Cashless claims are 84.
3. Reimbursement claims are 72.
4. Outstanding claims are 0.

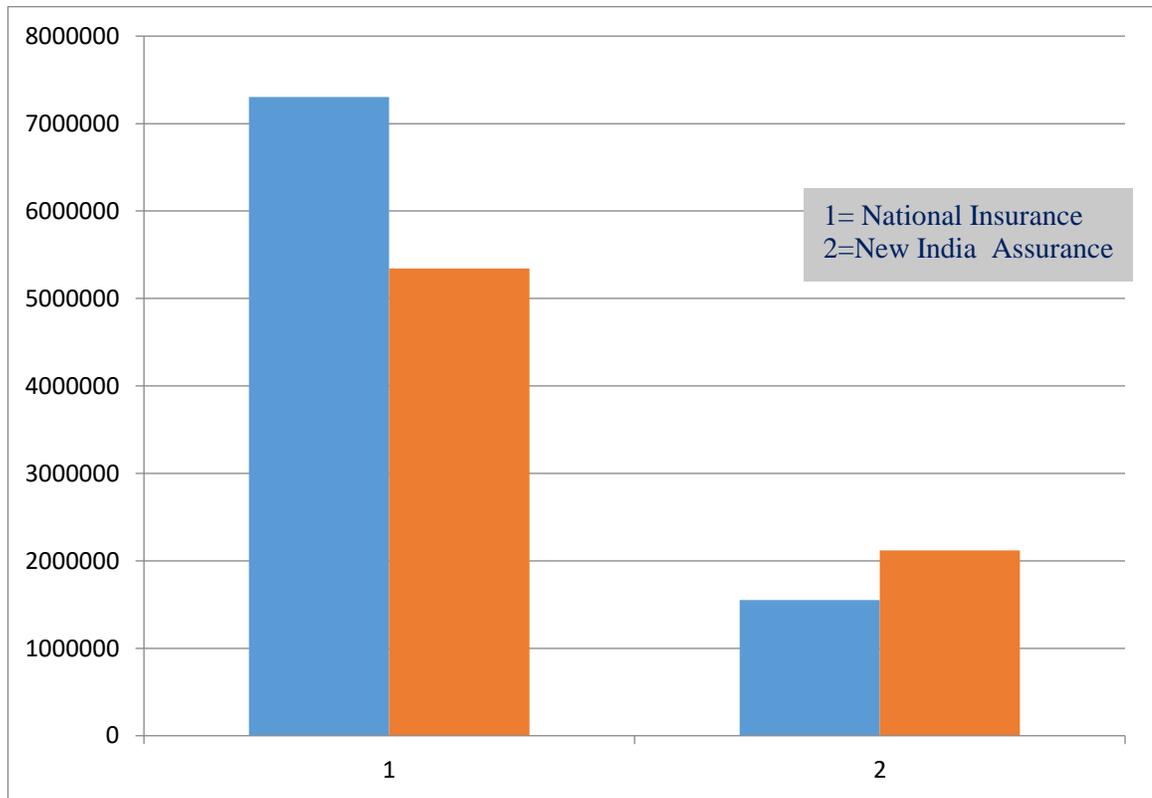


NEW INDIA INSURANCE

1. .At the end of policy year the total number of claims paid (cashless and reimbursement) are 93
2. Cashless claims are 61.
3. Reimbursement claims are 32.
4. Outstanding claims are 0

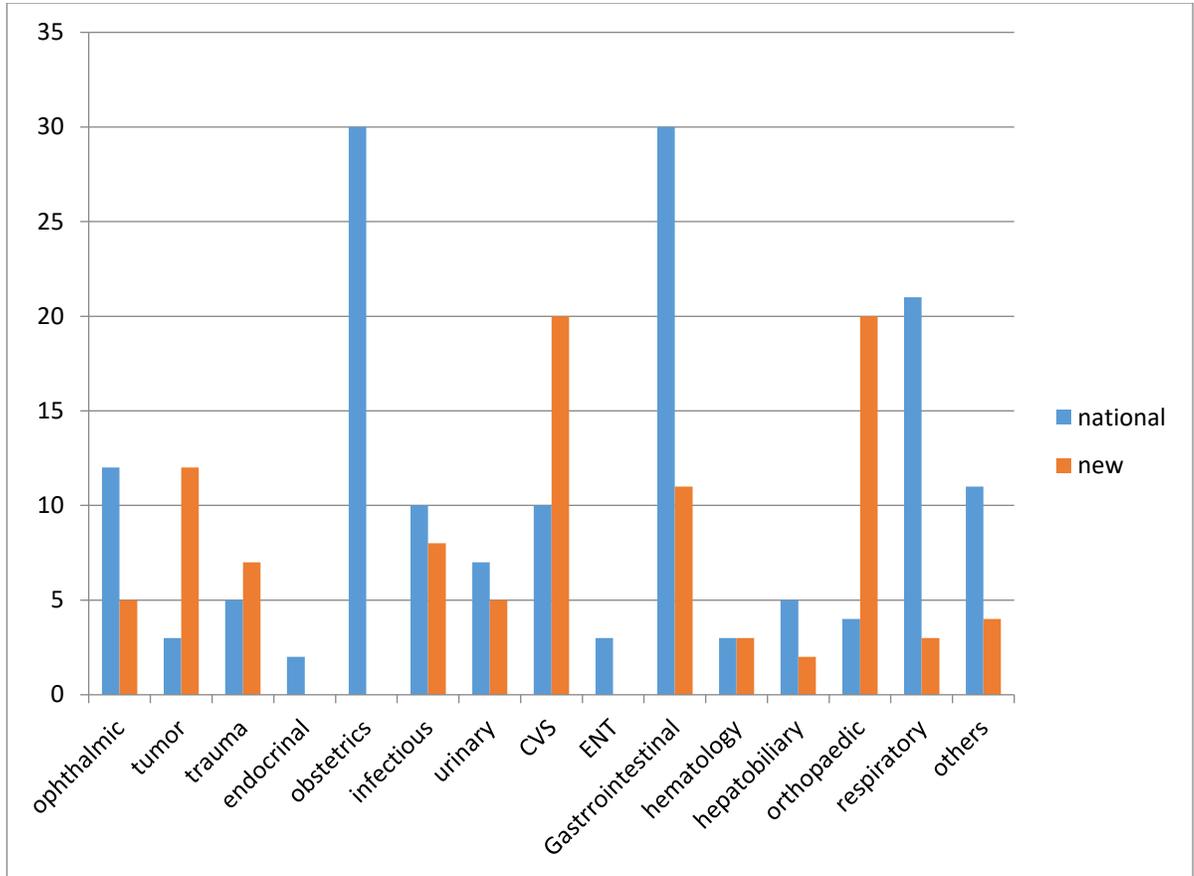


PREMIUM VERSUS CLAIMS SETTLED:-



1. In National Health Insurance policy, the total premium earned at the end of policy year is Rs.5343965 and the total claim settled is Rs.7302257.
2. In New India Assurance insurance policy, the total premium earned at the end of policy year is Rs. 1551450 and total claim settled is Rs. 2120016.

DISEASE PATTERN:-



1. In National Health Insurance, maximum number of claims settled is for gastrointestinal and obstetric cases.
2. In New India Assurance, maximum number of claims settled is for CVS, orthopaedic, tumor and trauma cases.

- A. The ideal ICR for insurance company ranges 72-90%.
- B. An insurance company with incurred claim ratio is 90%. Then what it indicates is, for every Rs.100 earned as premium, Rs.90 spent on the claims settled by the insurer.
- C. Therefore, Rs.10 is the profit to the company. If this incurred claim ratio is over and above 100%, then it indicates that they suffered a loss in their business.
- D. Usually higher the incurred claim ratio then it is good for you. This is how the health insurance company's performance is gauged. However, when it comes to insurance company point of view, then if higher the incurred claim ratio means the company is in loss.
- E. That is the reason usually insurance companies load your premium when they incur a higher loss in particular age group segment.
- F. Incurred claim ratio of **NEW INDIA HEALTH INSURANCE** is **137%** .This indicates that all the claims are settled but, company is at loss. Company has given more money away as claim than what it has collected as premium.
- G. Incurred claim ratio of **NATIONAL INSURANCE LIMITED** is **73%**.This indicates, company has given lesser amount as claims than what it has collected. They are therefore making profits. The profit earned by the company will make it able to provide good service as well.

RECOMMENDATION

A. New India Health Insurance has high ICR (137%) which means:-

- they need to change their product
- increase the price to help manage the claim
- increase the copayment

B. National Health insurance has ICR i.e; 73% which means it lies within IRDA's ideal range.

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