Promotion of Health Insurance Services for Financing Health Care Expenditure in Odisha

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Abstract : Health care and financing health care expenditure in an under developed state like odisha is a big challenge. The status of health care in the state of Odisha is not well in comparison to other states in India despite of the reform process started early in the mid 1990's. It is required to fulfill the financing needs of health care expenditure of households. There are several initiatives taken by the government and facilitating agencies in the shape of various health insurance schems like voluntary, mandatory and community health insurance schemes. The study examines the current trend and progress of health insurance sevices prevail in India

Vis-à-vis Odisha and to evaluate the prmotion of health insurance services in Odisha which is required to meet the health care expenditure of households. This study is generally based on secondary data collected from various annual reports of regulating agencies like RBI, IRDA along with Economic Survey of Odisha and India. A comparative study is prepared to know the public spending on health care among states in India along with state gross direct premium from health insurance from last few years. The finding shows that the status of health insurance services in Odisha shows an increasing trend in health care reforms and promotion of health insurance services though it is not at all comparable with that of developing states like Andhra Pradesh, Tamilnadu etc. The study suggested that there should be a public-private partnership to promote health insurance services in odisha in order to reach the target of health care inclusion. Health Insurance can became a very useful option to meet the health care financing needs of households across all states in India.

Key Words: Health Insurance, Health Care Expenditure, Households, H.I. Schemes

I. INTRODUCTION

"No Nation can be strong when its people are sick and poor." This is the statement of Theodore Roosevelt which portrays the importance of health and health care system in a society to become strong and prosperous. This can be achieved by adopting a proper system for global health care. It is an indicator for change in the present system of health care which are associated with several issues or factors affecting health care all over the universe but, they all start with a person who becomes ill. This health care system stands for the organization of people, institutions, and resources to deliver health care services to meet the health of target populations. Since, 2014, well number of initiatives have been taken at the international and national levels to strengthen national health care system as the core components of the global health system. An increasing volume of tools or techniques and guidelines are being published by international agencies and development partners to assist and support health system decision makers to regulate and assess health care systems. Two broad methods such as cost containment and cost sharing method can be proposed as alternatives on resource mobilization for health care (World Bank. 1987). Cost attainment includes different strategies like privatization and community participation and on the other hand cost sharing includes User Financing and Health Insurance.

Health Insurance has emerged as part of the reform drive in many countries, both as a way of augmenting financial resources available for care, and as a means of better linking health demand to the provision of services (Dror and Preker. 2001).Health insurance can be defined as a way to distribute the financial risk associated with the variation of individuals' health care expenditures by pooling costs over time through pre-payment and over people by risk pooling (OECD, 2004;). The introduction of new economic policy and process of liberalization by Government of India in 1991 helps Indian insurance sector to go for privatization. The Insurance Regulatory and Development Authority (IRDA) bill, passed in Indian parliament in the year 2000 served as a key milestone having significant implications for the health sector.

Health Insurance suffers from various limitations like adverse selection process, moral hazard, lack of sufficient data, information gap, and policy formulation as regards to health care in a changing environment. So it becomes very important to understand the present health care situation, social realities and national objectives in India to apply various principles of insurance.

II. REVIEW OF LITERATURE

Bhadra K.K. , Bhadra J (2012), examined various factors affecting low public expenditure on health across

states in India. The study revealed the level of public spending on health for centre and states combined remains less than 1 % of the Gross Domestic Product. The paper disclosed the status of the states in meeting their committed liabilities which leaves very little room to spend on health. It also discussed the role and contribution of finance commission towards complete equalization across the states.

Rout. S.K. (2010), studied to examine the pattern of and trends in public expenditure on health care in Odisha, with a special focus on expenditure on reproductive and child health services. The study covered a 12 year period from 1996-97 to 2007-08.

Nanda Sa S, Sridevi G, (2009) examined the accessibility of health care services to the SCs and STs in the state of Odisha during 2009 on the basis of primary study. The main objective of the study were to determine various factors responsible for poor health status along with the accessibility of basic health care services provided to infant and mother of SC and ST households of the studied villages of Odisha. The study used a Logit Regression Analysis in order to determine the health status of the people of SC and ST households in the study area.

Anita. J. (2008), attempts to review of health insurance scenario in India along with different type of products available in India. The paper revealed comparison of health insurance offered by a Life and General Insurer, need for long term care plans and various models of long term care in other countries. It disclosed various ratios as regards to health, implications of privatization on health insurance along with the role of IRDA.

Pauly M.V. (2008), studied the need of health insurance in countries like India and China showing a spectacular growing trend of economy. The paper disclosed the advantage of health insurance for a family as a financial protection the insurance provides, which might trade off against public policy goals of increasing access. The study revealed the future challenges of health insurance in India and China was to pay drug bills and formulate appropriate regulations.

There were several research had undertaken on the health insurance but the researcher observed that a very few research had made on health insurance in Odisha. The proposed study is focusing in providing an insight of health insurance services available in Odisha.

Objective of the Study

- ❖ To examine the recent trends of Health Insurance services in India.
- ❖ To evaluate the promotion of Health Insurance Services in Odisha

III. HEALTH INSURANCE IN INDIA

In the last few years, government has taken initiative and put sincere efforts to introduce health insurance for the poor and lower income group people in the country. Indian health care delivery and financing system have been critically analyzed and pearly reviewed by number of research papers and survey reports. As indicated by the WHO's World Health Statistics-2011, India ranked 184 among 191 countries in terms of public expenditure on health as a percent of GDP. In per capita terms, India ranked 164 in the same sample of 191 countries, spending just about $29 (PPP). This level of per capita public expenditure on health was around a third of Sri Lanka, less than 30 percent of China and 14 percent of Thailand (WHO, 2010).

Indian healthcare industry is its lack of a medically insured population and high out-of-pocket expenditure (71 %). Healthcare sector is one of the growing sectors in India in terms of revenue and employment with a total value of more than $34 billion which is projected to grow to nearly $40 billion by 2012. (Anand.M.B) According to the report of UNDP Human Development Report 2010 , India's health achievements are low in comparison to the country's income level., in a set of 193 countries, while India ranked 119th on the human development index, it ranked 143rd in infant mortality rate, 124th in maternal mortality rate, 132nd in life expectancy at birth, and 145th in Scatter plots between Gross National Income across countries and each of the four indicators along with their associated trend lines also indicate that India's health indicators are worse than what is expected at India's level of income for three of the four indicators.

Health Insurance Products available in India

Various forms of insurance: mandatory, voluntary and community health insurance cover approximately one-fourth of India's population. In India, currently any form of insurance including the CHGS, ESIS, Government Sponsored Schemes and Private Health Insurance together covered approximately 302 million individuals or 25 percent of India's population in 2010. The existing health insurance schemes available in India can be broadly categorized as:

1. Voluntary health insurance schemes
2. Mandatory health insurance schemes
3. Community based health insurance

1.Voluntary Health Insurance Schemes

Voluntary health insurance schemes are provided by both private and public insurers. Generally, these schemes served their purpose under the Private-for-Profit model. In case of Private Insurers, insurance companies are paid the required amount of premium by the buyer to pool the risks associated with the health care and to meet their health care expenditure. The premiums are fixed or calculated on the basis of risk status of the customers ignoring the income level of the consumer.

Apart from the private players, public sector insurers like General Insurance Company (GIC) and its four subsidiary companies (National Insurance Corporation,

New India Assurance Company, Oriental Insurance Company and United Insurance Company) are also contributing health insurance services.

The most popular and accepted health insurance cover in India is Mediclaim Policy. It was introduced in 1986. The main feature of this policy is its reimbursement process. Mediclaim policy provides the amount spent in hospitalization due to illness or injury suffered by the insured. It does not include the payment for outpatient treatments. Premiums paid for this policy can be shown as an exemption from the taxable income. Some other voluntary health insurance schemes available in the market are Asha Deep Plan II, Jeevan Asha plan II, Jan Arogya policy, Raja Rajeswari policy, Overseas Mediclaim policy, Cancer Insurance policy, Bhavishya Arogya policy, Dreaded disease policy, Health Guard, Critical illness policy, Group Health insurance policy, Shakti Shield etc.

2.Mandatory Health Insurance Services

Mandatory health insurance models are specifically covering certain population group irrespective of the fact, whether or not they contribute to the scheme. India started its journey in the field of health insurance with the introduction of Employee's State Insurance Scheme (ESIS) in the year 1952 followed by Central Government Health Scheme (CGHS) in 1954, both contributory and mandatory.

2.a)Employee's State Insurance Scheme (ESIS) established and enacted in 1952 considered as the first step of the government towards the social security in India. The scheme is applicable to all employers with more than 10 employees in 'notified areas'. It covers employees and their dependents against loss of wages due to illness, maternity, disability and death due to injury during employment. The scheme helps in meeting medical expenditures including outpatient care, hospitalization, medicine and specialist care. These services are provided through network of ESIS facilities, public care centres, NGOs and empanelled Private Practionners. The ESIS is financed from three different sources; employers, employees and the state government. Despite of various benefits, these schemes are not very much fruitful for the insured due to reasons like less quality treatment, unsatisfactory services, large number of vacancy of medical staff in the hospitals etc. All these problems in the ESIS scheme demands for a reform. It is important to take a note that a large number of otherwise eligible employees are not covered by ESIS because of its applicability only for notified areas.

2.b)Central Government Health Insurance Schemes was established in 1954. It covers another section of population employed in the formal sector. It is available to all central government employees (both working and retired) with their families, Member of Parliaments, Governors, accredited journalists and representatives of general public in some specified areas. CGHS helps insured to have several benefits including medical care, free medicines and diagnostic services. This scheme is also criticized for poor level of quality and lesser accessibility. The process of reimbursement of medical expenses is very slow which leads to high out of pocket expenditure. The irony is that in case of availing treatment in private hospital if referred, 80% of the total expenditure is reimbursed.

3.Community based health insurance

As like the name, community based health insurance schemes are specifically made for some target group mainly some communities having poor financial condition. These schemes are generally implemented by Charitable Organizations or NGOs to help the people in meeting their health care expenditure. Under this scheme, members have to pay a fixed amount every year for some specific services. The benefits provided under these are basically related to preventive care though including ambulatory and inpatient care. The main sources of revenues of such schemes are mainly from patient collection, government grants and donations. Some of the popular Community Based Health Insurance schemes are: - Self-Employed Women's Association (SEWA), Tribuvandas Foundation (TF), The Mullur Milk Co-operative, Sewagram, Action for Community Organization, Rehabilitation and Development (ACCORD), Voluntary Health Services (VHS) etc.

IV. HEALTH INSURANCE IN ODISHA

The status of health care in the state of Odisha is not well in comparison to other states in India despite of the reform process started early in the mid 1990's. Orissa has adopted different Central Government norms, guidelines, policies and programmes for the development of health care system. Since the year 1947, there has been a gradual improvement in the health status of the population due to several factors including developmental and educational interventions, economic improvement and better health care services. While the Infant Mortality Rate (IMR) has declined from 77 in 2004 to 57 in 2011, it is still one of the highest in India – much above the national average of 44 (SRS 2012) and Maternal Mortality Ratio is 235 (SRS 2010 - 12) which are higher than the National average of 178. Indicators of nutritional status among women and children and burden of diseases indicate a substantial higher proportion of morbidity and mortality. The people of Orissa experience a large number of disasters – about 40 major disasters in 50 years that adversely affect health and development and health care services. With regard to health care financing in the state, the Orissa State Integrated Health Policy proposes that public expenditure on health care is to the tune of 2 percent of the gross state domestic product (GSDP) and 5–6 percent of the state budget. It also proposes to allocate 55 percent of public health care spending for primary care, 35 percent for secondary care and 10 percent for tertiary care besides advocating equitable distribution of resources between rural and urban areas, worse-off and

better-off districts, and allopathic and Indian systems of medicine.

Trend and Progress of Health Care System in Odisha
Public Spending on Health across states– An Overview

State	Percent in 2008-09		Trend Growth rate (percent) 1987-88 to 2008-09	
	Health Expenditure/Total Expenditure	Health Expenditure/GSDP	Health Expenditure	Per Capita Health Expenditure
Andhra Pradesh	3.21	0.58	12.26	10.85
Assam	4.98	0.99	10.53	8.80
Bihar	3.17	0.77	9.27	6.97
Chhattisgarh	3.28	0.59	20.63	18.79
Gujarat	2.83	0.38	11.05	9.06
Haryana	2.73	0.38	12.59	10.15
Himachal Pradesh	4.32	1.30	12.79	11.20
Jharkhand	3.67	0.77	26.43	24.47
Karnataka	3.62	0.60	11.78	10.18
Kerala	4.87	0.69	12.02	11.03
Madhya Pradesh	3.35	0.65	9.53	7.38
Maharashtra	3.27	0.40	11.09	9.11
Mizoram	5.83	3.47	12.46	10.28
Nagaland	3.60	1.83	10.22	6.71
Odisha	3.29	0.57	11.19	9.73
Rajasthan	4.21	0.76	11.73	9.32
Sikkim	2.81	2.79	12.50	10.11
Tamilnadu	3.28	0.50	10.77	9.67
Uttar Pradesh	4.29	0.94	11.77	9.47
Uttarkhand	4.34	0.84	28.14	26.11
West Bengal	3.45	0.56	10.85	9.28
All States	**3.60**	**0.59**	**11.70**	**9.78**

Source: IJRFM, Volume 2, Issue 6 (June 2012), Page No. 31

From the above table, it is clearly reflected that the percentage of Health Expenditure out of total GSDP is 0.57 and per-capita health expenditure is 9.73 in 2008-09 which is below the national annual average of 0.59 and 9.78. It urges the need for more health care financing in the state. From the above, it is observed that in some high income states (like Gujarat and Maharashtra) the per capita expenditure is recorded lower than the average spending of all states. Such deviations in health expenditure may not be considered significantly because of priorities set on the basis of prevailing disease or mortality rate in the state. Odisha is in a better position in comparison to such other states which is a good sign in health care financing.

State Gross Direct Premium Income from Health Insurance

(Rs in Lakh)

States	2009-10	2010-11	2011-12	2012-13
Andhra Pradesh	80,114	1,05,003	1,06,122	69,542
Assam	1,348	2,400	5,873	7,506
Bihar	753	11,681	26,049	31,529
Chhattisgarh	1,079	1,398	1,659	8,727
Goa	1,463	1,862	11,280	10,674
Gujarat	52,429	69,325	79,763	88,602
Haryana	17,916	43,326	60,447	78,917
Himachal Pradesh	663	1,859	1,937	2,620
Jharkhand	5,571	2,580	3,876	7,878
Karnataka	71,818	94,636	1,17,786	1,41,553

Kerala	18,361	24,018	45,128	60,902
Madhya Pradesh	7,268	9,493	11,320	15,658
Maharashtra	2,48,119	3,26,796	3,68,208	4,37,346
Odisha	1,566	4,646	5,179	11,357
Punjab	5,534	8,135	27,425	15,865
Rajasthan	6,202	9,526	11,029	16,563
Tamilnadu	1,16,148	1,38,392	1,21,018	1,78,403
Uttar Pradesh	24,463	49,744	42,505	55,390
Uttarkhand	1,426	2,367	2,412	3,773
West Bengal	40,638	56,219	78,556	99,307
Delhi	86,778	1,13,477	1,27,147	1,45,462
Chandigarh	6,467	6,247	6,150	5,792
All States	**7,97,950**	**10,86,030**	**12,96,282**	**15,01,007**

Source: Self compiled from data of Annual Reports of IRDA of various years

The above table shows the increasing trend of State Gross Direct Premium Income in Odisha from the year 2008-09 to 2012-13. It reflects that the income generated through direct premium of Health Insurance in Odisha is increased from Rs 1566 lakh in 2009-10 to Rs 11357 Lakh in 2012-13. This data shows a sharp increase in the premium income in the state of Odisha which shows an increasing trend in the level of awareness of the people regarding health insurance. Though it is not at all comparable with developing states like Andhra Pradesh, Gujarat, Maharashtra and Tamilnadu in terms of amount of health insurance premium received during these years studied.

V. FUTURE PROSPECTS OF HEALTH INSURANCE IN ODISHA & ROLE OF GOVT. AND FACILITATING AGENCIES

Health Insurance is still an unsolved, less demanded agenda in the books of economy of various states in the country. Some of these states move a bit in upward direction by virtue of initiatives for promoting helath insurance services as a medium of reaching the goal of complete health care reform. But these efforts are not sufficient enough to get the desired target, rather need basic support from both private insurers along with respective government prevailing in the state for the development of health care through health insurance.

Role of Government towards promotion of Health Insurance in Odisha

Promotion of health insurance depends mostly on contribution from both private players and government in the states as well as centre. The poor level of awareness about health insurance and its allied benefits become the rode block in promoting health insurance. In order to avoid such problems and to create awareness in society; among people, government of odisha has taken several initiatives in that direction by joing hands with the central Government. A glance of such initiations can be reveled from the folliwng schmes or proposals.

Biju Krushak Kalyan Yojana

Biju Krushak Kalyan Yojana, a path breaking State sponsored health insurance scheme has been introduced by the State Government which is a tribute to the farmers and their families to provide them health security. It is an earnest effort to provide them financial support through health and accident insurance as a part of the commitment of the welfare State. About 60 lakh farmers' families, irrespective of APL or BPL are eligible for this yojana, which promises insurance cover of Rs 1.0 lakh annually to five members of each family.

Health Insurance in Textile Sector

In order to support the sericulturist in Tasar, eri and mulberry sector, a number of schemes are in operation. Farmers are being provided with improved technology for HYV food plants, Dfls, rearing house, grainage houses and marketing supported through the schemes. Besides, 9,753 women sericulturists have been covered under Health Insurance scheme.

Employee State Insurance Schemes

This is an integrated multi-dimensional health insurance and social security scheme, being implemented in the State since 1960. It is one of the most effective and sustainable social security measures available to workmen employed in industrial and commercial establishments of varying nature and sizes. At present, medical care is provided to 2, 47,897 insured persons and their dependents through five ESI hospitals and 45 ESI dispensaries. There are 297 beds and 195 doctors engaged to provide medical services to employees. There is also one 50 bed ESI Model hospital at Rourkela.

Introduction of Health Insurance Schemes in Handloom Sector

This is one of the welfare schemes for handllom weavers, implimented by the Government of India in collaboration with ICICI Lombard General Insurance Company Ltd. A weaver famile (self, wife and two children) can avail of medical facilities up to Rs 15,000 per annum by paying a premium amount of Rs 939.76 for this scheme, the central government provides Rs 769.36, the state government contributes Rs 120.40 while the remaining Rs 50 is borne by the beneficiary. During 2011-12, 46,531 handloom weavers were enrolled under this scheme. The State Government have

laid emphasis on development of the handloom sector and improvement of socio-economic conditions of weavers. Some major schemes which have been implemented for improvement of this sector are: Promotion of handloom industries, Integrated Handloom Development Scheme, Cluster Development Programme, Group Approach, Marketing and Export Promotion Scheme, **Health Insurance Scheme**, and Mahatma Gandhi Bunakar Bima Yojana .

VI. CONCLUSION

There is always many discussions, debates are undertaken about the significance, role, need of Health Insurance Services as a tool for promoting an healthy health care system in the country. But it hardly points any significant effect on the people who really seeks and the service providers. This conclcusion can easily dervived from the above study. It is an important aspect of the society because everybody wants to avail better health care faciltiies but at no cost. In the same line, strategies have been adopted by the government to facilitate health care mostly through available resources. These type of mindset causes many hindrances in the day to day life of the people remain unnoticed. Health Insurance Services emerges from last one decade as a solution to these problems. As a result, government, both at central and state level has taken many initiatives for promoting health insurance to reduce the out of pocket health care expenditure of people. But more emphasis and investment should be made in this sector. There should be a Public-Private Partnership in order to promote these services which can help people to understand their health care needs over their basic financial needs. Odisha, as a state though have small amount of coverage in Health Insurance Sector, but the schemes made by the government for reaching the unriched people for health care deserve a token of appreciation in comparision to other states. The irony is that, despite of some encouragement from the government sector, public companies are not extending their hands to promote such an useful services to the people. Health Insurance may emerge in the years to come as a basic need for all the people of the country and Odisha may lead it from the front. What is required to do, is to adopt a new method of providing health care facilities may be termed as **"Health Care Inclusion".**

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