

*International Issues on
Health Economics
and Management*



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TiSSL International Publication

AWARENESS AND PREFERENCE FOR HEALTH INSURANCE-A SOCIO ECONOMIC ANALYSIS

Introduction

Human resource is the real wealth of a nation. An increase in national income does not always lead to human welfare. Economic development coupled with human should be the primary objective of a nation. India is one of the success stories of globalization with an average GDP growth rate; it ranks 126 on human development index. The human development index provides a composite measure of three dimensions of human development living a long and healthy life, being educated and having a decent standard of living. India spends 4.8 per cent of GDP on health, of which the public health expenditure is 1.2 percent of GDP and private health expenditure is 3.6 per cent of GDP. The total health expenditure per capital in India is US\$82. This is quite low in comparison to other developed and developing countries (Jayaprakash 2009). On one hand, the country is gripped with communicable and non-communicable diseases resulting out of changing life styles, while on other hand, health care costs are escalating making access to quality health care difficult, with government expenditure on health declining, health insurance has emerged as an alternative mechanism for financing health care. Health insurance has been realized as an instrument for the health of the economy. Health insurance policies insure against several illnesses and guarantee to stay financially secure. It also provides protection to social development. There is an increasing recognition that the State alone cannot finance all the health needs of its population or a sizable fraction of it (Fonta 2005). Health insurance is personal insurance that provides coverage for the cost of hospital and medical expenses arising from illness or injury. Benefits are paid as fixed lump sum or as a proportion of actual treatment costs. It includes individually hospital cash, critical illness and disability benefits. The prospects of health insurance are very bright in future as the cost of medical treatment is escalating although it is not gaining at present. The health care utilization increases with affluence of society. There is an increasing recognition that the State alone cannot finance the health needs of its population or a sizable fraction of it. Under such circumstance the responsibility of funding health service falls directly on households. The households need to be aware in detail the various aspects of health insurance. In order to analyze the awareness level of the respondents about health insurance and socio-economic factors of the respondents in decision-making as to preference for health insurance, a study on "Awareness and Preference for Health Insurance – A socio-economic analysis" is taken up.

Objectives of the Study

The primary objective is to study the awareness and preference for Health Insurance policies. The following are the secondary objective of the study.

- To understand the socio economic background of the respondents.
- To understand exposure to health risk and risk management strategies adopted by the respondents.
- To find out the association between socio economic profile of the respondents and health insurance policies held by them.
- To know the awareness level of respondents about the features health insurance policies.

Research Methodology: The study is conducted in Coimbatore city. The period of the study covered four months from December 2009-March 2010. A non-probability sam-

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pling procedure namely convenience sampling method was used to select sample respondents for the study. The sample size consists of 150 respondents who have health insurance policy. For the purpose of the study, the needed information is collected from primary and secondary sources. The primary data were collected through interview schedule, from the selected sample respondents. The secondary data were collected from published records of Insurance Corporations, books and research articles.

Results and Discussion

The data collected from the sample survey, has been analyzed and presented in the following heads.

- 1.Socio-Economic profile of the respondents.
- 2.Exposure To Health Risks By Respondents
- 3.Association between Socio economic profile of the respondents and health insurance policies held by them.
- 4.Awareness of the respondents about the features of Health Insurance.

Socio-Economic Profile of the Respondents: The socio economic profile of the respondents were analyzed under different headings such as age, gender, educational level, marital status, nature of family and family income.

Table -1: Socio-economic profile of the respondents

Variable	Number of Respondents (150)		
	Number	Percentage	
Age	Up to 25	37	25
	26-35	53	35
	36-45	33	22
	Above 45	27	18
Gender	Female	78	52
	Male	72	48
Marital status	Married	107	71.3
	Unmarried	43	28.7
Nature of family	Nuclear	130	86.7
	Joint	20	13.3
Educational qualification	Up to school	39	26
	Graduate	79	53
	Post graduate	18	12
	Technical education	14	9
Annual income (in Rs.)	Up to 50,000	7	4.6
	50,001-1,00,000	20	13.3
	1,00,001-1,50,000	75	50
	1,50,000-2,00,000	24	16
	Above 2,00,000	24	16

It is understood from table 1 that 60 percent of the respondents were below the age of 35 years, and the remaining 40 percent were above 35 years (Exhibit.1), 52 percent of the respondents were female and 48 percent were male and 71.3 of the respondents were married. The family type showed that 86.7 percent of the family is nuclear and remaining 13.3 percent were in joint family system. Based on classification on education, 53 percent were graduates, 26 percent had education up to school level, 12 percent were postgraduates and 9 percent constitute respondents with technical education. The classification based on annual income showed that 50 percent of the respon-

dents were with the annual income between Rs.1,00,001 -1,50,000 and 16 percent have above Rs.2,00,000 and 16 percent between Rs.1,50,000-2,00,000.

Exposure to Health Risks by Respondents: People exposed to different risks depending on the environment in which they live and their livelihood strategies. Some risks are frequent and less severe i.e., minor health problem, some are less frequent but when they strike they demand immediately a big lump sum money to recover from them. Exposure to risk among respondents is understood from table 2

Table -2: Exposure to most recent health risk by respondents

Risks	No of respondents(150)	Percentage
Accident illness leading to Permanent disability (hospitalization, surgical, therapeutic treatment needed)	16	10.67
Hospitalization, surgical treatment needed	32	21.33
Hospitalization, therapeutic treatment needed	36	24
Only urgent medical help needed	13	8.67
Without hospitalization, needed to visit doctor	53	35.33

Table -3: Risk management strategies adopted by the respondents

Strategies	No of respondents (multiple response)	Percentage*
Using savings	95	63
Getting help and pay later	17	11
Getting free help	5	10
Selling domestic assets	30	20
Pledging domestic assets	35	23
Borrowing with low interest	48	32
Kalaigar kapittu thittam	25	17
Health insurance	30	20

(*percentage to the total respondents)

The table -2 summarises all the risk indicators. The risks that are much more frequent compared to other risks are health risks resulting in need for a visit to a doctor or therapeutic treatment in hospital. Any risk translates into financial pressure that a household needs to cope with. Even though respondents have access to good risk management strategies (i.e. insurance), some of them use strategies to impoverish them (i.e. selling household assets) (table -3).

Knowledge and Use of Health Insurance: The health insurance policy is expected to bring number of benefits to the investors.

Awareness about Health Insurance

Awareness of health insurance policies by the respondents are given in table 4

Table 4: Awareness about Health Insurance

Sources	Number of respondents(150)	Percentage
Television advertisement	32	21
Other means of advertisement	16	11
News paper	39	26
Family members	15	10
Insurance agents	48	32

Source: primary data

The major source of awareness about health insurance among the respondents was insurance agents. This followed by newspaper, television and advertisement.

Health Policies Held by the Respondent (Insurer Wise) Name of the company in which policy is taken by the respondents is given in table 5.

Table 5: Health policies held by the respondent (Insurer Wise)

Name of the company	Self	Spouse	Children
Life Insurance Corporation	72 (48)	71(47)	63 (42)
Bajaj Allianz	10 (7)	10 (7)	12 (8)
United India Insurance	23 (1/5)	15 (10)	4 (3)
ICICI Prudential	14(9)	11 (7)	2 (1.3)
HDFC Life	6 (4)	6 (4)	1 (0.7)
Chief Minister's Insurance Scheme for life saving treatments	25(17)	21(14)	

Source: primary data

Majority of the respondents 48 percent insured their health in Life Insurance. Further majority of the respondents 47 percent had insured the health of their spouse and 42 percent insured the health of children in health insurance companies.

Value of Health Insurance Policy: The value of health insurance policy taken in the name of self, spouse and children by the respondents is shown in table 6

Table 6: Value of Health Insurance Policy

Value of Health Insurance Policy (Rs)	Self	Spouse	Children
Up to 50,000	98 (2)	95 (68)	75 (91)
50,001-1,00,000	14 (12)	19 (14)	5 (6)
1,00,001-1,50,000	6 (5)	14(10)	1 (1)
ABOVE 1,50,000	2 (2)	12 (9)	1(1)

Source: primary data

Majority of the respondents (82 percent) insured their health for up to Rs. 50,000, another 12 percent insured within Rs. 50,001 and 1,00,000. Further majority of the respondents 68 percent had insured the health of their spouse and 91 percent insured the health of their children for an amount not more than Rs.50,000.

Premium Paid On Health Insurance Policy: The yearly premium paid by the respondents in table 7

Table 7: Premium of Health Insurance Policy

Annual Premium (RS)	Self	Spouse	Children
UPTO 2000	85 (71)	95(68)	76 (93)
2001-4000	29 (24)	25 (18)	4 (5)
ABOVE 4000	6(5)	20 (14)	2 (2)

Source: primary data

Majority of the respondents (71 percent) had paid a yearly premium of an amount not more than Rs. 2000 on their health and 68 percent and 93 percent paid up to Rs. 2000 each, annually on the policies of their spouse and children respectively.

Benefits Derived From Health Insurance: The ranks given by the investors with respect to benefits derived by them are given table 8

Table 8: Benefits Derived From Health Insurance

BENEFITS	RANKING
Unexpected risk	VII
Tax benefits	II
Cover for specified diseases	VI
Security at the old age	III
Low cost health care	I
Domiciliary treatment benefit	IX
Medical cover for the entire family	VIII
Peace of mind	V
Electronic mode of settlement	IV

Source: primary data

It is explicitly known from the table 8 that low cost health care was ranked first among all other benefits. Rank two was assigned to tax benefits, three for security at the old age and four for electronic mode of settlement, peace of mind, cover for specified diseases unexpected risk, medical cover for the entire family were the next following options of benefits preferred by the respondents .

Association between Socio Economic Profile of the Respondents and Health Insurance Policies Held By Them: The socio economic profile of the respondent and insurance policies held by them were analyzed to find out if there is any significant association between them. To carryout this analysis, a null and an alternative hypothesis were framed by considering each of the socio economic variable.

H_0 : There is no significant difference in insurance policies held by the respondents based on gender, marital status, nature of family and annual income.

H_a : There is significant difference in insurance policies held by the respondents based on gender, marital status, nature of family and annual income.

Table-9: Association between Socio Economic Profile of the Respondents and Health Insurance Policies Held By Them

Variables		Health& life insurance	Health insurance only	Health& group insurance	Total	Chi-Square Value
Gender	Male	20 (13.3)	37 (24.6)	13 (8.5)	70 (46.6)	1.88*
	Female	16 (10.6)	51 (33.4)	13 (8.6)	80 (53.3)	
	Total	36 (23.9)	88 (58.0)	26 (17.2)	150(100)	
Marital Status	Married	25 (16.6)	62 (41.3)	20 (13.3)	107(71.3)	4.26*
	Unmarried	12 (7.5)	25 (16.6)	6 (4.0)	43 (28.6)	
	Total	37 (24.1)	87 (57.9)	26 (17.3)	150(100)	
Nature of family	Nuclear	27 (16.6)	81 (54)	22 (14.6)		3.6*
	Joint	7 (4.6)	8 (5.3)	5 (3.3)		
	Total	34 (22.1)	89 (59.3)	27 (17.9)		
Annual income	upto 1,00K	7 (4.6)	14 (9.3)	6 (4)	27 (18)	5.64*
	1,00K- 2,00K	16 (10.6)	60 (40)	22 (14.6)	98 (65.3)	
	Above 2,00K	5 (3.3)	15 (10)	5 (3.3)	25 (16.6)	
	Total	28 (18.5)	89 (59.3)	33 (21.9)	150 (100)	

The table 9 summarises the results of the socio economic analysis.

Gender and Insurance Policies: Among the total respondents, the respondents who availed exclusively Health Insurance were 58 percent and the remaining who had taken both Health and Life Insurance were 23.9 percent and Health and Group Insurance 17.2percent. It was found that there is a significant difference between the Insurance policies held by the respondents based on gender.

Marital status and insurance policies: Among the total respondents, the respondents who availed exclusively Health Insurance were 57.9 percent and the remaining who had taken both Health and Life Insurance 24.1 percent and Health and Group Insurance 17.3 percent. It was found that there is a significant difference between the Insurance policies held by the respondents based on marital status.

Nature of family and insurance policies: Among the total respondents, the respondents who availed exclusively Health Insurance were 59.3 percent and the remaining who had taken both Health and Life Insurance 22.1 percent and Health and Group Insurance 17.9 percent. It was found that there is a significant difference between the Insurance policies held by the respondents based on nature of family of the respondents.

Annual income and insurance policies: Among the total respondents, the respondents who availed exclusively Health Insurance were 59.3 percent and the remaining who had taken both Health and Life Insurance 18.5 percent and Health and Group Insurance 21.9 percent. It was found that there is a significant difference between the Insurance policies held by the respondents based on annual income of the respondents. Thus there is a significant difference between socio economic profile of the respondents and insurance policies held by them.

Awareness of the Features of Health Insurance Policies: Awareness enhances better utilization and helps to derive immense benefits.

Table 10: Awareness of features of Health Insurance

Particulars		Awareness		Unawareness	
		Number	%	Number	%
Age at entry	Minimum age 18 years	75	50	75	50
	Maximum age 55 years	90	60	60	40
Unit Linked Group Policy	Hospital Cash Benefit	131	87	19	13
	Major Surgical Benefit	85	57	65	43
	Domiciliary Treatment benefit	16	11	134	89
Premium term	Yearly	136	91	14	9
	half yearly	139	93	11	7
	monthly	42	28	108	72
Investment fund	Not less than 50% in government securities	134	89	16	11
	Not more than 90% in money market	69	46	81	54
	10% and 50% in equity shares	73	49	77	51
	Net asset value declared in daily basis	36	24	114	76
Waiting period	180 days from date of commencement	133	89	17	11
	New born child included in policy	91	61	59	39
	90 days from reinstatement no for HCB/MSB Payable	101	67	49	33
	No waiting period for HCB/MSB	21	14	129	86
Benefits	After 3 years of premium payment for medical expenses	90	60	60	40
	High premium tends to increase with age	54	36	96	64
	Coverage for medical condition that may be diagnosed over the years	38	25	112	75
	Each 'no claim' year would fetch a discount on premium	49	33	101	67

The table 10 showed, about age at entry to the Health Insurance, 50 percent of the respondent aware of minimum age and 60 percent aware of maximum age at entry respectively. The features of Unit Linked Group insurance such as hospital cash benefits, major surgical benefit, domiciliary treatment benefit were known to 87 percent, 57 percent, 11 percent of the respondents respectively and the remaining were unaware of these features. The premium term of annual and half yearly were known to majority of the respondents. The health premium collected by Life Insurance Corporation of India is invested in government securities, money market, equity shares etc of the total respondents 89 percent aware about not less 50 percent in government securities compared to other forms of investments. The waiting period of the policy about 180 days is known to 89 percent of the respondents. The inclusion of newborn child to the existing policy was known to 61 percent of the respondents.

Further to analyze the awareness of health insurance among respondents. Mann-Whitney's (U-test) was applied. The following hypothesis was framed.

H_0 : The respondents differ in their awareness about the features of Health Insurance.

H_a : The respondents do not differ in their awareness about the features Health Insurance.

The calculated value (1.39) less than the table value (1.96) at five percent level of significance. Hence the null hypothesis is accepted. It is inferred that there is a significant difference among the respondents with respect to the awareness on aspects of Health Insurance policies.

Implications

- Considering the vast potential that is available in the country, instead of just managing to ensure the renewal of the existing contracts and insurers should expand business.
- Health insurers should attempt to enlarge the scope of coverage and look for newer avenues.
- Health advisor selection process, candidate specification is the most vital and the success rate directly depends on it.
- Delay in getting claims settled be avoided in order to improve the satisfaction of clients.
- With effective awareness campaigns and advertisement of Health Insurance products, coverage among the general public is possible.
- Awareness and importance of "Health" to be imparted among public. Moreover the spiraling cost of healthcare necessitated the respondents to give primary importance to Health Insurance policies.
- Competition prevailing in health insurance sector led to the increase in frauds and various deficiencies in ethical standards and dissatisfaction among clients.
- Instead of just managing to ensure the renewal of the existing contracts and expansion is needed.

Conclusion

India is a nation with a huge population and large portion is not covered under health insurance. So, the health insurance policy may be a useful scheme for all the people because it covers unexpected risk of hospitalization and medical expenses. Nowadays medical expenses are increasing, hence it becomes inevitable for public to take the policy to avoid risk and enjoy benefits of health insurance. Keeping this context in mind, the study was conducted to analyze and understand the awareness level of the people about health insurance products. "Health insurance for all" is need of the hour for attaining the "sustainable living" of the human.

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