"STUDY OF THE AWARENESS, ATTITUDE, PRACTICE AND SATISFACTION OF EMPLOYED INDIANS IN DELHI-NCR FOR HEALTH INSURANCE"

A Dissertation Proposal for

Post Graduate Diploma in Health and Hospital Management
By

Dr.Debashish Mohanty
Roll No. …10……

Under the guidance of

Mr. Alam Singh
AMD, Milliman India
Gurgaon, Haryana

Ms.Anupma Sharma
Asst.Professor, IIHMR
Dwarka, New Delhi



International Institute of Health Management Research
New Delhi
15, MAY, 2010

"STUDY OF THE AWARENESS, ATTITUDE, PRACTICE AND SATISFACTION OF EMPLOYED INDIANS IN DELHI-NCR FOR HEALTH INSURANCE"

A dissertation submitted in partial fulfillment of the requirements
For the award of

Post-Graduate Diploma in Health and Hospital Management

By

Dr. Debashish Mohanty



International Institute of Health Management Research
New Delhi -110075
MAY, 2010

"STUDY OF THE AWARENESS, ATTITUDE, PRACTICE AND SATISFACTION OF EMPLOYED INDIANS IN DELHI-NCR FOR HEALTH INSURANCE"

A dissertation submitted in partial fulfillment of the requirements
For the award of
Post-Graduate Diploma in Health and Hospital Management
By

Dr.Debashish Mohanty

Under the guidance of

Mr. Alam Singh
AMD, Milliman India
Gurgaon, Haryana

Ms. Anupama Sharma
Asst. Professor, IIHMR
Dwarka, New Delhi



International Institute of Health Management Research
New Delhi -110075
MAY, 2010

CERTIFICATE OF APPROVAL

The following dissertation titled "**Study of the awareness, attitude, practice and satisfaction of employed Indians in Delhi-NCR for Health insurance** " is hereby approved as a certified study in management carried out and presented in a manner satisfactory 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	**Signature**
Anupama Sharma	
DR BRIJENDER SINGH DHILLON	

CERTIFICATE FROM DISSERTATION ADVISORY COMMITTEE

This is to certify that **DR. DEBASHISH MOHANTY,** a participant of the **Post-Graduate Diploma in Health and Hospital Management**, has worked under our guidance and supervision. He is submitting this dissertation titled "**Study of the awareness, attitude, practice and satisfaction of employed Indians in Delhi-NCR for Health insurance**" in partial fulfillment of the requirements for the award of the **Post- Graduate Diploma in Health and Hospital Management**.

This dissertation has the requisite standard and to the best of our knowledge no part of it has been reproduced from any other dissertation, monograph, report or book.

Faculty Advisor-
Ms. Anupama Sharma
Designation –
Assistant Professor
IIHMR
Dwarka, New Delhi
Delhi - 110075

Date -

Organisational Advisor-
Mr.Alam Singh
Designation-
AMD, Milliman India
Plot no-121, Institutional Area
Sec-44, Gurgaon
Haryana - 122002

Date -

Milliman India Pvt. Ltd.
Plot No. 121, Second Floor
Institutional Area, Sector-44
Gurgaon-122003, Haryana
India
Tel +91 124 4200 205
+91 124 4641 500
Fax +91 124 4088 588
www.milliman.com

Milliman

Certificate of Internship Completion

Date: 19/05/2010

TO WHOM IT MAY CONCERN

This is to certify that **Dr.Debashish Mohanty** has completed his 3 months of work experience in our organization from February 1, 2010 to April 30, 2010. During this period he has worked on:

1. Content development for health underwriting Management System
2. Development of Outpatient care guidelines for international healthcare providers
3. Evidence based content development for UK NHS healthcare facilities
4. Contributed to development of a methodology to calculate medical inflation of Health Insurance sector (project with a CII working group)

under the guidance of me and my team at Milliman India, Gurgaon

Debashish is sincere and takes initiative in the assignments given to him. He has shown good awareness of project quality specifications and timelines and has worked well under supervision.

We wish him/her good luck for his/her future assignments

Lalit Baveja
Senior Healthcare Consultant
Milliman India Pvt Ltd.

Milliman

Plot No. 121, Institutional Area,
Sector – 44,
Gurgaon – 122002, Haryana – India
Tele – 0124 – 4641 500 / 4200 205
Fax – 0124 - 4088588

FEED BACK ON THE WORK EXPERIENCE AT MILLIMAN INDIA

Name:

Period served:

Areas Served:

S.No	Period From	To	Department Served	Supervisor Name/Designation/Sign	Tasks Performed	Feed back
1	1-02-2010	30–04-2010	MSS UK ICP	Dr. Manik Gupta	Evidence based content development for UK – NHS health facilities	V. good
2			MSS HUMS	Dr. Sudhanshu Bansal	Content development for health underwriting management systems	V. good
3			MSS	Lalit Baveja	Worked with a CII working group for calculation of medical inflation	Keep up the good work
4			MSS	Lalit Baveja	OPD care guideline development for international healthcare providerse	Continue 2 your hardwork thanks

Alam Singh

Dated : May 19, 2010

Asst Managing Director
MillimanIndia Pvt. Ltd

ABSTRACT

Of the 142 respondents surveyed through direct interviewing, telephone based interviews and mailed questionnaire, 94 (66.2%) were male and 48 (33.8%) were females. 12.7% were below 25 years of age, 41.5% were of 26 – 30 years of age, 26.1% were 31 – 35 years, 7.7% were in 41 – 45 year age group, 2.8% were in 46 – 50 years and 5.6% of the participants were above 50 years of age.76% of the participants were smokers and 63% drank alcohol. 35% of the participants lead an active life, whereas 59% had semi active life style and 6% of the participants had a sedentary life style. 11% (n = 15) of the participants had an annual income of 10 lakhs or more, whereas 45% (n = 64) had an annual income ranging 5 – 10 lakhs and 44% (n = 63) had an income of less than 5 lakhs per annum. Total 112 (79%) of the participants had health insurance and the rest 30 (21%) did not have any type of health insurance with the highest prevalence of health insurance in the 36 – 40 age group. The income group of 10 lakhs or more per annum shows a 100% possession of health insurance. 88.24% of the smokers and 88.68% alcohol consumers had Health insurance. Maximum numbers had employer sponsored group health plans (38.58%, n=49) whereas 28.35% of the insured had self purchased health policies themselves. In the income group of 10 lakh or more per annum the percentage of people buying health insurance is 67%, in the 5 – 10 lakh per annum group it is 58% and in the 5lakh or less per annum group it is 25.5%. Those who didn't have health insurance haven't felt the need of it in majority (73.33%).

45.5% of the insured had policies which offered cover to their entire family with same premium. 38.39% insured respondents had policies offering cover to their own self. 11.6% had policies offering cover to dependents with extra premium and 4.5% insured participants didn't know the extent of coverage of their policies. Majority of those who knew of health insurance learnt about it during the 20 – 25 year age group (48%) and the mode that they learned it by was in most cases friends and television.

84.31% of those with self purchased policies knew about the benefits offered / items covered by their policies whereas 82.25% of those with employer sponsored group health plans, 67% of those with Govt. sponsored policies and 20% of those covered under floaters bought by family members knew about the benefits offered / items covered by their health insurance policies. Of the insured respondents covered under Employer sponsored group health plans, 64% were aware that the premium paid toward their premium was a part of their CTC and 37.1% the employer sponsored group health plan holders did not know who pays for their dependents in family floater schemes. Participants overall thought that the benefits offered (82.3%) should be the major deciding factor in choosing a health insurance policy. The group which thought that the cost of the premium should be the deciding factor in choosing a health insurance policy surprisingly had the highest respondents in the highest income group (33%). Majority of the participants (47.2%) thought that the premium for a sum assured of 3 lakh rupees should be within 3,500 to 5,000 rupees. 40.8% of the respondents feel that a rise in the premium with respect to inflation and the rising health care costs is justified. 78% of the respondents were willing to cover their dependents by paying extra premium to widen the extent of their policies' coverage.

The respondents viewed buying health insurance as a means for assuring large medical expenditure (44%) rather than assurance for everyday health care expenses (9%) or income tax saving (23%). 94% of the claimants felt that the claim settlement was done within reasonable period. 10% felt that their policies were excellent, 70% felt them to be good, 18% thought they were average, 1.7% were very dissatisfied with their policies and thought they were poor.53.6% wanted to continue using the policy with same premium and 29.5% were prepared to pay more to continue using the policy.

ACKNOWLEDGEMENTS

I would like to express my deepest appreciation to **Mr. Alam Singh** for giving me an opportunity to be a part of Milliman India. He has continuously and convincingly conveyed a spirit of adventure in regards to research. Without his guidance this dissertation would not have been possible.

I am grateful to **Mr. Lalit Baveja** and **Dr. Manik Gupta** for their support and help during the training period and writing the dissertation report.

It is an honour to thank **Dr. V.K. Singh** (Director, IIHMR, New Delhi), **Dr.Sandeep Bhalla** (former Asso.Professor, IIHMR, New Delhi), **Ms. Anupama Sharma** (Asst.Professor, IIHMR, New Delhi) and **Dr. Sangram Patel** (Asst.Professor, IIHMR, New Delhi) for being continuous sources of inspiration and information in making this monumental task seem modest.

I am indebted to my team members at Milliman India (**Dr. Sudhanshu, Dr. Leena, Dr.Deepika, Blessy, Mary, Kulvinder**) for being constant sources of enthusiasm.

I would also like to thank **Mr. R.P Vats, Mrs. Subhankari Pradhan, Dr. Sushant Bhuyan and Mr. Lokesh Sharma** for their help in collection of data.

Special thanks to **Dr. Bhabatosh Mishra** and **Mr. Rajiv Gupta** for their insights and valuable inputs.

Finally, mere words alone cannot express the heartfelt gratitude I owe to **Shivangi Vats** for her limitless encouragement and assistance.

Table of contents

S.No	Content	Page no
1	Abstract	1
2	Acknowledgements	2
3	Table of contents	3
4	List of charts and tables	4
5	List of abbreviations	5
	PART I	**6 – 14**
6	Internship report	6
6.1	Introduction to orgnization	7
	History	7
	Management & Ownership	7
	Core Practice areas	7
	Organizational structure	10
	Business units of Milliman India and their functions	11
6.2	Areas served	12
6.3	Activities	13
	PART II	
	Dissertation report	
7	Chapter 1	16
	Introduction	16
	Evolution of Health insurance in India	17
	Rationale of he study	18
	Scope of the study	18
	Literature review	19
8	Chapter 2	20
	Materials and Methodology	20
9	Chapter 3	21
	Results and Finding	21
10	Chapter 4	43
	Conclusion	43
	Recommendations	45
	Limitations of the study	45
11	References	46
12	Annexures	47
Annexure 1	Study questionnaire	47
Annexure 2	Coding of responses	

List of Charts

Page no	Chart Number	Chart Title
21	1.1	Age wise distribution of participants
22	1.2	Sex wise distribution of respondents
22	1.3	Marital status wise distribution of respondents
22	1.4	Annual income of participants
22	1.5	Smoking habits of participants
23	1.6	Alcohol drinking habits of Participants
23	1.7	Lifestyle of participants
23	2.1	Prevalence of health insurance in study population
24	2.2	Age wise distribution of possession of health insurance
25	2.3	Annual income and possession of Health Insurance
25	2.4	Education and health insurance
26	2.5	Smoking and aAlcohol consumption and possession of health insurance
27	3.1	Type of policy opted by insured respondents
27	3.2	Self purchased policies in different income groups
28	4.1	Reason stated by the uninsured for not availing health insurance
28	4.2	Reason for not taking health insurance in different income groups
29	4.3	Reason for not taking health insurance in different education groups
29	5.1	Type of coverage by the insured respondent
30	5.2	Type of policy versus type of coverage
31	6.1	Age at which learnt about health insurance
31	7.1	Different means of learning about health insurance by the respondents
32	8.1	Type of policy and the knowledge of benefit offered
32	9.1	Group policy holder's knowledge of premium as a part of their CTC
33	10.1	Group policy holder's knowledge about their dependent's premium
34	11.1	Deciding factor for a health insurance plan
35	11.2	Insured status and factors deciding health care plan
35	12.1	Perception of a premium for a sum assured of 3 lakh rupees
36	12.2	Annual income and perception of premium for a sum assured of 3 lakh rupees
36	13.1	Justification in the rise of premium
37	13.2	Possession of Health insurance and justification in the rise in cost of premium
37	14.1	Insured's feeling about adequacy of coverage
38	14.2	Adequacy of coverage depending on type of policy
38	15.1	Willingness to cover dependents by paying extra amount
39	15.2	Insured status and willingness to cover dependents by paying extra amount
39	16.1	reasons for buying health insurance
40	17.1	Recent claims by the insured for hospitalization
40	17.2	Type of policy and recent claims
41	18.1	Settlement of claims within reasonable period
42	19.2	Type of policy and overall satisfaction levels
42	20.1	Willingness to continue same policy with same insurer

List of abbreviations

AIDS: Acquired immuno deficiency syndrome

AMD: Assistant managing director

CGHS: Central Government Health Scheme

CINAHL: Cumulative index to nursing and allied health literature

CMS: Center for medicare and medicaid services

CPT: Current procedural terminology

CTC: Cost to company

DRG: Diagnoses related group

EB: Employee Benefit

ES: Evidence statement

ESIS: Employee's state insurance scheme

GIC: General Insurance Corporation

HIV: Human Immune deficiency virus

HMO: Health maintenance Organization

HUMS: Health Underwriting management system

ICD: International Classification of diseases

ICP: Integrated Care Pathways

IEB: Investment and Employee's Benefit

IRDA: Insurance Regulatory and Development Authority

IT: Information Technology

LIC: Life Insurance Corporation

M & R: Milliman and Robertson

MII: Medical Inflation Index

MSS: Milliman screening services

NCR: National Capital Region

TPA: Third party administrator

PART – I

INTERNSHIP REPORT

at

MILLIMAN INDIA

SECTOR – 44

GURGAON

122002

1. INTRODUCTION:

Milliman is one of the largest international, independent acturial and consulting firms of the world, with revenues of $610 million in 2009. It has 52 offices around the globe and employee strength of over 2400, including 1100 actuaries and professional consultants. The firm is owned and managed by 300 principals, who are selected from the senior consultants based on their technical, professional and business achievements.

1.1 HISTORY:

Milliman was founded in 1947 by Wendell Milliman, a highly distinguished member of the actuarial profession. Wendell's was the first actuarial consulting practice in the Pacific Northwest. Three years later, Stuart Robertson joined the practice. In 1957, the firm incorporated as Milliman & Robertson (M&R).

Together, Wendell and Stuart laid the foundation of what is now one of the largest and most prestigious consulting and actuarial firms. Today, Milliman has offices in several countries and offers a wide range of management consulting, planning, and actuarial services. Clients include life, casualty, and medical insurance companies, other corporations, joint employer-union trust funds and professional associations, medical service providers, Blue Cross/Blue Shield plans, and governmental agencies

1.2 MANAGEMENT AND OWNERSHIP:

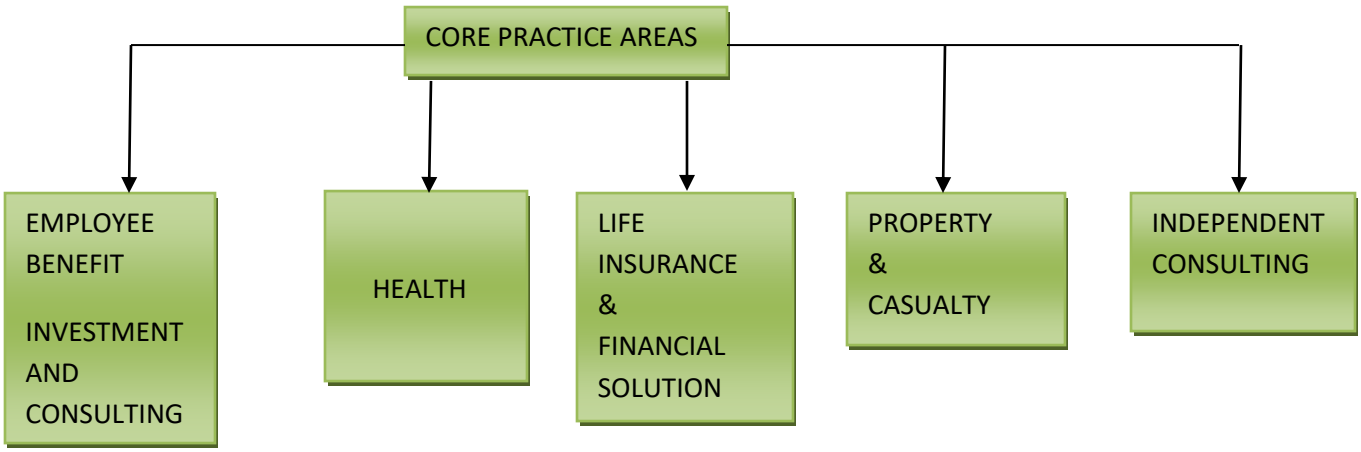
Milliman principals share ownership of the corporation and are responsible for its management and governing principles.

Responsibility for the firm's operating policy rests with the Board of Directors, which meets regularly to discuss and take action on major current topics. In turn, certain functions that must be performed between the Board's meetings are delegated to an Administrative Committee.

1.3 CORE PRACTICE AREAS

While Milliman began as an actuarial consulting firm, it now offers a broad range of business management consulting expertise. Our distinguished professionals include (among others) actuaries, economists, underwriters, claims management professionals, compliance specialists, employee benefits specialists, compensation and communication specialists, investment consultants, physicians and nurses.

Milliman's consulting services are divided into four core practice areas:



- **Employee Benefits & Investment Consulting Services**

Milliman employee benefits consultants provide support to a full range of plan sponsors, including small and large corporations, government units, and trustees of jointly administered plans.
In the Pension area, Milliman consultants are responsible for pension plan design, annual pension plan valuations, cost studies, projections, and experience studies. They may also aid in plan administration and employee benefit communication. Annual pension plan valuations are necessary to determine the contributions required to keep a plan on a sound financial basis and to support the tax deduction a company takes for its plan contributions. Cost studies of proposed benefit changes are completed to determine the impact of changes

Milliman consultants also provide a full range of services for non-pension retirement plans, primarily 401(k) programs, including plan design, administration, regulatory compliance and benefits communications.

Milliman consultants also offer investment consulting services. In 2003, the consultants of Evaluation Associates, formerly a division of Norwalk, CT based EAI Partners, LP, joined Milliman. Evaluation Associates, a Milliman Company, is a top ten-ranked full-service investment consulting firm serving the institutional investment community for more than 25 years.

- **Health Consulting Services**

Milliman health consultants assist healthcare payers and providers, such as hospitals, insurance companies, health maintenance organizations, preferred provider organizations, governmental agencies and support institutions.

Traditionally, Milliman consultants assist these organizations in the design of sound, saleable products that fulfill needs, and in the pricing of those products. An important aspect of the

consultant's work in this field is the determination of suitable estimates of reserves required to cover claims.

The rising cost of healthcare has been a critical issue facing the US economy for several years. Milliman consultants, including actuaries, physicians and nurses, help organizations succeed in this increasingly challenging environment.

- **Life and Financial Consulting Services**

Milliman is a leader in providing consulting and actuarial services to the insurance and financial services industry. Our clients include insurance companies, banks and thrift institutions, insurance regulators, law firms, product distributors, and a wide range of other industry participants, such as rating agencies, investment bankers, investors and reinsurers, both in the US and internationally.
Milliman consultants bring to the table the most current research and innovative, proprietary tools. The solutions developed are practical and actionable —and customized for our clients' organizations. Life insurance consultants also advise in the preparation of financial statements for state insurance departments and stockholders. Other responsibilities include projections of company financial results, corporate planning and experience studies of mortality rates, policy terminations, and expenses. These studies are sometimes used to estimate the economic value of an insurance company.

- **Property/Casualty Consulting Services:**

Milliman property/casualty consultants advise insurers, self-insured, and other business and governmental organizations with analysis of loss and expense liabilities, risk pricing and loss funding requirements, merger and acquisition valuations, and risk retention and measurement strategies.

The subjects covered by insurance and the hazards insured against vary considerably. Casualty insurance covers homes, businesses, and automobiles for hazards such as fire, theft, and liability. The range of Milliman expertise has expanded to include economic forecasting, claims, and underwriting (and in the US, black lung disease claims).

Risk analysis and the related management advice play an important role in all these areas. Milliman is at the forefront of such analysis techniques.

Independent Advice

Milliman consultants offer services to the public only on a compensation basis that does not compromise objectivity or independence. This history of independence traces directly from the legacy of Milliman's founders, begun over half a century ago.

1.4 ORGANISATIONAL STRUCTURE:

Band	Designation				
	Actuarial	**IEB**	**Clinical**	**IT**	**Allied/ Support**
1	Principal	Equity Principal / Principal	Principal	Project / IT head	Business Head
2	Consulting	Consultant	Consulting	Project /Product /Systems / Manager	Business Manager
3B	Analyst	Sr. Actuarial Analyst / EB Specialist	Team Leader	Project Leader	Senior Manager
3A	Junior Analyst	Actuarial Analyst / Benefit Administrator	Sr. Content Editor/ Product Coordinator	Team Leader	Manager
4B	Associate		Content Editor/ Sr. Content Researcher	Sr. Systems Engineer	Deputy Manager
4A	Junior Associate		Junior Content Researcher	Systems Engineer	Assistant Manager
5B	Trainee Actuary		Trainee/ assistant	Systems Engineers, Data warehouse Specialist, Product Design Specialist, Database Specialist, Network Engineer	Coordinator Senior
5A					Coordinator

1.5 LOCATION:

Apart from the USA, Milliman has offices in Bermuda, Brazil, Hong Kong, Japan, Korea, Germany, Italy, Mexico, Poland, Spain, United Kingdom and India.

Milliman India

Milliman's office in India was established in 2005 in Gurgaon. It provides a diverse range of services to client organizations in India as well as to Milliman offices and client in other overseas markets.

1.6 BUSINESS UNITS OF MILLIMAN INDIA AND THEIR FUNCTIONS:

- Actuarial Team
- Clinical team(Milliman Screening Services)
- IT team
- EB team

Actuarial team

- Market Intelligence Reports and Research
    - Market analysis, entry strategy
    - Industry analysis of other markets
    - Quarterly health insurance data and trend analysis for US HMOs, employers and insurers
    - Experience studies for Indian insurers on health and auto data
- Bid pricing to Center for Medicare and Medicaid services (CMS) for Medicare plans on behalf of insurers in the US
- HCG development for India, Hong Kong, UK
- Created utilization and cost benchmarks at CPT, DRG and procedure family level for US insurers

Clinical team

Tools developed

- Claims Payment Reference Tool
- Physician Order Sets
- Health Risk Assessment
- ICD 10 coding tool

Services provided

- Bill audit review
- Provider credentialing
- Manual claims audit
- Claims and underwriting process review
- Advocacy messaging
- Mapping of all ICD-9 CM / ICD 10 codes into client defined categories
- Indigenous DRG development.

IT team

- Monthly data loading for US based MedInsight clients
- Product Development
    - Development of MedInsight specifically for Indian market using local product design and reporting guidelines
    - Conversion of an existing excel based benchmarking tool to web based tool for a UK based client
- Product Enhancement
    - Designing & developing new reporting templates
    - Upgrading existing reporting mechanisms
    - Managing version migration for clients

EB team

- Retirement Plan Administration Services of defined contribution and defined benefits
- Retirement Plan Compliance Services
    - Compliance Services for both defined benefit as well as defined contribution plans
    - Preparing Form 5500s as well as perform non discriminatory testing
- Employee Benefit Actuarial Services
- Actuarial valuation services for Defined Benefit plans.

2. AREAS SERVED

1. Milliman Screening Services UK – ICP Project
2. Milliman Screening services Indian Healthcare Project
3. Milliman Screening services Indian Underwriting Project
4. Milliman Screening services HUMS project

3. ACTIVITIES

3.1 GENERAL

- **Induction training** by Team Leader and team members from 15th November 2009 to 22nd November 2009 at Milliman India Office, Gurgaon
- **Final joining** on 1st February 2010 after receiving offer letter.
- **Orientation Program** at Crowne Plaza, Gurgaon

Speakers: 1. Bradley M Smith, Chairman
2. Alam Singh, AMD
3. Vandana Bhardwaj, TL, IT team
4. Lalit Baveja, TL, MSS team

5. Biresh Giri, Consulting actuary
6. Shuvendu Banerjee, Asst, Administration
7. Ravi Sekhar, TL, EB team

- **Webex training sessions** on usage of Reference manager, Review manager, Grade pro, Search strategies for Ovid and Pubmed.
- **Exploration of different** search engines and databases like Science direct, Cochrane, Pubmed, CINAHL, Ovid
- **Replication search strategies** of OVID into PUBMED
- **Weekly Conference calls** with London and US clinical team for work plan and project upgradation.
- **Weekly team meetings** for Work distribution and scheduling.
- **Monthly departmental meeting** for Project update, Work completion, New assignments, New project suggestions and profit and loss.
- **Quarterly peer review**
- Team get togethers and outings.
- Proper data storage
- Peer review of specfic projects

3.2 SPECIFIC IN DEPTH TASKS

3.2.1 MSS UK ICP Project:

- Formation of Clinical questions for the specific assigned condition
- Conversion of the clinical question to PICO format
- Peer review of the formulated and formatted questions.
- Formulation of search strategies for searching clinical evidences in Pubmed
- Search for existing care guidelines
- Replication of search strategies.
- Search for clinical evidences
- Importing of the selected evidences using Ref man to central database
- Review of the data using Rev man
- Grading of the evidences
- Citation of the graded evidence for the particular questions
- Development of the care algorithm
- Based on the care algorithm development of the ICP and ES
- Peer review of the ICP

3.2.2 MSS Indian Healthcare projects:

- Formulation of MII for medical inflation with CII and Reinsurance companies
- Formulation of care pathways for outpatient conditions for OPD clinics

3.2.3 MSS Indian Underwriting guidelines Project:

- Developments of underwriting guidelines contents
- Editing of developed contents
- Development of different buckets to accommodate future risks of hospitalization and their impact on costs depending on the specific condition, recurrences, their complications and associated co morbidities.

3.2.4 MSS Indian HUMS Project:

- ICD 10 mapping of the conditions and their complications
- Formulation of different buckets for HUMS based on the permutation and combination of the condition under consideration, it's complications and co morbidities
- Evidence search to findout clinical evidences of the prevalence and calculation of the annual incidence rates and their future impacts on the formulated buckets.

.

PART – II

“Dissertation on the study of the awareness, attitude, practice and satisfaction of employed Indians in Delhi NCR for Health Insurance”

CHAPTER – 1

INTRODUCTION

The history of insurance in India could be traced back to the country's deep rooted history where insurance finds mention in the writings of Manu in Manusmrithi, Yagnavalkya (Dharmasastra) and Kautilya (Arthasastra). The writings refer to pooling of resources that could be redistributed in times of alamities such as fire, floods, epidemics and famine.

The Indian Life Assurance Companies Act, 1912 was the first statutory measure to regulate life business. In 1928, the Indian Insurance Companies Act was enacted to enable the Government to collect statistical information about both life and non life business transacted in India by Indian and foreign insurers. In 1938, with a view to protecting the interest of the Insured, the earlier legislation was consolidated and amended by the Insurance Act, 1938.

The Government of India nationalized the insurance business by establishing Life Insurance Corporation (LIC) in 1956 and General Insurance Corporation (GIC) in 1973. Initially LIC dealt with Life insurance and GIC (with 4 subsidiaries; 1. New India Assurance Company Ltd; 2. Oriental Insurace Company LTd; 3. National Insurance Company Ltd; 4. United India Insurance Company Ltd) dealt with Non life insurance including health insurance. In 1993 the Government of India set up a committee under the chairmanship Of Mr. R.N Malhotra to propose reccommendations for reforms in the insurance sector. The committee submitted it's report in 1994 wherein, among other things, it reccommended that the private sector be permittes to enter the insurance industry. It also stated that foreign companies be allowed to enter by floating Indian Companies, preferably through joint ventures. Following the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority was esablished as an autonomous body t regulate and develop the insurance industry. The IRDA opened up the market in August 2000 and so far 23 Life insurers and 24 general insurers (source: IRDA) are operating in India now.

In the European countries and the USA, the state of health and health indicators can be ascribed to a planned and well formulated healthcare financing system with equal contribution from the state and the private sector with more focus on general taxation, social health insurance and voluntary private health insurance. In India the scenario is entirely different with the major chunk of health care financing (75%) being derived from out of pocket expenditure. Only about 15% of the total population of India is insured for their health now *(Health insurance in India, is it on the right trajectory; A.K Chattoraj)* and the figures have improved over the last three years because of Government of India's commendable actions in making a nationalized attempt at community based insurance and micro insurance schemes, of which RSBY (Rashtriya Swathya Bima Yojna) is worth mentioning.

Self purchased health insurance schemes by both PSUs and private insurers are on a rise in India now with the rising health care costs due to newere technologies and expertise; general price rise, increased competition in the healthcare market and above all a fluorishing medical tourism. Sudden medical expenditures are becoming a nightmare these days and so people are resorting to health insurance. One more factor which is helping health insurance come into focus is the changing disease pattern of the

country. With it's progress on the path of development, the predominant pattern of diseases have changed from communicable and infectioud to lifestyle and behavioural complicated by road traffic accidents and the result is prolonged treatment, sometimes lifelong.

An easy solution to these problems is offered by health isurance, where the premium paid becomes negligible should any medical emergency arise.

Corporates are resorting to buying group health policies for their employees to

- Make their HR policy strong and ensure employee retention
- Offers tax benefits o employees as health care claims if reimbursed to the employees would be considered as apart of their income and will be taxed.
- Helps the organizations in having healthy employees which will reduce the lost man days to illness
- Helps mitigating the risk to a third party

Evolution of Health Insurance in India

Formal system of Health Insurance in India began with the inception of the Employee's State Insurance Scheme, introduced vide the ESI act, 1948. The Employees State Insurance Scheme (ESIS) provides for both cash and medical benefits. ESIS provides for a comprehensive health services through a network of it's own hospitals and dispensaries.

The ESIS was soon followed by Central Governmen Health Scheme(CGHS), which was introduced in 1954 as a contributory health scheme to provide comprehensive medical care to the cetral Government employees and their families.

Before nationalization and till a long time after it the Non Life insurers were providing health insurance largely on group basis, and individual health schemes were few with diverse terms and conditions. After nationalization, the four subsidiaries of GIC continued to issue health insurance policies, more as a tailor made group covers to corporateswith varying terms and conditions. The first major attempt to standardize the terms and conditions of health insurance was made by the GIC in 1986 with the launch of "Mediclaim policy" which is a voluntary health insurance scheme and covers for hospitalization, domiciliary care and certain day care procedures with certain exclusions like pre existing diseases, pregnancy and childbirth, HIV AIDS etc. Over the last two decades the standard mediclaim policy has undergone lots of revisions and modifications. The maximum sum insured available under mediclaim has risen to 5 lakhs from 83,000 in 1986. The involvement of TPAs in recent times has made cashless benefits available to the insured as well from only re imbursement.

The health insurance sector continues to be one of the most dynamic and fast evolving constituents of the Indian insurance industry. During 2008 – 2009, the indian insurance industry recorded a total health insurance premium of Rs. 68740 million which is a 30% improvement over the previous year, and more than twice the level seen just 2 years ago(*IRDA journal, various issues*). After detariffing the life insurers also entered into the health insurance market as well and now in Indian health insurance market there are

over 300 innovative products being marketed by over 40 insurance companies, general, life and stand alone health insurers.

As per various estimates of consulting firms in 2009 (KPMG, McKinsey) the Indian health insurance market would continue to grow at 25% - 30% per annum and reach a level of Rs 25,000 to 30,000 crore by 2015, which doesnot look difficult to achieve, with the sector already growing just a notch below a CAGR of 40% over the last several years *(Challenges and prospects of Health insurance in India, Nagpal et al).*

Rationale of the Study

The urgent need for rationalizing health insurane arises out of several factors – Health expenditure, large out of pocket expenditures, sudden medical emergencies, newer epidemiological patterns of disease. Health insurance is an ideal mechanism for protecting an individual's earning by transferring the risk. Health insurance can provide a better access to health care. A properly managed health care program would not only protect the finances of the individual but also ensure wellness by providing access to preventive healthcare. It can also be used as a tool for obtaining cost effective healthcare.

The Indians are ralising the importance of health insurance and more and more and taking to it. But, taking health insurance doesn't solve the problem entirely. There are other attched issues as well, as in the income tax rebate it offers, the benefits it offers and the extent of coverage offered. There are other issues like those who don't go for health insurance, why do they do it? What is the main reason the educated and employed seek health insurance for? What amount will they give to cover their health risks and whether they will pay to cover their parents and children?

IRDA in 2005 in collaboration with Prasar Bharti telecasted a phone in programs where experts answered the queries of the general people on insurance but, the programme could not be as successful as could have been.

This study tries to assess the level of awareness of the educated and employed Indians in Delhi NCR reasons and it also assesses their perception towards health insurance as well as practices by them. It tries to find out the level of satisfaction of the insured mass with their current policies.

Scope of the study:

This study weighs the awareness of the insured and uninsured alike aginst their perception and practices regarding health insurance. This study can be used as a starting point for further research in what the insured will really want their policies to offer them and what will it take for them to keep using their policies with the same insurer. It can also lay the first step for the insurers to find out how many of their clientele are happy with their services and how many of them will renew their policies with them. It also tries to find out the utilization and expectation patterns of the employed insured Indians in Delhi - NCR regions as well as creates awareness of those related to the insurance business towards the expectations of the insured and uninsured.

Literature Review:

As far as known this study is first of its kind in India. A similar study was done by Kaiser family foundation(Kaiser family foundation health insurance survey, 2004) where it was found that

- People see health insurance first and foremost as a way to protect against catastrophic costs, rather than as a way to pay for everyday health expenses.
- Cost of health plan, choice of doctors, and range of benefits are all important factors to people when choosing or evaluating a health plan. Not surprisingly, those with lower incomes are more likely to see cost as an important factor.
- Overall, people who have health insurance are happy with their plans. In addition, most people want to keep the coverage they have now, even if they have to pay more. However, many express at least some worry that they will have health care needs that their insurance won't cover, particularly those with lower incomes and those who purchase their own insurance.
- When asked what is the highest amount they'd be willing to pay for various aspects of health insurance, people give a variety of responses and no single major figure was seen.
- People with employer-sponsored insurance are sympathetic with their employers, and they prefer to get their insurance at work rather than trying to buy it on their own. Those insured through an employer are somewhat divided on whether they view health insurance coverage as part of, or separate from, their monetary compensation.

Another survey conducted in the US for assessing the Insurance Knowledge and Decision-Making Practices among Medicare Beneficiaries and Their Caregivers (Bann et al) found that Beneficiaries who receive help with health insurance decisions have lower knowledge of the Medicare program and are less likely to be aware of and use information sources than beneficiaries who make their own decisions. With few exceptions, proxy respondents had similar levels of access and knowledge as beneficiaries who make their own insurance decisions. This indicates that the people who pay for their own insurance and have greater knowledge of it take fast decisions.

CHAPTER – 2

MATERIAL & METHODOLOGY

- The survey was carried out using a semi open questionnaire (Annexure - 1) where in some questions multiple entries were allowed. The questionnaire had 8 demographic and life style questions and 18 questions realted to the knowledge, perception, practice and satisfaction of the population under study regarding health insurance. After formulation of the questionnaire it was run past actuaries, underwriters and some insurance experts and their idea was incorporated and necessary changes were made.

- The sampling method adopted was convinient and as the population to be studies were employed Indians in Delhi – NCR, ten different organisations were contacted and the questionnaire was e – mailed to them. Of the ten organizations, five responded with 83 filled questionnaire. Then a telephonic interview was carried out and 35 people responded to it. A direct survey wascarried out where respondents were interviewed at life style mall, Rajouri Garden and the total number of people who responded and were eligible for the study 24. The total sample size thus for the study was 142.

- Data was then compiled in MS Excel and the demographic variables and questions were coded (Annexure - 2). Then the data was transferred to SPSS – 16 for analysis. Descriptive analysis of the data was carried out using the software and out puts was obtained on SPSS output sheet.

- The analysed data output was again transferred to Excel for interpretation and calculation.

- Appropriate tabulations were made based on the calculations.

CHAPTER – 3

RESULTS AND FINDINGS:

1. DEMOGRAPHY OF THE RESPONDENTS

Out of total 142 respondents, 12.7% were below 25 years of age, 41.5% were of 26 – 30 years age, 26.1% were 31 – 35 years, 7.7% were in 41 – 45 year age group, 2.8% were in 46 – 50 years and 5.6% of the participants were above 50 years of age. 66.2% of the respondents were male and 33.8% were female with a male to female ratio of 1.95%.

61% of the respondents were married and 39% were unmarried. 44% of the participants were found to have an annual income of 5 lakhs or lower, 45 % had an income of 5 – 10 lakhs per annum and 11% of the respondents were found to have an annual income of 10 lakhs or more.

11% (n = 15) of the participants had an annual income of 10 lakhs or more, whereas 45% (n = 64) had an annual income ranging 5 – 10 lakhs and 44% (n = 63) had an income of less than 5 lakhs per annum.

76% of the participants were smokers and 63% drank alcohol. 35% of the participants lead an active life, whereas 59% had semi active life style and 6% of the participants had a sedentary life style.

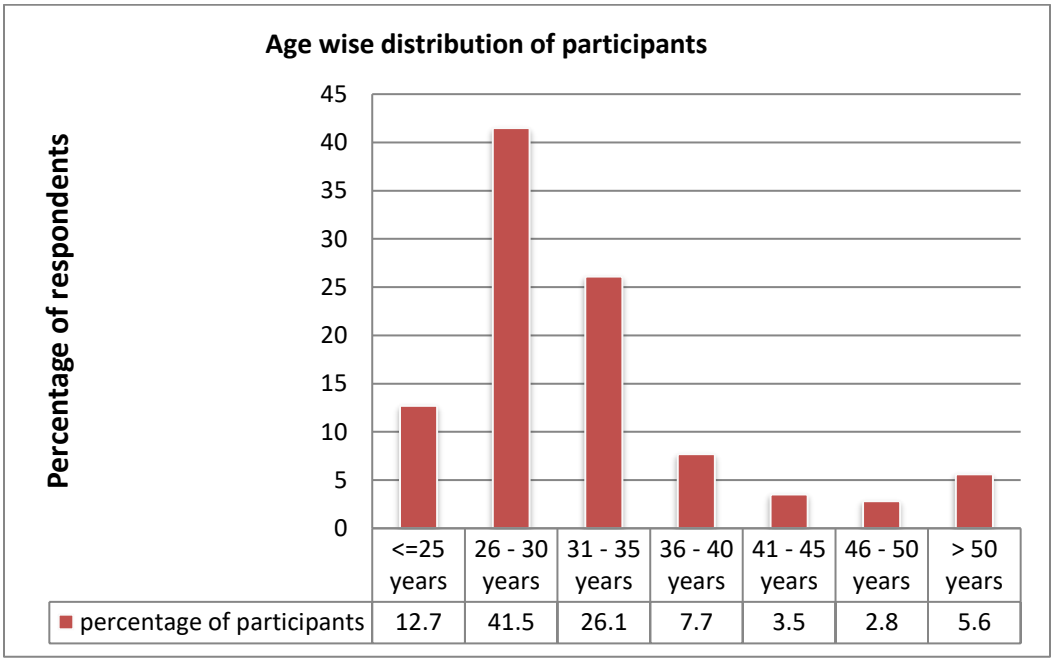


Chart 1.1 Age wise distribution of participants

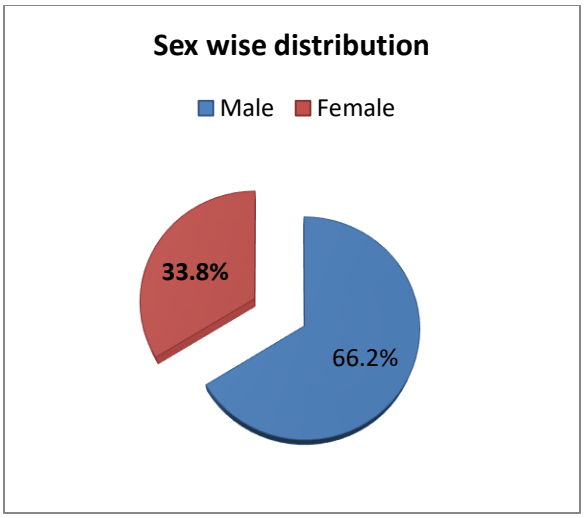


Chart 1.2 Sex wise distribution of respondents

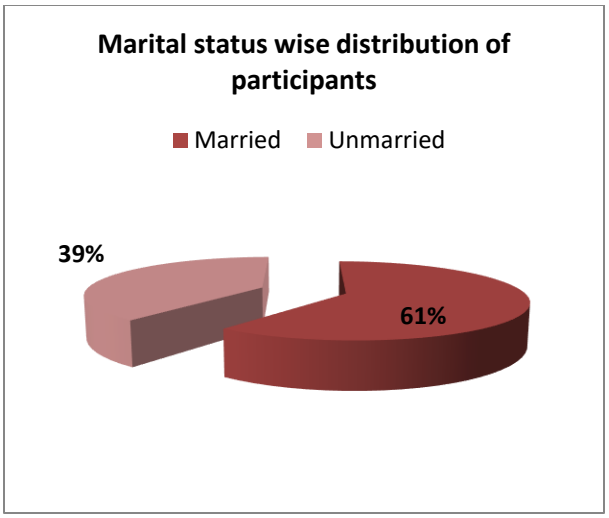


Chart 1.3 Marital status wise distribution of respondents

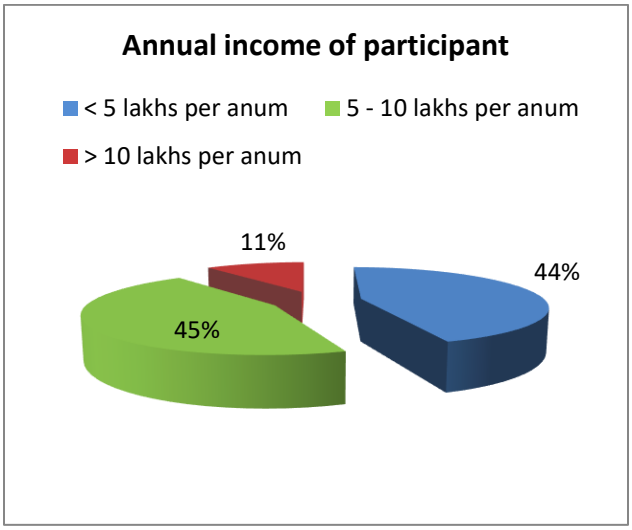


Chart 1.4 Annual income of participants

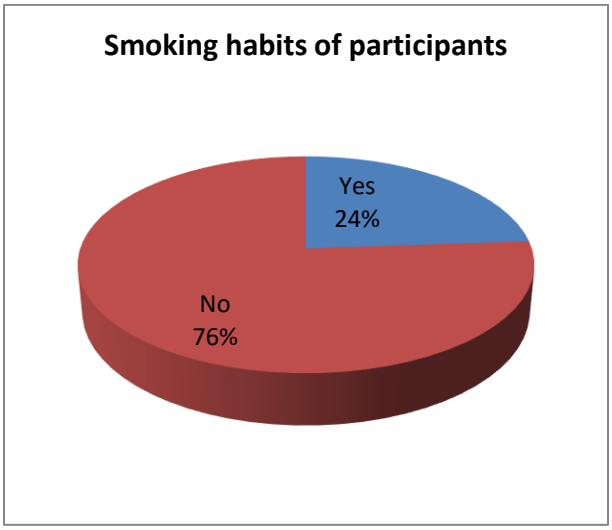
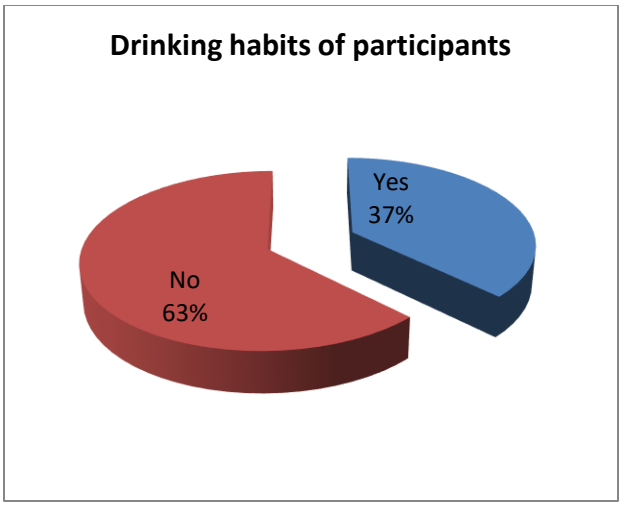


Chart 1.5 Smoking habits of participants



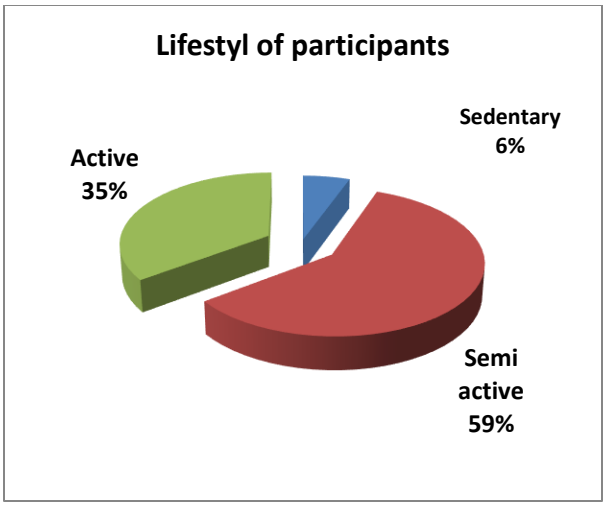


Chart 1.6 Alcohol drinking habits of Participants

Chart 1.7 Lifestyle of participants

2. PREVALENCE OF POSSESSION OF HEALTH INSURANCE:

Total 79% of the participants (n=112) had health insurance and 21% (n=30) didn't have any type of health insurance. Age wise distribution of health insurance shows the highest prevalence of health insurance in the 36 – 40 year age group(90%, n=10/11), and the lowest prevalence in 46 – 50year(50%) and >50(50%) years age group.

The possession of health insurance is highest in the >10 lakhs/annum income group with 100% of the participants in the group having health insurance. Whereas 78% in the 5 – 10 lakhs income group and 75% in the <5 lakhs/annum income group have health insurance.

Graduates showed the highest prevalence of health insurance possession (80%), with inter having 33% and masters 78%.

88.24% of the smokers and 88.68% alcohol consumers had Health insurance, whereas the figures in non smokers and non users of alcohol were 75.93% and 73.03%.

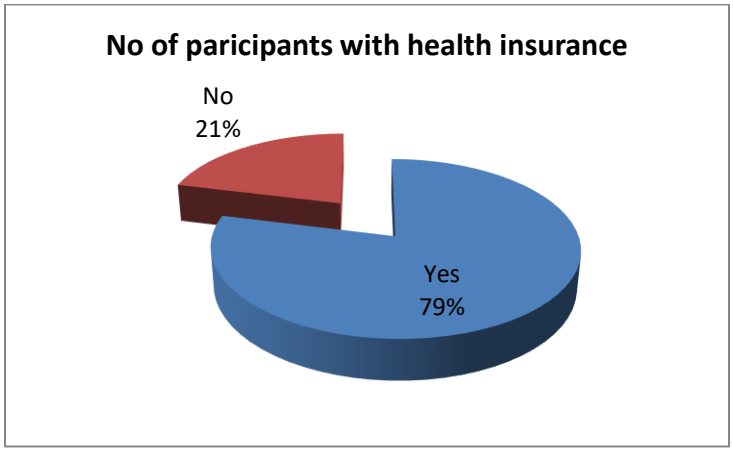


Chart 2.1 Prevalence of health insurance in study population

Table 2.1 Age wise distribution of health insurance

Age group	Total no of participants	No. of persons in age group who have health insurance	% of participants having health insurance
<= 25 years	18	11	61%
26 – 30 years	59	49	83%
31– 35 years	37	32	86%
36 – 40 years	11	10	90%
41 – 45 years	5	4	80%
46 – 50 years	4	2	50%
>50 years	8	4	50%

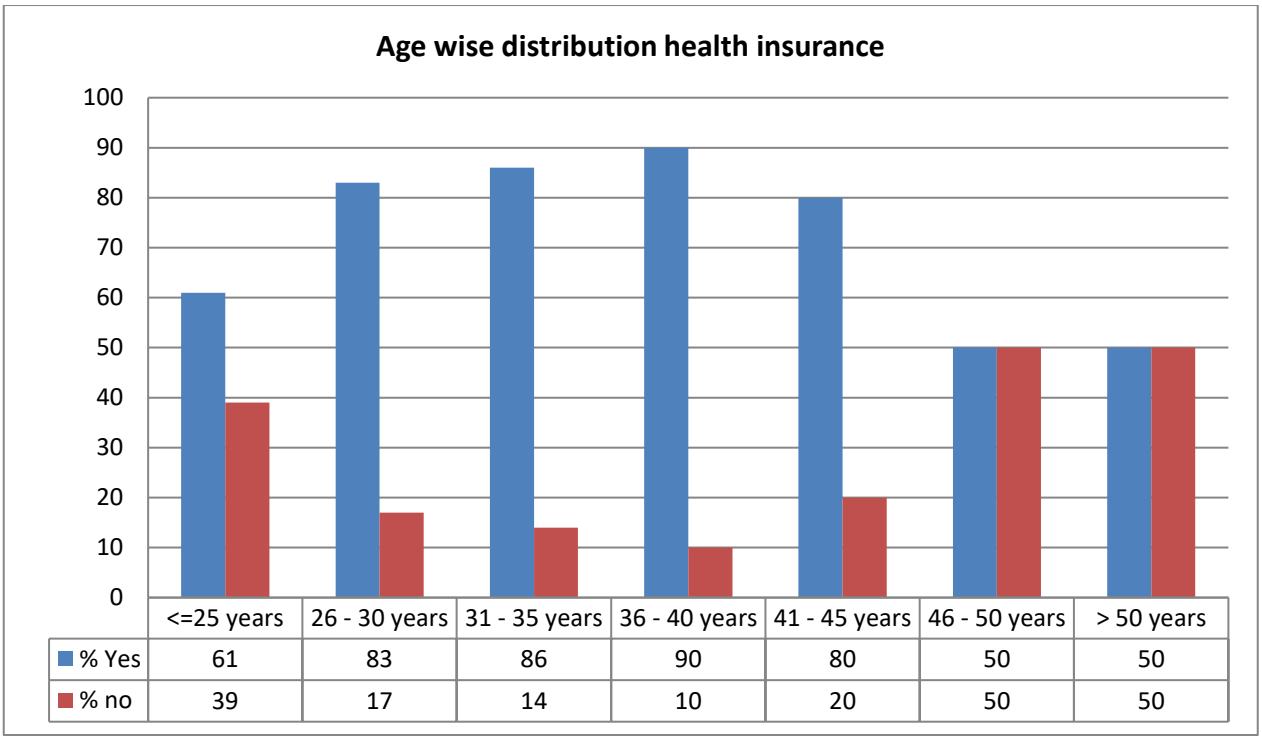


Chart 2.2 Age wise distribution of possession of health insurance

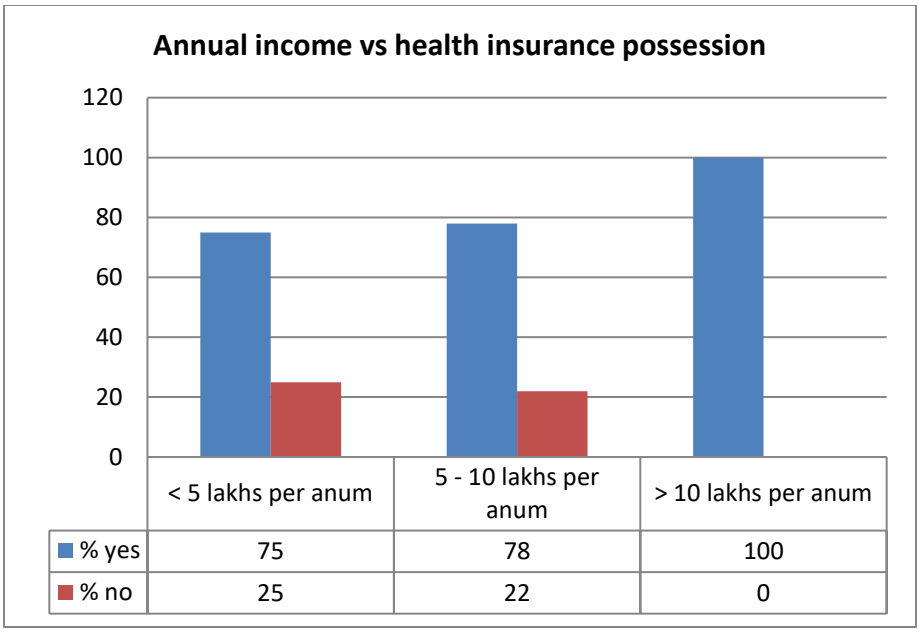


Chart 2.3 Annual income and possession of Health insurance

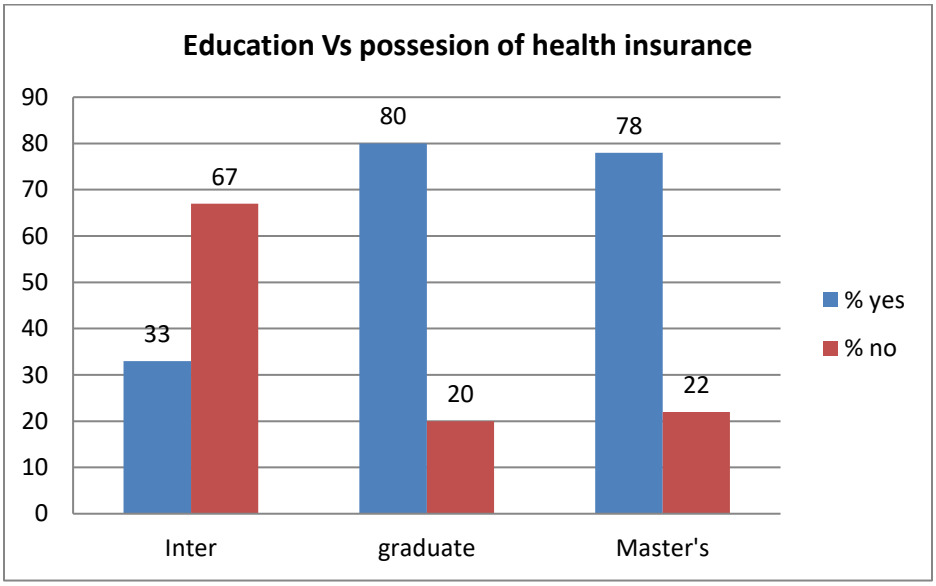


Chart 2.4 Education and health insurance

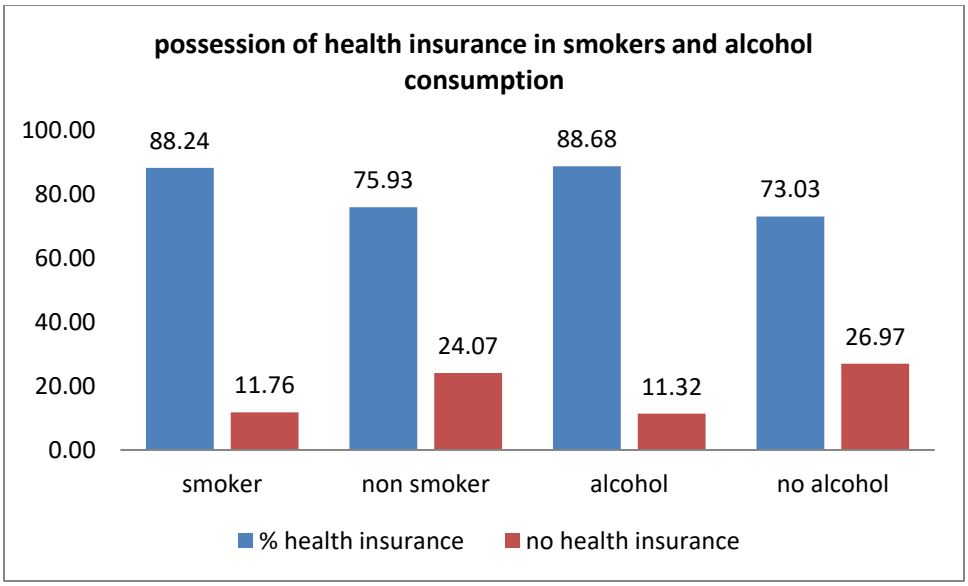


Chart 2.5 Smoking and Alcohol consumption and possession of health insurance

3. TYPE OF HEALTH INSURANCE:

Of the insured respondents having single policies, maximum numbers had employer sponsored group health plans (38.58%, n=49) whereas 28.35% of the insured had self purchased health policies. 6.3% of the insured had Govt. sponsored policies, 3.15% of the insured were insured through family floaters bought by their family members.

Of the insured with more than one health policiy,13(10.24% of insured) had self purchased policies and Employee sponsored group health plan. 1(0.79%) each had combination of self purchased policy with Govt.sponsored scheme and floater by family members. None of the insured had more than two policies.

In the income group of 10 lakh or more per annum the percentage of people buying health insurance is 67%(10 out of 15), in the 5 – 10 lakh per annum group it is 58% (29 out of 50) and in the 5lakh or less per annum group it is 25.5% (12 out of 47)

Table 3.1 Type of health insurance by insured respondents

Type of policy	No of insured respondents	Percentage of insured
Self purchased	36	28.35%
Employer sponsored group health plan	49	38.58%
Govt.Sponsored	8	6.3%
Floater by family member	4	3.15%
Self purchased+Employee sponsored	13	10.24%
Self purchased+ Govt. sponsored	1	0.79%
Self purchased + Floater by family member	1	0.79%

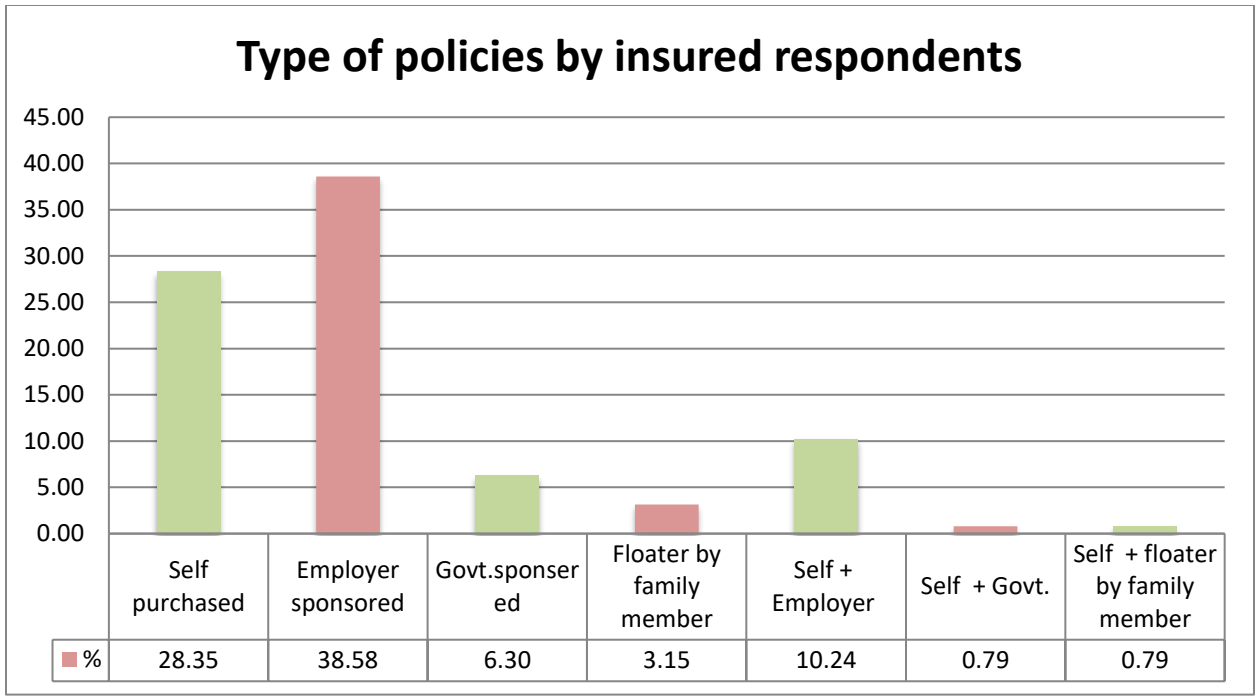


Chart 3.1 Type of policy opted by insured respondents

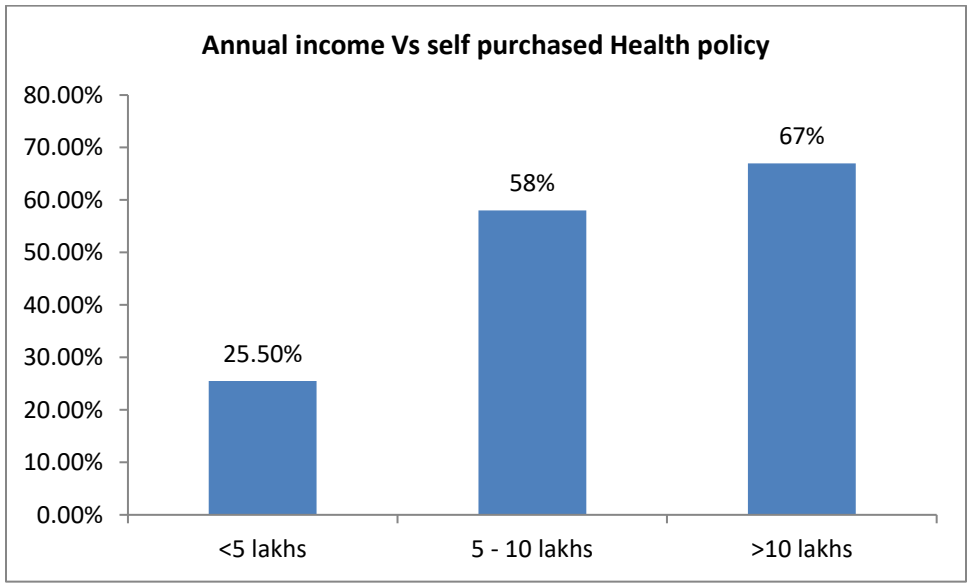


Chart 3.2 Self purchased policies in different income groups

4. REASON FOR NOT HAVING HEALTH INSURANCE:

In the uninsured group (n = 30), 4 persons (13.33%) each said they didn't know about health insurance or couldn't afford it. 22 uninsured participants (73.33%) said they haven't felt the need of health insurance yet.

Majority of the uninsured (75%) who said they didn't have health insurance because they don't know about it were higher educated (masters). Of the uninsured saying they couldn't afford it majority (50%) were graduates, and those who said they haven't felt the need of health insurance yet, majority were graduate.

50% each of the group saying they dint know about health insurance were in the < 5 lakh rupees per annum and 5 – 10 lakhs per annum income category. Same was the case with the groups saying they could not afford it or they haven't felt the need yet.

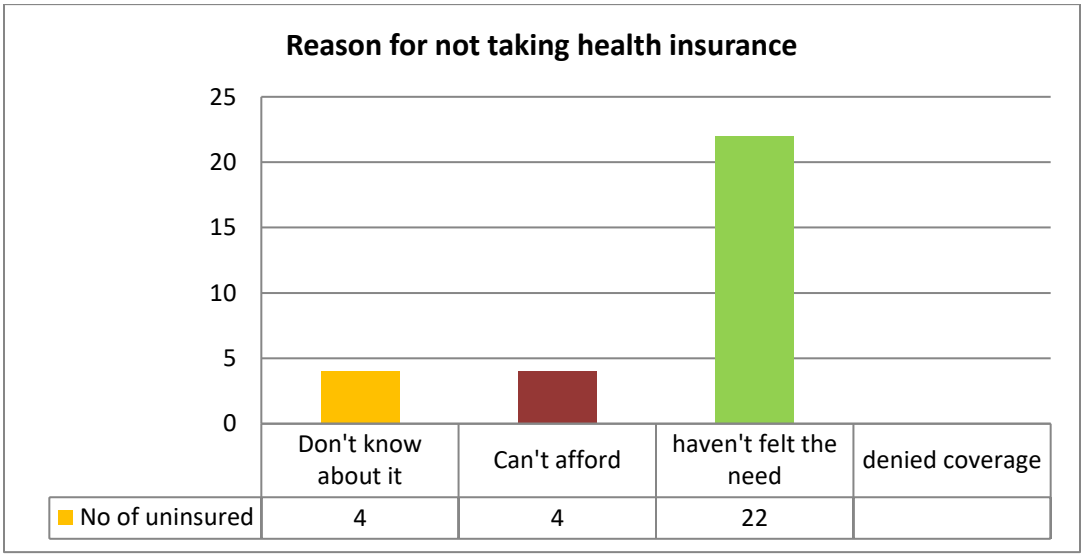


Chart 4.1 Reason stated by the uninsured for not availing health insurance

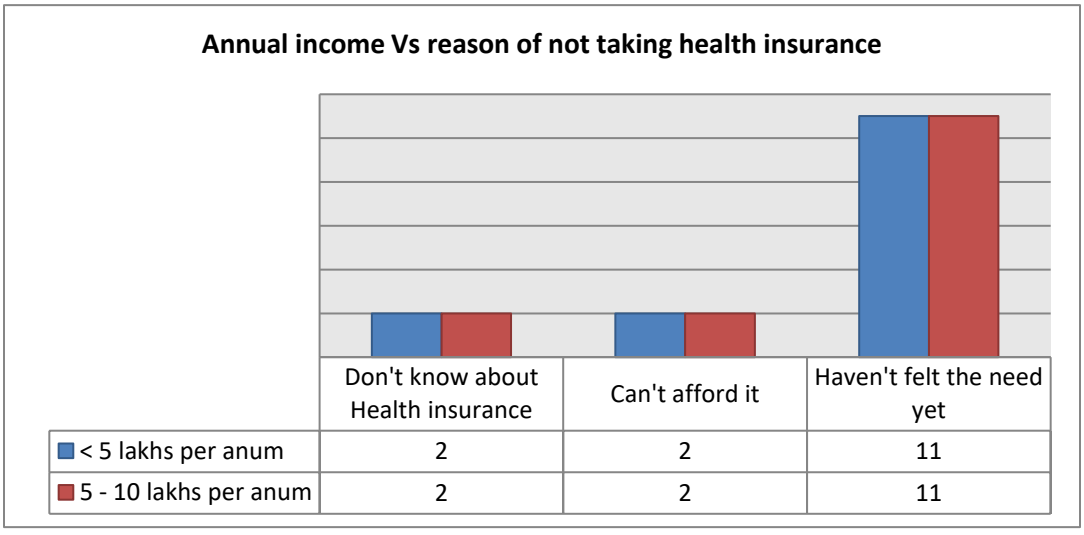


Chart 4.2 Reason for not taking health insurance in different income groups

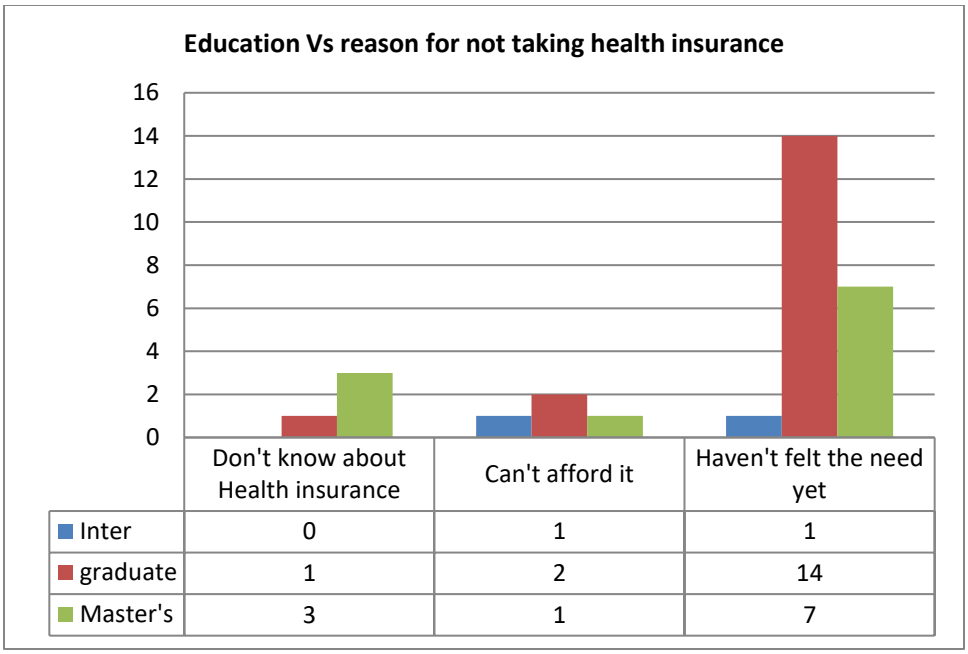


Chart 4.3 Reason for not taking health insurance in different education groups

5. TYPE OF COVERAGE:

51 of the insured respondents (45.5%) had policies which offered cover to their entire family with same premium. 43 (38.39%) insured respondents had policies offering cover to their own self. 13 (11.6%) had policies offering cover to dependents with extra premium and 5 insured participants (4.5%) didn't know the extent of coverage of their policies.

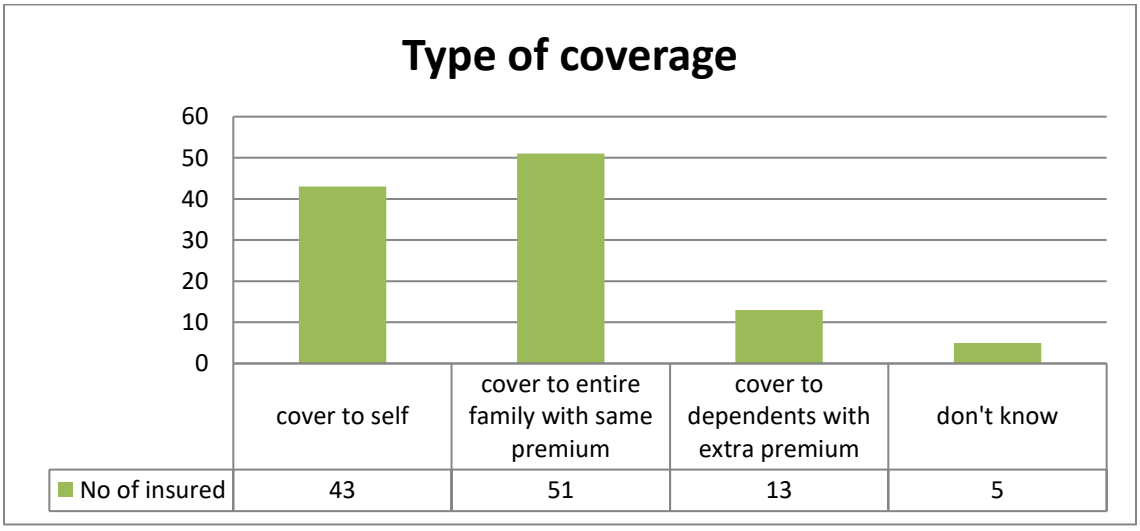
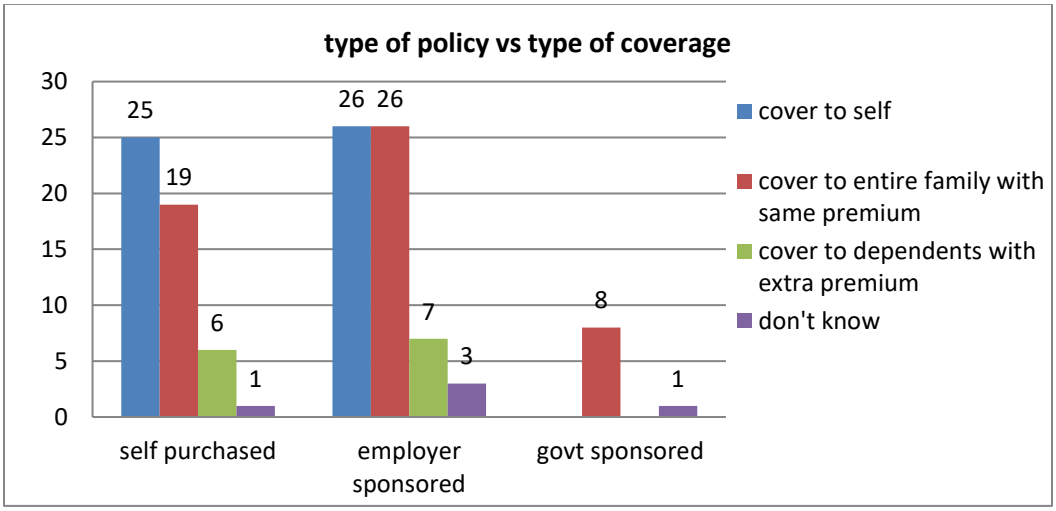


Chart 5.1 Type of coverage by the insured respondent

Majority of those buying health insurance bought it for self (49%) whereas 11.76% self purchased policy holders paid extra premium to cover their dependents. Only one insured participant (2%) didn't know the type of coverage offerd by the policy owned. In the group having employer sponsered group health plan, equal numbers were offered cover to self and cover to family with same premium (42% each) and 11.3% were asked to pay extra premium to cover their parents (all in the same organization). Larger number didn't know the extent of coverage of their policies in this group. Of the group with Govt. sponsored policies, which normally give cover to entire family with same premium, 11% know who all were covered under their policies.

Chart 5.2 Type of policy versus type of coverage



Age group	Cover to self	Cover to entire family with same premium	Cover to dependents with extra premium	Don't Know
<= 25 years	5	5	0	1
26 – 30 years	22	22	4	1
31 – 35 years	14	11	4	1
36 – 40 years	0	6	4	0
41 – 45 years	0	3	1	4
46 – 50 years	1	1	0	0
>50 years	1	3	0	0

Table 5.1 Type of coverage offered by age group

6. AGE AT LEARNING OF HEALTH INSURANCE:

Majority of those who knew of health insurance learnt about it during the 20 – 25 year age group (48%).

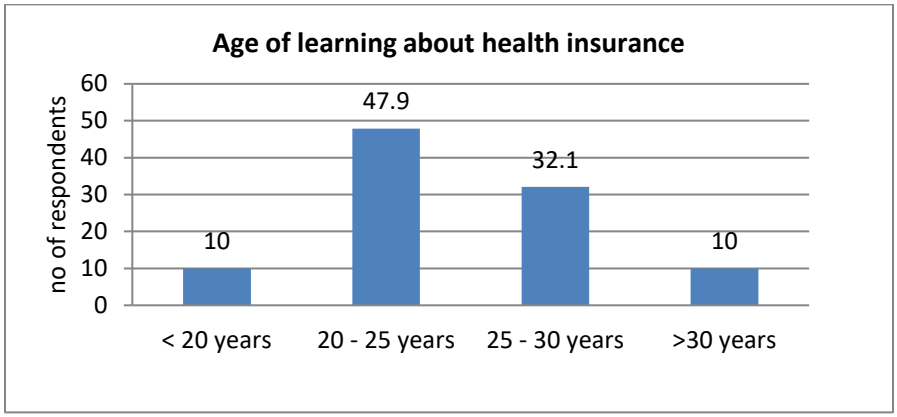


Chart 6.1 Age at which learnt about health insurance

7. Means of learning about Health insurance

Out of the 142 respondents, 140 knew of health insurance and 2 were unaware of it. Of the 140 participants, majority learnt about it from friends (44.28%, n = 62) and television (39.28%, n=55). Out of the rest 40 (28.57%) learnt about it from internet and 41(29.21%) from newspaper. 15 learnt t from other sources, mojority of which were from workplace/employers and all of them had group health plans.

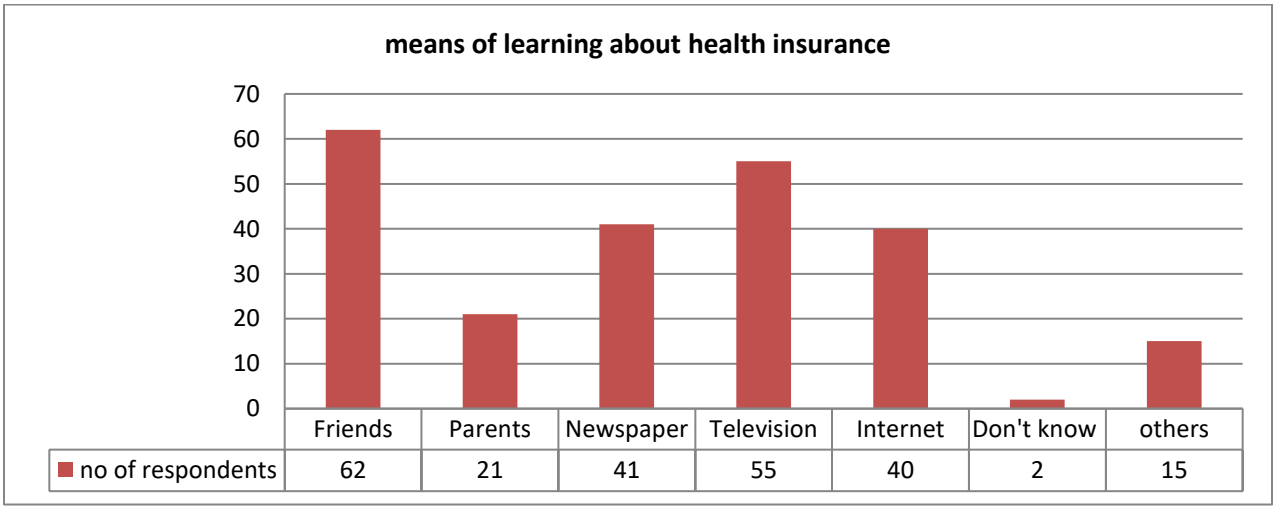


Chart 7.1 Different means of learning about health insurance by the respondents

8. KNOWLEDGE ABOUT BENEFITS OFFERED:

84.31% of those with self purchased policies knew about the benefits offered / items covered by their policies whereas 82.25% of those with employer sponsored group health plans, 67% of those with Govt. sponsored policies and 20% of those covered under floters bought by family members knew about the benefits offered / items covered by their health insurance policies.

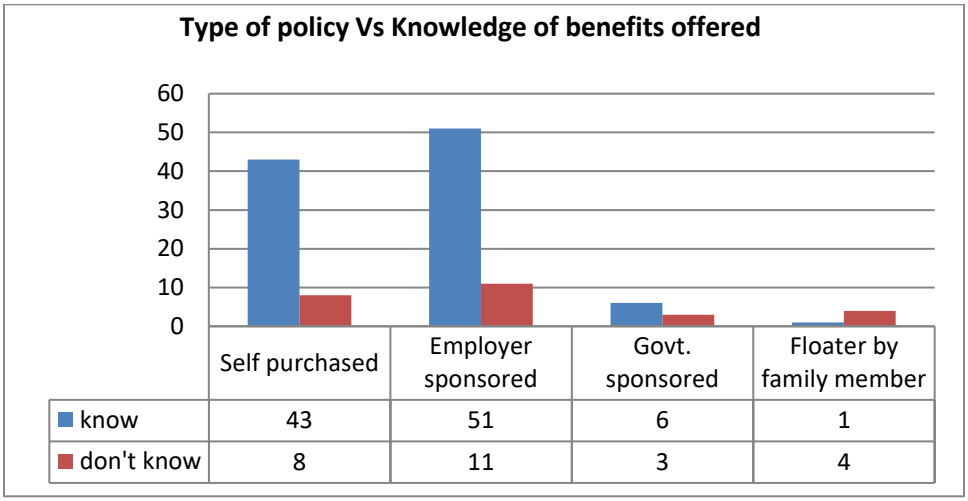


Chart 8.1 Type of policy and the knowledge of benefit offered

9. AWARENESS OF EMPLOYER SPONSORED GROUP POLICY HOLDERS OF WHETHER THE PREMIUM PAID IS A PART OF THEIR CTC:

Of the insured respondents covered under Employer sponsored group health plans, 64% were aware that the premium paid toward their premium was a part of their CTC, whereas 13% thought it was not and 23% were not aware of it.

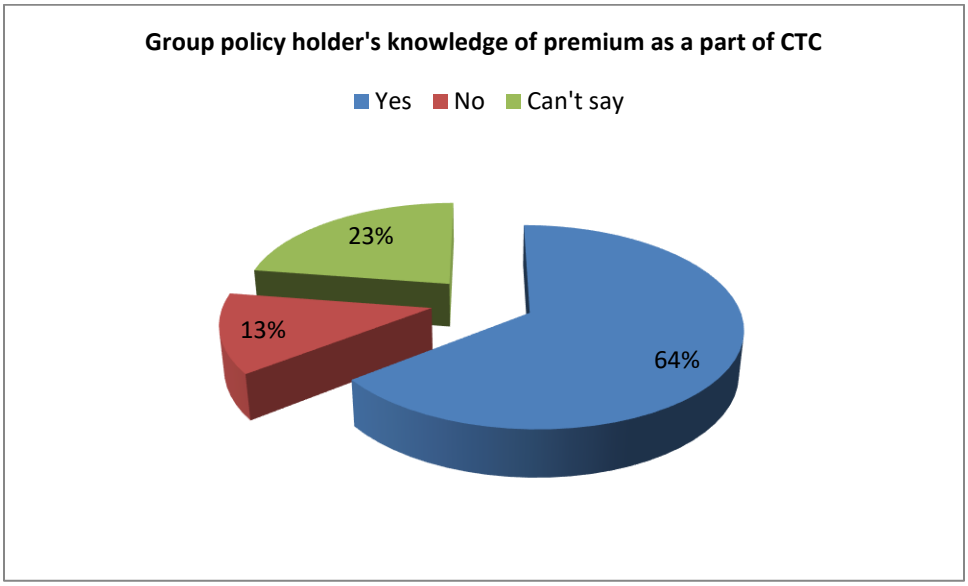


Chart 9.1 Group policy holder's knowledge of premium as a part of their CTC

10. KNOWLEDGE OF THE PAYOR FOR THE DEPENDENTS IN EMPLOYER SPONSORED GROUP HEALTH POLICIES OFFERING FAMILY FLOATER:

37.1% the employer sponsored group health plan holders did not know who pays for their dependents in family floater schemes, whereas 32.3% of the group had policies where their employer paid the amount and 30.6% had to pay for their dependents themselves.

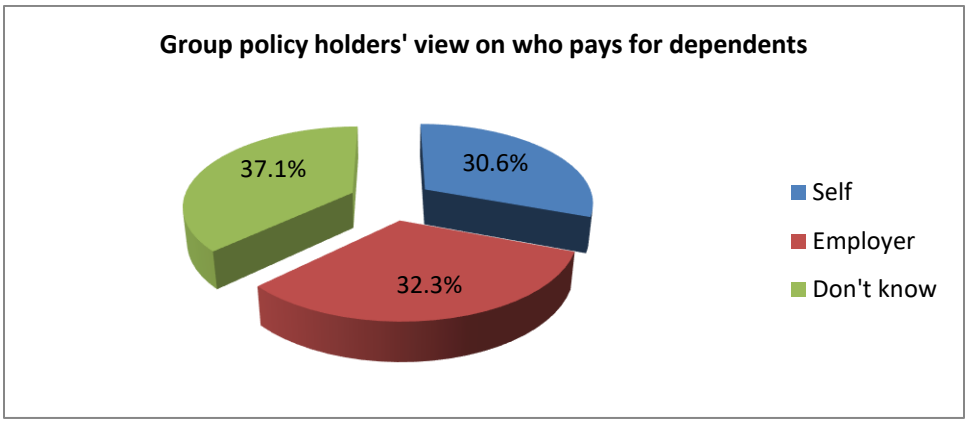


Chart 10.1 Group policy holder's knowledge about their dependent's premium

11. MAJOR DECIDING FACTOR OF CHOICE OF A HEALTH INSURANCE PLAN:

Participants overall thought that the benefits offered (82.3%) should be the major deciding factor in choosing a health insurance policy. 20% thought it should be the cost of the premium, 23% thought it to be insurer/provider's name and past record whereas 11% thought it should be the previous expenditure on healthcare.

Insured uninsured alike thought that the benefite offered should be the major deciding factor in choosing a health care plan.

Factor for deciding the choice of health insurance plan	Percentage of insured	Perdcentage of uninsured
Cost of premium	19%	27%
Benefits offered	85%	73%
Insurer/Provider's name and past record	25%	17%
Previous expenditure on health care	9%	20%

Table 11.1 Factors deciding the choice of health insurance plan of the participants

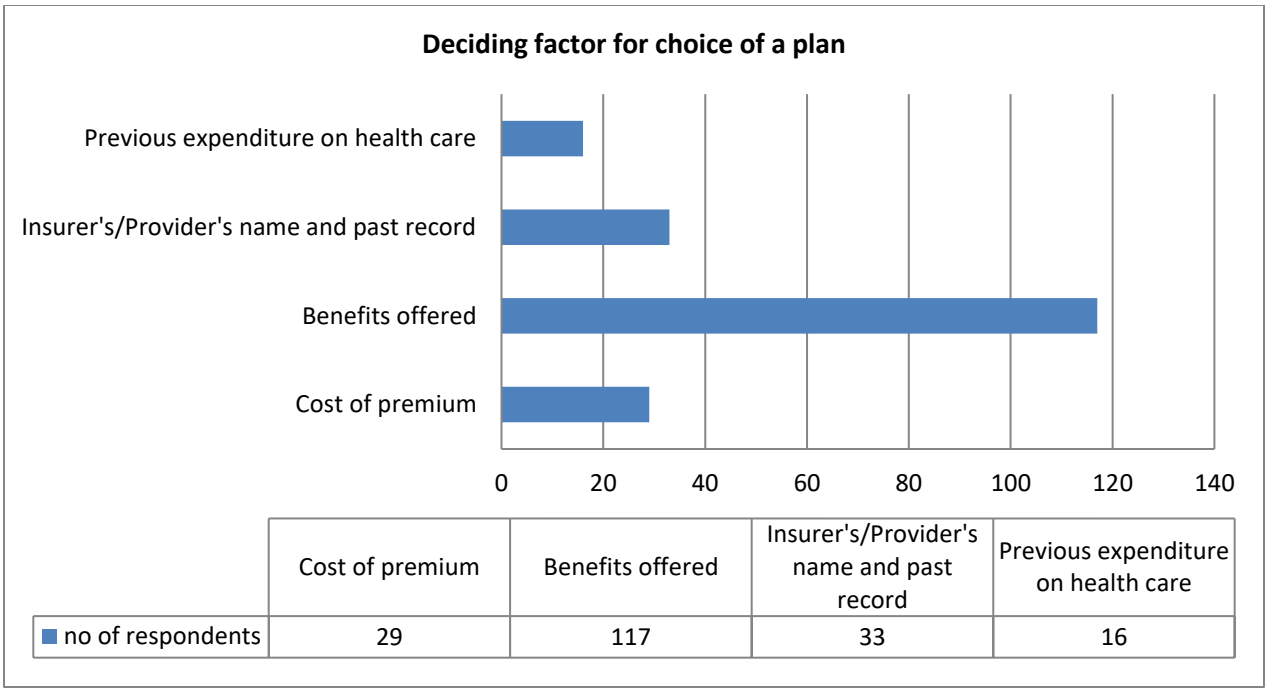


Chart 11.1 Deciding factor for a health insurance plan

The group which thought that the cost of the premium should be the deciding factor in choosing a health insurance policy surprisingly had the highest respondents in the highest income group (33%). In all the income groups highest numbers thought that benefits offered should be the major deciding factor in choosing a healthcare plan(84%, 81% and 80%). Highest no of those in the highest income group thought that insurer/provier's name and past record should be the major deciding factor in chhosing a health care plan. Equal percentage of the lowest and highest income group thought that previous expenditure on healthcare should also be a guiding factor in deciding a health care plan.

Annual income group	Cost of premium	Benefits offered	Insurer/provider's name and past record	Previous expenditure on health care
<= 5 lakhs	12(19%)	53(84%)	10(16%)	8(13%)
5 – 10 lakhs	12(19%)	52(81%)	15(23%)	6(9%)
>. 10 lakhs	5(33%)	12(80%)	8(53%)	2(13%)

Table 11.2 Annual income wise distribution of factors deciding the choice of a health insurance plan

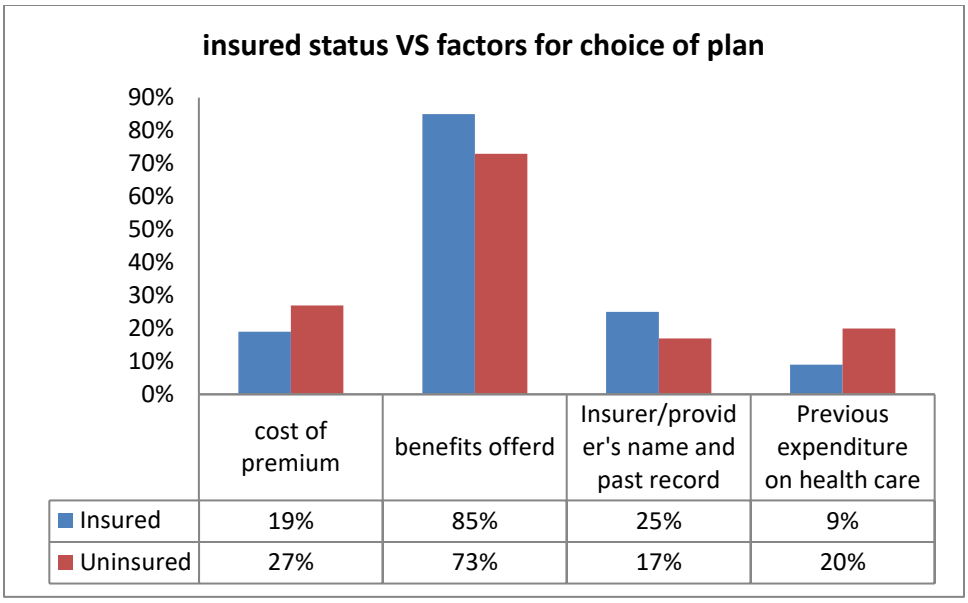


Table 11.2 Insured status and factors deciding health care plan

12.Premium for a sum assured of 3 lakh rupees

Majority of the participantsv (47.2%) thought that the premium for a sum assured of 3 lakh rupees should be within 3,500 to 5,000 rupees. 37.3% of the participants thought that the prmium should be less than 3,500 rupees. 11.3% of the respondents felt it should be within 5,000 – 6,500 rupees and 1.4% thought it should be more than 6,500 rupees.2.8% of the respondents did not answer this particular question.

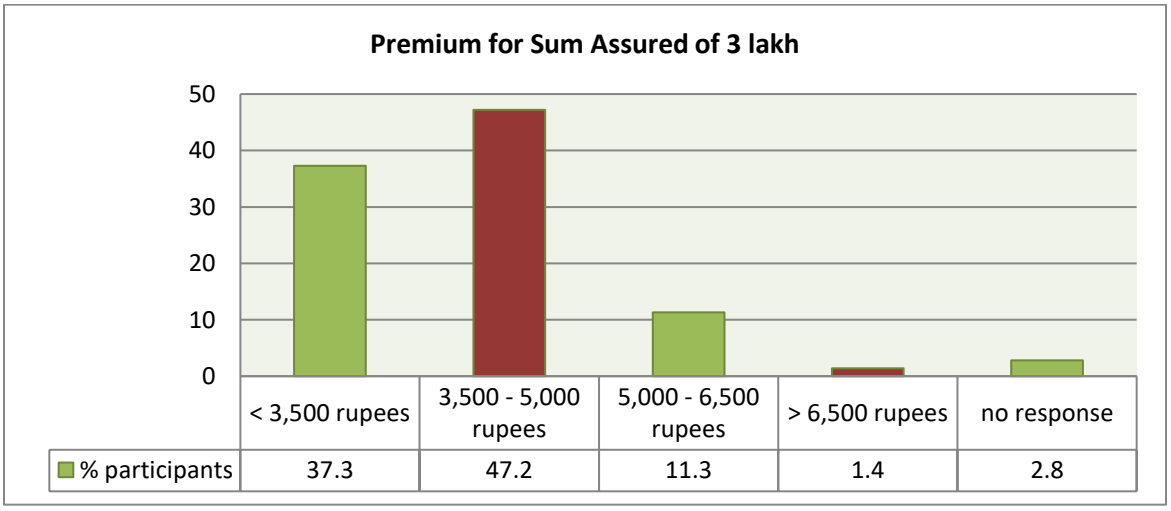
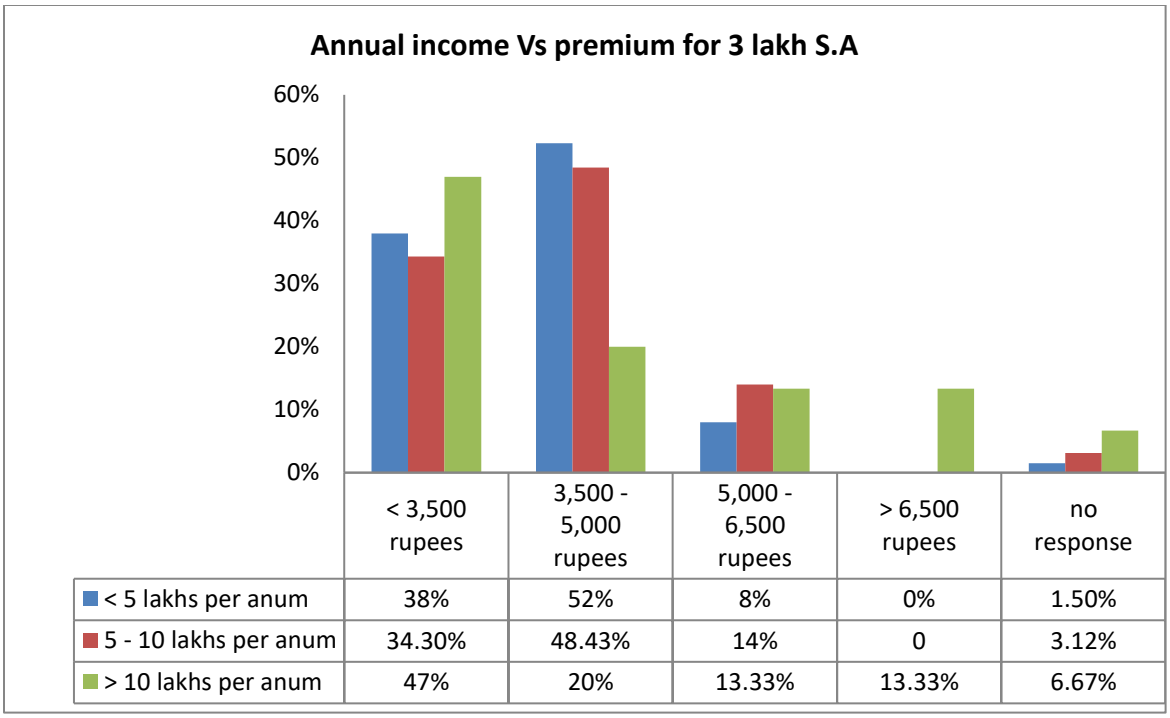


Chart 12.1 Participants perception of a premium for a sum assured of 3 lakh rupees.



	< 3,500 rupees	3,500 - 5,000 rupees	5,000 - 6,500 rupees	> 6,500 rupees	no response
< 5 lakhs per anum	38%	52%	8%	0%	1.50%
5 - 10 lakhs per anum	34.30%	48.43%	14%	0	3.12%
> 10 lakhs per anum	47%	20%	13.33%	13.33%	6.67%

Chart 12.2 Annual income and perception of premium for a sum assured of 3 lakh rupees

Majority of the <5 lakhs per annum and 5 – 10 lakhs per annum income group felt that the premium for a sum assured of 3 lakh rupees should be within 3,500 – 5,000 rupees. Whereas the income group of 10 lakhs per annum felt that the premium for sum assured of 3 lakh should be less than 3,500 rupees.

13. Justification in rise in cost of premium with respect to inflation and healthcare costs.

40.8% of the respondants feel that a rise in the premium with respect to inflation and the rising health care costs is justified whereas 33.8% of the respondents didn't think so and 25.4% of the respondents couldn't say whether it was justified

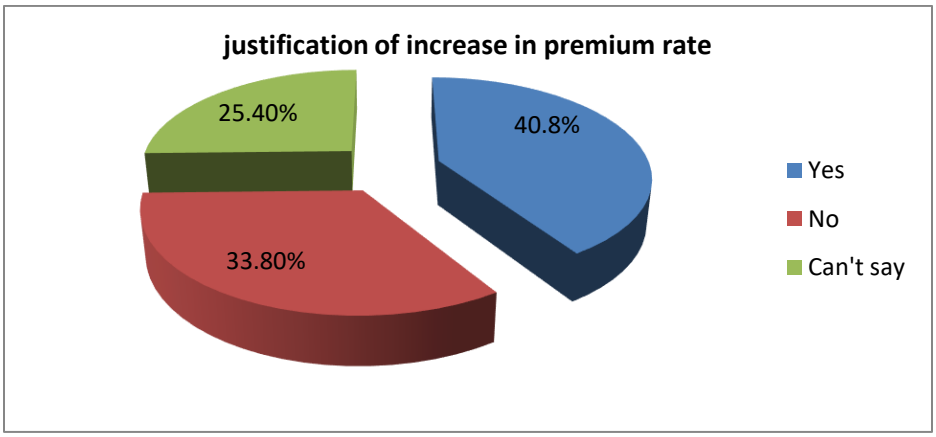


Chart 13.1 Justification in the rise of premium

42% of the insured (n=47) and 37% of the uninsured felt the rise in premium rates was justified. 34% of the insured (n= 38) and 33% of the uninsured (n = 10) felt it was not justified and 24% of the insured (n = 27) and 30% of the un insured (n = 9) couldn't say anything about it.

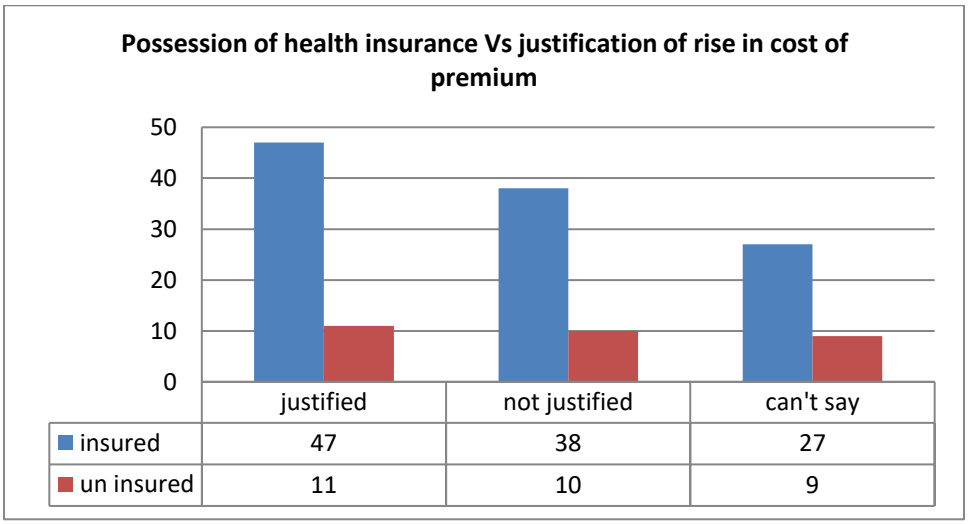


Chart 13.2 Possession of Health insurance and justification in the rise in cost of premium

14.Adequacy of coverage:

Of the total insured respondents, 58% (n = 65) felt that the coverage offered by their policies was adequate; whereas 17% (n = 19) felt it was not. Rest 25% couldn't say whether their coverage was adequate or not.

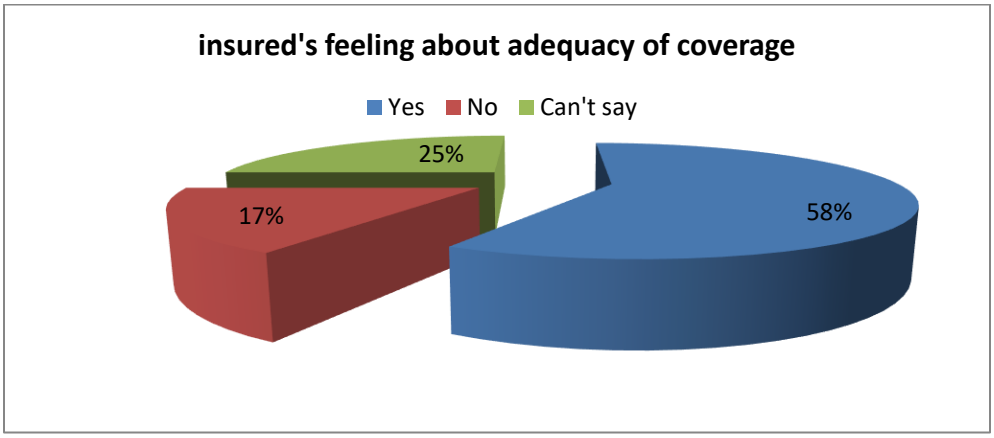
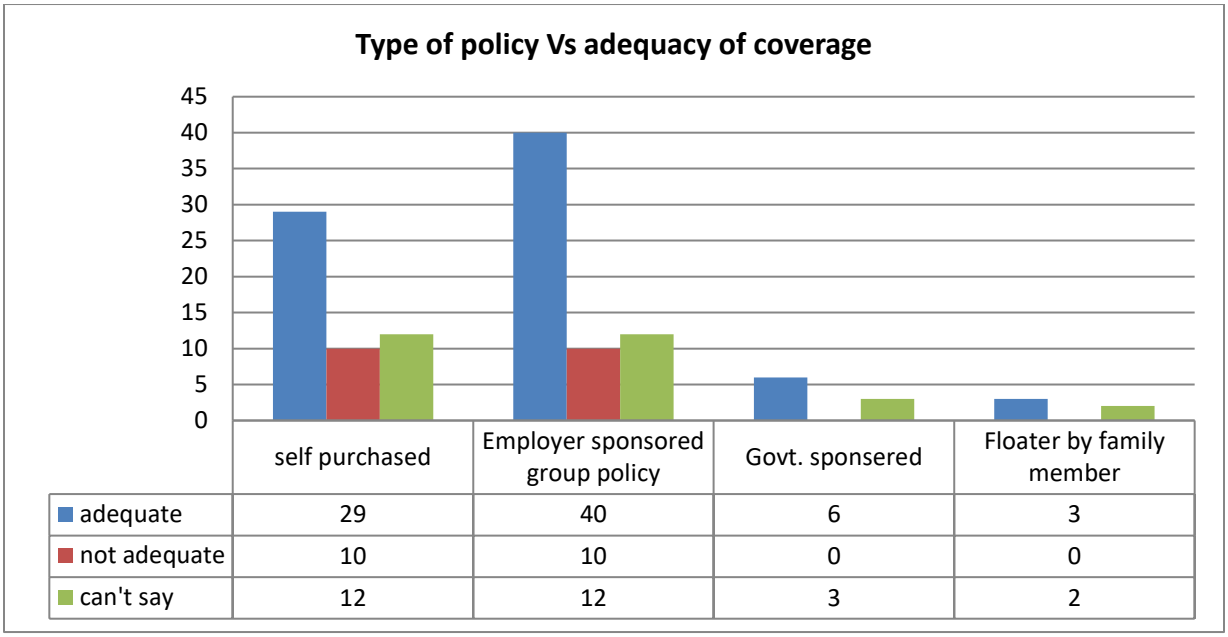


Chart 14.1 Insured's feeling about adequacy of coverage

Of the self purchased policy group, 57% felt the coverage was adequate, 20% felt it wasn't and 23% couldn't say whether it was or not. The figures for the employed sponsored group health policy were 65%, 16% and 19%.

In the Govt sponsored and Floater by family members group nobody felt that the coverage offered was inadequate. But 33% in Govt sponsored and 40% in the floater by family members group couldn't say whether the coverage was adequate.



	self purchased	Employer sponsored group policy	Govt. sponsered	Floater by family member
adequate	29	40	6	3
not adequate	10	10	0	0
can't say	12	12	3	2

Chart 14.2 Adequacy of coverage depending on type of policy

15. Willingness to cover dependents by paying some extra premium:

78% of the respondents were willing to cover their dependents by paying extra premium to widen the extent of their policie's coverage where was 6% didn't and 16% of the respondents were not sure about it.

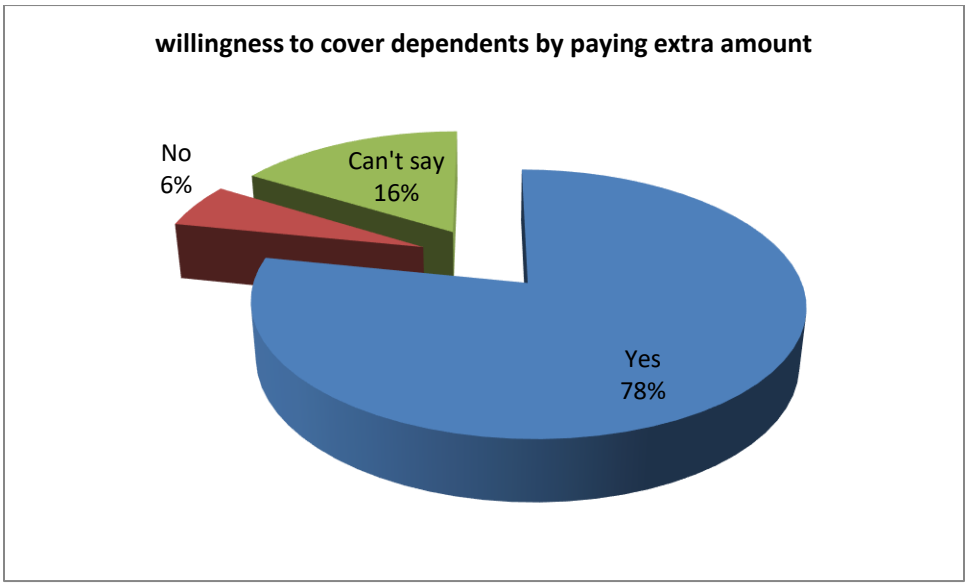


Chart 15.1 Willingness to cover dependents by paying extra amount

78.5% of the insured and 77% of the uninsured were prepared to cover their dependents by paying extra premium.

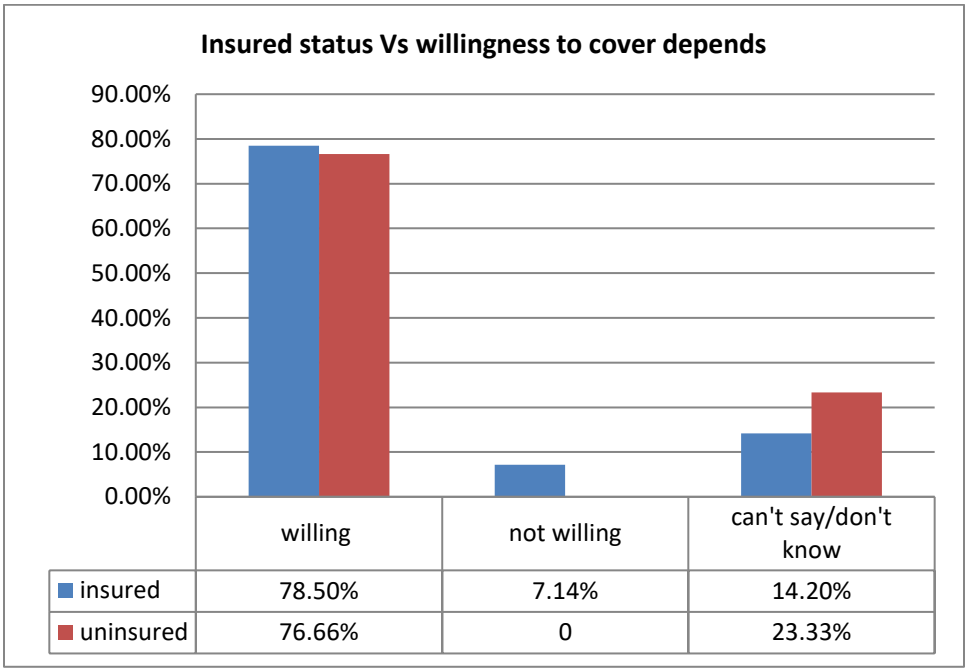


Chart 15.2 Insured status and willingness to cover dependents by paying extra amount

16. Primary reason for buying health insurance:

The respondents viewed buying health insurance as a means for assuring large medical expenditure (44%) rather than assurance for everyday health care expenses (9%) or income tax saving (23%). 40% of the respondents felt the reason was all the three whereas 1.4% did not know the reason for buying health insurance.

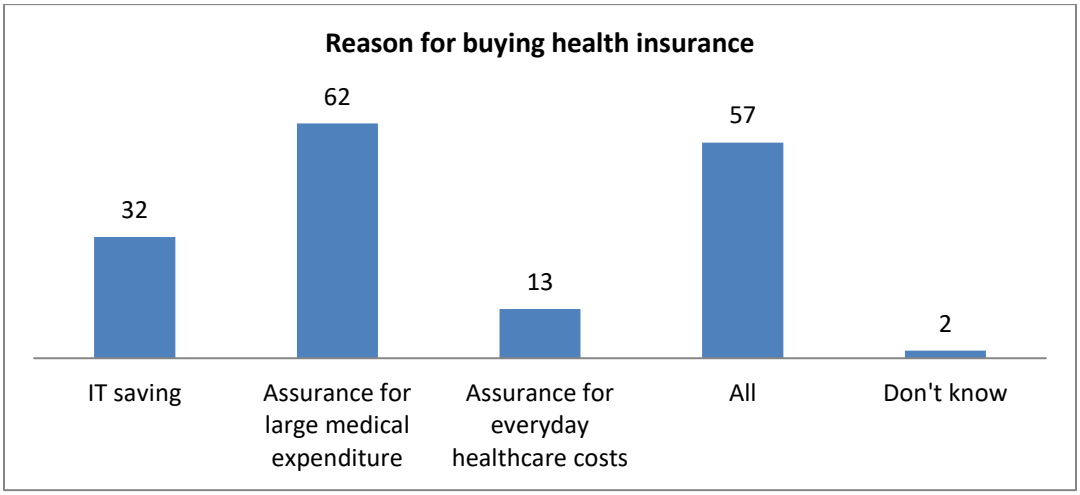


Chart 16.1 Primary reasons for buying health insurance

17.Recent claims for hospitalisation:

28% of the insured had made recent claims for hospitalization. Out of the self purchased insurance policy group, 31.3% and of the employee sponsored group health policy group, 32.2% had made recent claims.

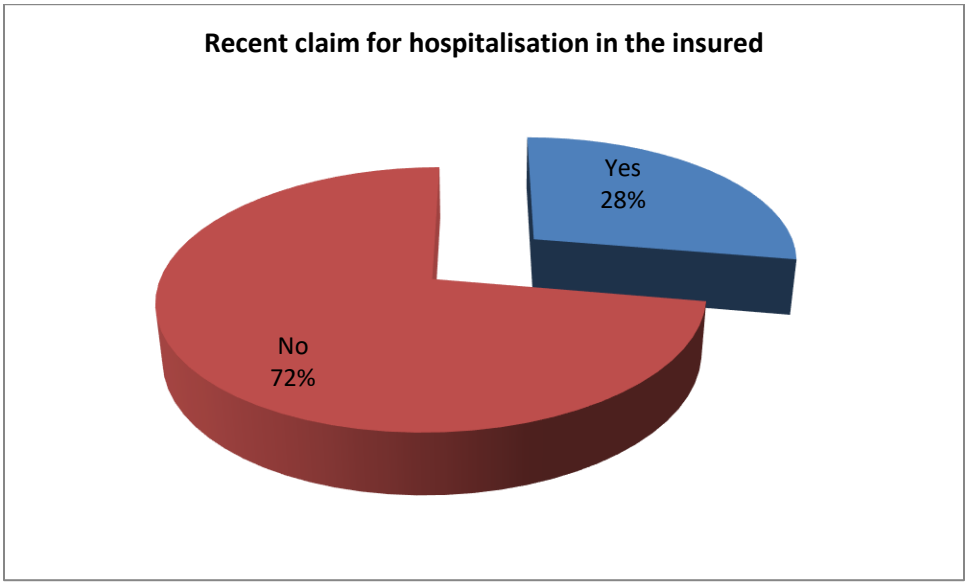


Chart 17.1 Recent claims by the insured for hospitalization

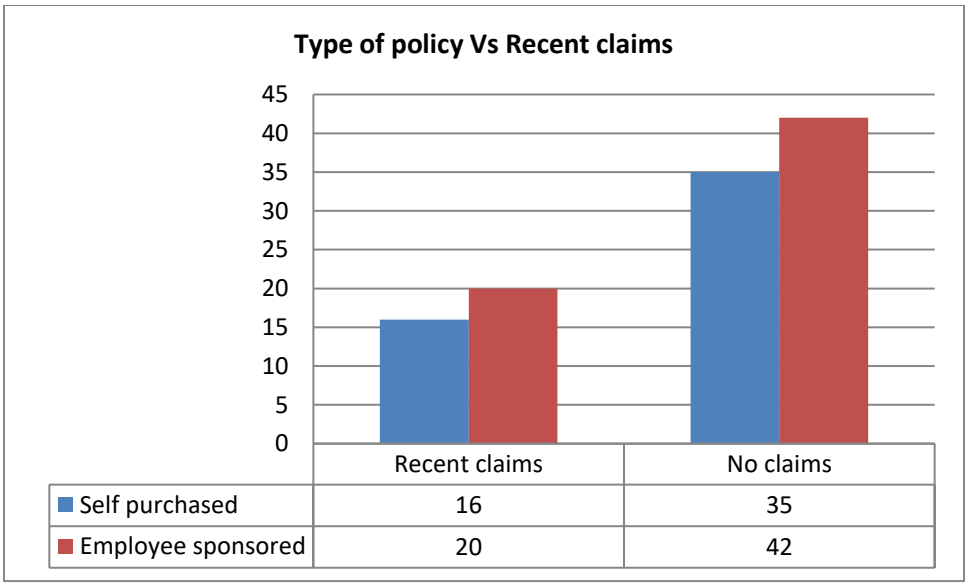


Chart 17.2 Type of policy and recent claims

18. Claim settlement within reasonable period:

94% of the claimants felt that the claim settlement was done within reasonable period

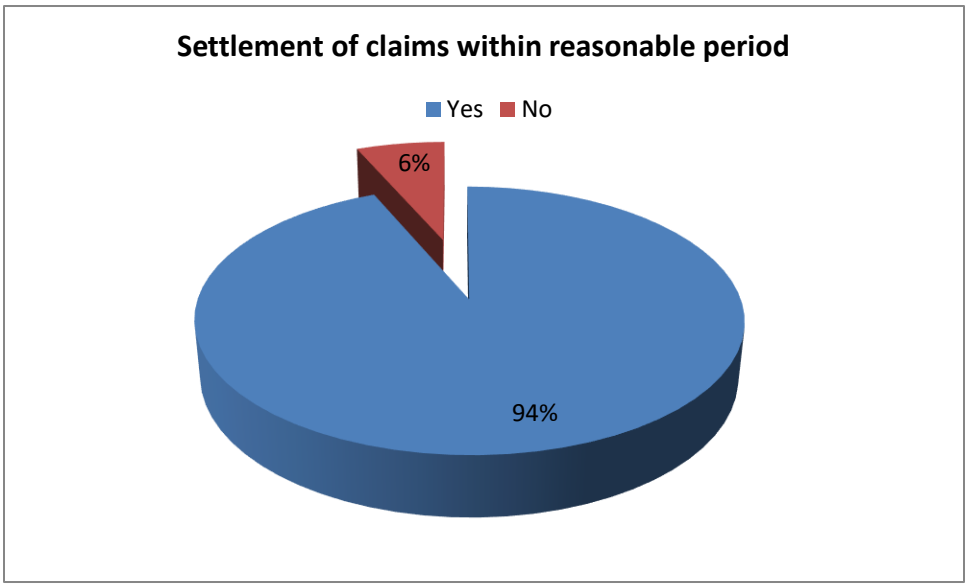


Chart 18.1 Settlement of claims within reasonable period

19. Overall satisfaction level:

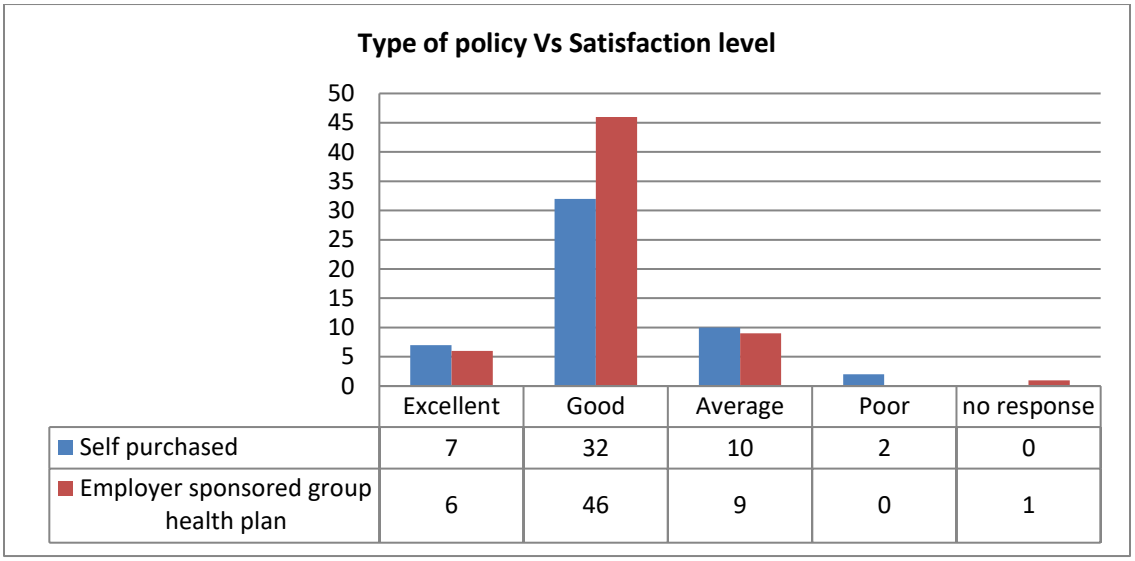
Out of the 112 insured respondents, 11(10%) felt that their policies were excellent, 78 (70%) felt them to be good, 20(18%) thought they were average, 2(1.7%) were very dissatisfied and thought they were poor and one (0.8%) insured person didn't respond to the question



Chart 19.1 Overall satisfaction levels of the participants

32 (63%) of the self purchased policy holders felt that their policy was good whereas 7(14%) felt it was excellent, 10 (19%) and 2(4%) felt it was poor.

Among the employer sponsored group health policy holders the satisfaction level was better as 46 (74%) felt their policy was good, 6 (10%) felt it was excellent and 9 (15%) felt it was average.none in this group said their policy was poor



	Excellent	Good	Average	Poor	no response
Self purchased	7	32	10	2	0
Employer sponsored group health plan	6	46	9	0	1

Chart 19.2 Type of policy and overall satisfaction levels

20. Willingness to continue using the same policy from same insurer

Of the insured respondents (n = 112), 60 (53.6%) said they would use the same policy with the same insurer only if the premium wan't raised, whereas 33 (29.5%) said they would still use it even if the premium were raised. 16% of the insured want to shift to another user.

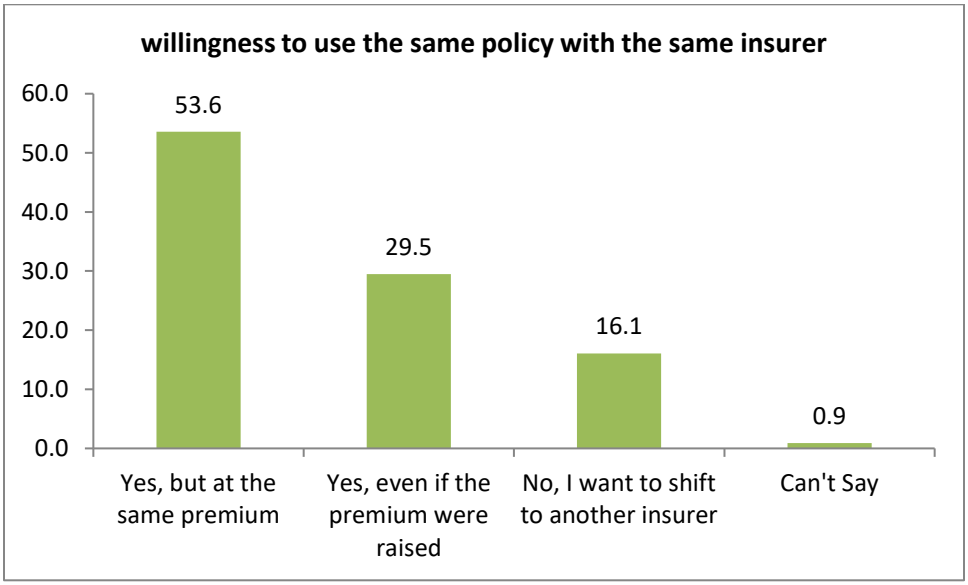


Chart 20.1 Willingness to continue same policy with same insurer

CHAPTER – 4

4.1 CONCLUSION:

The possession of health insurance in the participants was 79% with the highest figures in the 36 – 40 years age group, and all the plans taken by these participants were family plans. Age group of 25 or less opted more for self covering policies. Age group of 46 and more has the lowest health insurance possession rate and the reason showed for the same is mostly because they haven't yet felt the need of health insurance, not because they don't know about it. So, it seems almost everyone knows of health insurance in the study group, but there are some who don't know about it.

It was found in the study group that in the highest income group (Rs 10 lakh or more per annum), there was a 100% possession rate of health insurance. Self purchased policies was opted mostly by those who had an annual income of 10 lakhs or more whereas self purchased policies were least opted by the income group of less than 5lakhs per annum income group who were more dependent on the employer sponsored group health policies.

Health insurance possession was the highest in graduates followed by masters. The lowest prevalence was in the intermediates. It shows the educated are more aware of the positives of possessing health insurance.

The possession of health insurance in smokers and alcohol users are higher than in non smokers and alcohol non users. It shows adverse habits has a positive relation in securing health (moral hazard and adverse selection).

The type of health plan predominantly found was Employer sponsored group health plan, which might be due to the fact that most of the respondents / participants were corporate employees.One third of those having self purchased policies were also covered by other policies and one fifth of those covered by Employer sponsored plan opted for self purchased policies too, which might be due to their need of extra coverage for their family members. But, those who said they had extra policies felt that the coverage offered by their health plans were adequate. So, there seems to be a gap between the perception and the practice of the study group about the adequacy of coverage.

Although 99% of the study population knew of health insurance, still only 79% had any forms of health insurance coverage, and a major portion of those without health insurance said they don't feel any need of health insurance. But, those who said they did not have health insurance did say why health insurance should be bought and what the premium rate should be. It again shows a gap between perception of the educated and employed Indians about health insurance and their actual practice.

Majority of the insured have insurance where a single policy covers the whole family. Those wo bought policies themselves, in majority of cases bought it for themselves and were in the age group of 25 – 30, which might be because they haven't started a family yet or have another policy for their family members.

Friends followed by television appear to be the predominant mode by which the study participants learnt of health insurance.

Most of the insured are aware of the benefits offered / items covered by their plan in the self purchased and Employer sponsored group. People in the Govt.sponsored and floater by family member group were in majority not aware of the benefits offered or items covered. It might mean that people care to learn about the extent of coverage of their plan only when they are paying for it.

Half of those covered by Employer sponsored group health plans unexpectedly are not aware that the premium paid for their policies are a part of their CTC and two thirds of the employer sponsored plan with family floaters are not sure who pais the premium for ther dependents.

Benefits offered by a health insurance policy was overall thought to be the singlemost deciding factor for choosin a healthcare plan. More insured than uninsured say that it should be the benefits offered and insurer/provider's name and past records that should be the deciding factor in choosing a health insurance plan . The uninsured were more concerned compared to the insured for cost of premium and previous health care expenditures which were predominantly thought by them to be deciding factors as well, although benefits offered was thought by the uninsured to be the major deciding factor for choosing a healthcare plan as well. Surprisingly the highest no of people who thought that cost of premium should be the major deciding factor in choosing a health insurance plan were in the highest income group (more than 10 lakhs per annum).

Majority of the study group thought that the premium rate for a sum assured of 3 lakh rupees should be within 3,500 – 5,000 rupees. Unexpectedly majority of the people who thought that the least amount of premium for the same sum assured(< 3,500 rupees for 3,00,000) were in the highest income group which indicates that the better income group are the best misers when it comes to insuring their healths.

One third of the study population, which had equally insured and uninsured thought that the premium rise was not justifies.

Near two fifth people felt that the covered offered by their policies was inadequate. Most people covered under Employer sponsored plans although were of the view that their policies offered adequate coverage.

Most of the people (insured uninsured alike) were prepared to cover their dependents by paying some extra amount to widen the extent of coverage of their existing policy.

People in the study group view health insurance as a mean to pay for large medical expenditure rather than everyday health care expenses and nearly a third feel that it should be bought for income tax saving.

Of the insured population three fourths had made recent claims and majority of them (96%) were satisfied with the claims processing turn around time.

The overall satisfaction level was very high with eighty percent of the study group saying the plan they owned being either excellent or good. Most of the participants were not ready to keep using the same policy if the premium were raised.

4.2 RECOMMENDATIONS:

- Considering the results in the study, there should be an attempt by the Government to update the knowledge of the people about the unique features of each healthcare plans through a strong IEC system
- A factor that needs to be considered by the insurer during writing a policy is to embed a small adjustment factor for the annual income of the applicant which will enable the higher income groups to pay more and get more income tax exemptions, at the same time it should ensure for them better services and more capitation for room rent or other services availed which normally are not covered.
- The insurer should not only try to control the premium rates, but widen the extent of coverage of the plans as awell.
- A cafeteria approach can be made in individual policies as well where the applicant pays in advance for the services and plans chosen instead of getting harassed during the time of claim or going for co payments.
- There should be an attempt by the Government to let the enrolled people under it's various social health schemes know the benefits offered and the extent of coverage.
- A need for innovative products is felt as insured people although satisfied with their policies still want to continue using the policy only if the premium rate is not raised, so with increase in premium there should be some extra benefits attached which will ensure customer retention even when prices are raised.
- Employers should maintain transparency with their employees regarding the employer sponsored group health plans and should make them aware of not only the benefits offered but whether any deductions are being made from their salaries towards covering their dependents and whether the premium paid for covering them is a part of their CTC.

By bridging the gaps between the perceptions and practices of the people, an overall better health care financing system can be hoped for and the reform will definitely smoothen the healthcare delivery system.

LIMITATIONS OF THE STUDY

- Small sample size
- Questionnaire could have examined the knowledge if an in depth approach would have been employed
- Time constraint
- Constraint of travelling
- Confidentialty issues for which most of the organizations turned down the request to participate

REFERENCES

1. Dr.K.Raja Gopal reddy , November 2009, *Introduction to medical insurance,* Health insurance in India, a Review .
2. Abhijeet K Chattoraj, November 2009, *Health insurance in India – Is it on the right trajectory?,* Health insurance in India, a Review .
3. P.V Sethu, November 2009, *Problems of health insurance Industry in India,* Health insurance in India, a Review .
4. Nagpal et al, November 2009, *Challenges and prospects of Health insurance in India,* Health insurance in India, a Review .
5. R. Krishnamurthy and Gayle Adams, June/July 2008, *Developing sustainable health insurance in India*, IRDA journal, Vol.VI.No.7
6. The Kaiser family foundation health insurance survey, October 2004
7. Bann, Carla M. PhD; Berkman, Nancy PhD; Kuo, Tzy-Mey PhD, Medical Care: November 2004 - Volume 42 - Issue 11 - pp 1091-1099, *Insurance Knowledge and Decision-Making Practices Among Medicare Beneficiaries and Their Caregiver.s*
8. National Council for Applied Economic Research (1993): *'Users' Perceptions on the Existing Facilities in Delhi Administrative Hospitals and Central Government Hospitals of Delhi'*, Preliminary Report, October.
9. *Healt insurance in India* by Commission of macro economics and health
10. Dilip Mavalankar & Ramesh Bhat, November 2000, Health insurance in India, oppertunities, challenges and concerns.
11. Jha N, Karki P, Das B P, Chapagain N, Kathmandu University Medical Journal (2007), Vol. 5, No. 2, Issue 18, 268-272, Social Health Insurance, a knowledge do gap in eastern Nepal.
12. McCormack, Lauren A. PhD; Uhrig, Jennifer D. PhD, Medical Care: August 2003 - Volume 41 Issue 8 - pp 972-978, *How Does Beneficiary Knowledge of the Medicare Program Vary by Type of Insurance?*

ANNEXURE – 1

Study of Knowledge, Attitude, Practice and satisfaction level of the educated regarding Health Insurance

Dear Sir / Mam

This survey is being conducted by me just to assess the awareness of the Indian educated mass about Health insurance and their attitude towards it. The questions are basic and don't dwleve into too much personal data and the data collected will be analyzed and quoted for academic purposes only. I would be happy to share the results with you.

Dr.Debashish Mohanty

- The first page of the questionnaire has demographic data only. The second and third page have the survey questions.
- The questionnaire has 18 questions, in multiple choice format.
- Put tick marks against provided space for the answers which you think are most appropriate.
- Questions marked **##** can have multiple entries.
- Fill the blanks(where provided) with appropriate answers

Name:_____

Employed at:_____

Age: _____years

Sex: M☐ / F☐ **Marital status**: Married ☐ / Unmarried ☐

Annual income: <5 lakhs ☐ 5 – 10 lakhs ☐ >10 lakhs ☐

Educational qualification: Inter ☐ Graduate ☐ Master's ☐

Do You Smoke: Yes ☐ / No ☐

Do you drink Alcohol: Yes ☐ / No ☐

How would you describe your lifestyle as?: Sedentary ☐ Semi active ☐ Active ☐

1. Do you have Health insurance? Yes ☐ / No ☐
2. If Yes, then What type of health insurance do you have?**

   Self purchased ☐ Employer sponsored group health plan ☐
   Government sponsored ☐ Floater scheme by family member ☐
   Don't know ☐
3. If No, then why do you think you haven't taken health insurance? **##**

   Don't know about health insurance ☐ can't afford it ☐
   Denied coverage by insurance company ☐ Haven't felt the need ☐

If you answer No to question no 1, then you don't need to answer question number 4,7,12,

4. What type of coverage does your Health insurance policy offer?

Cover to self ☐ Cover to entire family with same premium ☐
Cover to dependents with extra premium ☐ Don't know ☐

5. At what age did You learn about Health insurance?

   < 20 yrs ☐ 20 – 25 yrs ☐ 25 – 30 yrs ☐ >30 yrs ☐
6. How did You learn about health insurance? **##**

   Friends ☐ Parents ☐ Newspaper ☐ Television ☐
   internet ☐ Don't know about it ☐ others _____
7. Do you know the benefits offered/items covered by your health insurance policy?

   Yes ☐ / No ☐
8. For corporate employees covered under corporate group health plan:

   i) Are you aware whether the premium paid for your health insurance policy is a part of your CTC?

      Yes ☐ / No ☐ / Can't say ☐

   ii) For corporate group health family floater policies, who do you think pays the premium for your dependents? Self ☐ Employer ☐ Don't know ☐

9. What do you think should be the major deciding factor for your choice of a health insurance plan?**##**

   Cost of premium ☐ Benefits offered ☐
   Insurer's/Provider's name and past record ☐
   Previous expenditures on healthcare ☐
10. What do you think should be the cost of the premium for a sum assured of 3 lakh rupees?

    < 3,500 ☐ 3,500 – 5,000 ☐ 5,000 – 6,500 ☐ >6,500 ☐

11. Do you feel an increase in the premium rates is justified, considering the rising health care costs and inflation?

    Yes ☐ / No ☐ / Can't say ☐

12. Do you feel the coverage offered by your plan(s) is adequate?

    Yes ☐ / No ☐ / Can't say ☐

13. Would you opt to cover your dependents(including non earning parents) by paying some extra amount to extend the coverage of your individual policy?

    Yes ☐ / No ☐ / Can't say ☐

14. What do you think is the primary reason for buying health insurance?

    Income Tax saving ☐ Assurance for large medical expenditure ☐

    Assurance for everyday healthcare costs ☐ Don't know ☐

    All of the above ☐ others _____

15. Have you recently made a claim for hospitalization? Yes ☐ / No ☐

16. If Yes, then was the claim settlement done within a reasonable period? Yes ☐ / No ☐

17. What's your overall satisfaction level with your current health insurance plan?

    Excellent ☐ Good ☐

    Average ☐ Poor ☐

18. Will you continue using(renew) your current policy with the same insurance company?

    Yes, but only at the same premium ☐

    Yes, even if the premium were raised ☐

    No, I want to shift to another insurer ☐

    (Please mention why)_____

Thank you

ANNEXURE – 2

VARIABLES	CODE	OPTIONS	CODE
Age	**V1**	< = 25 Years	1
		26 - 30 Years	2
		31- 35 Years	3
		36 - 40 Years	4
		41 - 45 years	5
		46 - 50 years	6
		> 50 years	7
Sex	**V2**	Yes	1
		No	2
Marital status	**V3**	Married	1
		Unmarried	2
Annual income	**V4**	<5lakhs	1
		5 - 10 lakhs	2
		>10lakhs	3
Educational qualification	**V5**	Inter	1
		Graduate	2
		Masters	3
Smoking	**V6**	Yes	1
		No	2
Drinking	**V7**	Yes	1
		No	2
Lifestyle	**V8**	Sedentary	1
		Semi active	2
		Active	3

QUESTIONS	OPTIONS	sub options if any	CODE
Q1	Yes		1
	No		2
Q2	Self purchased	Yes	1
		No	
	Employer sponsered group plan	Yes	1
		No	
	Government sponsered	Yes	1
		No	
	Floater scheme by family members	Yes	1
		No	
	Don't know	Yes	1
		No	
Q3	Don't know about health insurance		1
	Can't afford it		2
	Denied coverage by insurance company		3
	Haven't felt the need		4
Q4	Cover to self		1
	Cover to entire family with same premium		2
	Cover to dependents with extra premium		3
	Don't Know		4
Q5	< 20 years		1
	20 - 25 years		2
	25 - 30 years		3
	> 30 years		4
Q6a	Friends	Yes	1
		No	2
Q6b	Parents	Yes	1
		No	2
Q6c	News paper	Yes	1
		No	2
Q6d	Television	Yes	1
		No	2
Q6e	Internet	Yes	1
		No	2
Q6f	Don't know about it	Yes	1
		No	2
Q6g	Others	Yes	1

		No	2
Q6ga	if others	Text	
Q7	Yes		1
	No		2
Q8a	Yes		1
	No		2
	Can't say		3
Q8b	Self		1
	Employer		2
	Don't know		3
Q9a	Cost of premium	Yes	1
		No	2
Q9b	Benefits offered	Yes	1
		No	2
Q9c	Insurer's / Provider's name and past record	Yes	1
		No	2
Q9d	Previous expenditures on health care	Yes	1
		No	2
Q10	< 3,500		1
	3,500 - 5,000		2
	5,000 - 6,500		3
	> 6,500		4
	no response		5
Q11	Yes		1
	No		2
	Can't say		3
Q12	Yes		1
	No		2
	Can't say		3
Q13	Yes		1
	No		2
	Can't say		3
Q14a	Income tax saving	Yes	1
		No	2
Q14b	Assurance for large medical expenditure	Yes	1
		No	2
Q14c	Assurance for everyday healthcare costs	Yes	1
		No	2
Q14d	All of the above	Yes	1
		No	2
Q14e	Don't know	Yes	1
		No	2

Q14f	others	Yes	1
		No	2
Q14fa	If others, then	Text	
Q15	Yes		1
	No		2
Q16	Yes		1
	No		2
Q17	Excellent		1
	Good		2
	Average		3
	Poor		4
	no response/don't know		5
Q18	Yes, but only at same premium		1
	Yes, even if the premium were raised		2
	No, I want to shift to another insurer		3
	Haven't thought yet		4
Q18a	If ans to Q18 is 3	text	