



Perspective

Health insurance landscape and challenges in India: A perspective

Brijesh Takkar¹, Ariz Rizvi²

¹Indian Health Outcomes, Public Health and Economics Research Centre, LV Prasad Eye Institute, Hyderabad, Telangana, ²Department of Health Risk Management, Aon-India, Madhapur, Hyderabad, India.



***Corresponding author:**

Brijesh Takkar,
Indian Health Outcomes,
Public Health and Economics
Research Centre, LV Prasad
Eye Institute, Hyderabad,
Andhra Pradesh, India.

brijeshakkar@lvpei.org

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Indian society faces a challenge with optimum health-care provision; India also faces a challenge with an insured-secure life, and thus, the India faces a mighty challenge of regularized-penetrated-accessible health insurance. It should be noted that solution to the latter challenge provides panacea of sorts to the former two. On this note, we discuss the viability of health insurance as a risk management strategy in the present times.^[1]

The history of health insurance dates back more than 400 years back, when sea voyagers in London started pooling resources to help each other with losses related to unpredictable sailing ventures. The discussions over such an agreement led birth to insurance. In the modern times, this can be extrapolated to an act where fortunate many pay for the unfortunate lot. Thus, the “fortunate” people need to be in large numbers to be able to pay sums which are comfortably pooled in periodically. Evolution of Indian insurance sector can be mostly noted to surface following independence. Insurance can be of two types – a life insurance to cover for death and general (non-life insurance) insurance. Health insurance belongs to the latter category, at least in India.

In 1956, the government collected all the private companies to create a government owned life insurance company (LIC). In 1993, parliament committee was set up to create a regulatory statutory body which could control all insurance activities in India which resulted in formation of the Insurance Regulatory and Development Authority of India (IRDAI) in 1999. In this millennium, the economic surge and foreign investment in India led to expansion of insurance companies with private and foreign investments (first 26%, later increasing to 49% and 100% now) into Indian insurance sector. Further, the governments decided to pay for health expenditures rather than trying to own the complete health provision system, and from 2017 onward, we can note beginning of such government championed schemes.

IRADI is the apex body and all insurance bodies report to it; this ensures orderly growth of the insurance companies. A strong economy banks on a strong insurance sector to meet economic disasters, and thus working under the IRDAI, India now has 24 life insurance companies and apart from LIC the rest are private. In general insurance, 21/27 is private players, while there are seven stand-alone private health insurance companies. The penetration of insurance in India however still tends to be low at 4.2%, of which only 1% is general insurance, the health insurance being an extremely low subset of it. A lot of work is thus needed to promote health insurance. The reasons for low penetration include customer mindset, awareness, misselling, poor pricing of the product, and new taxation schemes. Higher insurance penetration will decrease the premium payments and make the whole system more comfortable.

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Within the Indian health sector, inclusion of new therapies, Indian mental health act, and other regulatory changes are leading to a continuously evolving health insurance sector. If someone has to buy insurance, the consumer can be a stand-alone self-owned buyer (retail) or a part of employer promoted group insurance (corporate). The health-care providers have a huge role to play to create an increased likelihood and success of health insurance provisions. The other big role starts with understanding of the buyer himself as to what the insurance provider is offering. If the providers are able to counsel and provide knowledge to the patient about disease, diagnostics, and documentation required for insurance, it will help in smoothening the whole process of insurance.

Insurance claims are the process which acts on the ground for the consumers and the providers. Detailed provision of the billed expenses to the patient is a crucial step in itself apart from a detailed past and present history. It should be clear that only approved therapies are being covered. The patient claim process goes through a multiple stepped flow, and at each step, detailed information will lead to successful claim by the patient. A checklist needs to be formulated and prepared to ensure that documentation is formal, clear, and worthy of the claim process. Rejection of claims can happen and warrants first an immediate question from the patient to the insurance company regarding a documented reason for rejection. As of now, there is a well-set mechanism and there are ways for consumers to raise concerns through the IRDAI regulations and acts. There are paid services existing for reclaiming a rejected claim. Training third party investors will also help in righteous insurance payouts and the whole claim process itself.

Thus, there is an important role for the health seeker, the health provider, the insurance company, and the IRDAI to play in both improving the penetration of health insurance in India and also to make the whole insurance process smooth, successful, and comfortable for the consumer. Newer therapies offer a challenge where credible research is needed apart from a forum or interface which allows a good dialogue between all the set players and is something to look out for in the future of the Indian landscape of health insurance. Health insurance is a risk management product and not an on-the-spot consumable product, which needs to be understood by the futuristic Indian consumer.

Declaration of patient consent

Patient's consent not required as there are no patients in this study.

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REFERENCE

1. Detailed Discussion. Available from: <https://youtu.be/619ZeyS2D34> [Last accessed on 2023 Apr 21].

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