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A comparative study on health insurance schemes offered by public and private sector

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ABSTRACT:

People often get a very little time from their busy schedules to take care of health. Worries, anxieties, meeting deadlines and working round the day affects health in many ways. The importance of health is realized only when a disease starts affecting some part of body; hampering the overall health. In such cases, having sufficient health insurance or medical insurance prove to be of great advantage. Healthcare involves the services developed to safeguard health, including medical facilities, professional and financial services such as medical insurance.

A health insurance policy is a contract between an insurance company and an individual or his sponsor (e.g. an employer). The contract can be renewable annually or monthly. Health insurance is a crucial financial product that every individual must have irrespective of their age. It allows the policy holder to focus on getting the best treatment without bothering about the financial costs of the same.

Depending on the terms of the health insurance policy it covers all or part of the medical costs of treating the disease or injury including doctor's consultation charges, medicine and nursing costs. Treatment can be sought in any recognized nursing home or hospital across India. This policy however usually does not cover routine medical expenses like outpatient care, and daily medicines. Health insurance in India can be bought both as an individual or a family and as a group. Group Health Insurance is bought by either an employer or an association for its members.

The primary objective of the study is to analyze the performance and prospect of health insurance in India. Apart from this study also aims to examine and evaluate the policyholders' attitude and satisfaction towards various health insurance plans offered by the public and private sector. The present study is an effort in area of health insurance to evaluate its state, both in term of its performance as well as its prospects. Overall, there is a comparative study with regard to past and current status of public and private sector general insurance companies in relation to health insurance.

The results with regards to claim logged aspects provided that Hassle-free claim settlement and Hassle-free claim application process are mostly experienced by the respondents while logging the health insurance claim with insurance company. In public sector as well as in private sector majority of the respondents are happy with claim experience While analysing the reasons for having health insurance, it was found that most of the governing reasons were risk coverage against future illness and to avail good quality medical treatment In public sector as well as in private sector majority of the respondents go for the health insurance policy as a security and also due to the pressure by the agent.

Keywords - Health insurance , Schemes , Public and Private sector , Policyholders' attitude and satisfaction.

INTRODUCTION :

In India, there is dire need to study the state of health insurance both in term of its performance as well as its prospects. The present study is an effort in area of health insurance to evaluate its state , both in term of its performance as well as its prospects. For this purpose, on one side selection of general insurance companies providing health insurance was made, so as to come out with conclusive evidence with regard to performance of health insurance business. While on the other hand, customers were also included in the present study, because the real worth of the performance of the company can be evaluated only with the word-of-mouth of ultimate consumer. Thereby, customers' perception with respect to health insurance was also studied, so as to get insight into their awareness, satisfaction and willingness to join and pay for it.

One of the active forces, which are dominating the performance of health insurance business, is Third Party Administrators (TPAs). Basically, a TPA plays a triangular role as assigned by IRDA, of service integrator between the insurers, insured and health service provider. Keeping into mind such an important role being assigned by the IRDA, there is dire need to study the role actually played by them.

OBJECTIVES OF THE STUDY

1. To report the dynamics of health insurance business at the national level in general and in Mangalore city in particular.
2. To make a comparative study of health insurance plans offered by public and private general insurance companies in India.
3. To report and analyze the views and perception of health insurance policy holders regarding health insurance.
4. To report the key determinates of buying and using health insurance.

METHODOLOGY OF THE STUDY

This study is partly exploratory and partly explanatory in nature. For gathering information both primary data and secondary data is taken. As secondary data, text books, business journals and magazines, newspapers and other published reports of the company is taken to collect the information. For the present empherical study, 150 Health insurance holders from public sector and 80 from private sector are taken as respondents. For gathering data a questionnaire is drafted by considering the objectives of the study. Interviews also conducted while collecting information from policyholders. Third Party Administrators were the important source for the information about all the important aspect of health insurance. Best performing TPA's in mangalore city like Vidal Health TPA Pvt. Ltd, Raksha TPA and Dedicated Healthcare Services(DHS) TPA were consulted.

For collecting the information regarding premium collection procedure, policyholders' punctuality in payment of premium, customer's new expectations and new problems, several agents and development officers were consulted.

Random sampling techniques are used to select the respondents for the sample survey. A few descriptive statistical tools like mean, percentages are used to process, analyze and interpret the field survey data.

Data Analysis

Table 1 showing major reasons to go for the health insurance policy.

Particulars	Public		Private	
	No of respondents	Percentage	No of respondents	Percentage
As a security	84	56%	36	45%
Pressure by the agent	48	32%	24	30%
To avail tax benefits	18	12%	20	25%
Total	150		80	

Table 2 showing mode of payment of premium.

Particulars	Public		Private	
	No of respondents	Percentage	No of respondents	Percentage
Through the agent	8	5%	14	18%
Through the counter at office	11	7%	4	5%
By issuing Cheques/DD	131	87%	62	77%
Total	150		80	

Table 3 showing claim experience with health insurance

Particulars	Public		Private	
	No of respondents	Percentage	No of respondents	Percentage
Yes	135	90%	70	88%
No	15	10%	10	12%
Total	150		80	

Table 4 showing information about usage of the cashless access facility for hospitalization

Particulars	Public		Private	
	No of respondents	Percentage	No of respondents	Percentage
Yes	95	63%	64	80%
No	55	37%	16	20%
Total	150		80	

Table 5 showing respondents' opinion about claim experience

Particulars	Public		Private	
	No of respondents	Percentage	No of respondents	Percentage
Yes	128	95%	66	94%
No	7	5%	4	6%
Total	135		70	

Table 6 showing the key areas of satisfaction

Particulars	Public		Private	
	No of respondents	Percentage	No of respondents	Percentage

Terms and condition of the policy	30	14%	16	20%
Amount of premium	10	8%	5	6%
Mode of payment of premium	13	5%	7	9%
Claim experience	97	73%	52	65%
Total	150		80	

FINDINGS

The results of the study provided that in both the sectors, a significant proportion of the respondents were male members. Majority of the respondents belonged to the age groups of 30-40 years and were married. Maximum respondents were graduate followed by higher education and post graduation and were employed.

As far as level of income is concerned, a major percentage of the respondents fall in the annual income category of 250000 to 300000.

- While analyzing the reasons for having health insurance, it was found that most of the governing reasons were risk coverage against future illness and to avail good quality medical treatment In public sector as well as in private sector majority of the respondents go for the health insurance policy as a security and also due to the pressure by the agent.
- In both the sectors majority of the respondents opine that health insurance is the best measure for health security.
- In public sector as well as in private sector majority of the respondents have claim experience with health insurance products.
- In public sector as well as in private sector majority of the respondents have used the cashless access facility for hospitalization.
- In public sector all the respondents who have not taken cashless facility have submitted reimbursement claims to TPA. Where as in private sector all the claims are settled by the company directly.
- In public sector majority of the respondents received cheque for reimbursement within 15 days.
- The results with regards to claim logged aspects provided that Hassle-free claim settlement and Hassle-free claim application process are mostly experienced by the respondents while logging the health insurance claim with insurance company. In public sector as well as in private sector majority of the respondents are happy with claim experience

The study also revealed that there are 7 key factors by clubbing the related variables namely, Ease of Services to Obtain; Minimum Consideration; Availability of Funds, Intermediaries' Outreach and Capabilities; Multiplicity of Benefits with Extensive Promotional Activities; Goodwill and Linkage of the Company with Third Party Administrators (TPAs); and Operating with Customers' Oriented Modern Technology are main factors, which are considered by an individual while selecting or buying health insurance. Similarly, it was observed that there are 7 key factors by clubbing the related variables under it which are acting as barrier and ultimately obstruct the subscription of health insurance. These are Lack of Funds to Meet Costly Affair; Lack of Awareness and Willingness to join; Lack of Intermediaries' Outreach and Capabilities; Lack of Reliability and Comprehensive Coverage; Lack of Availability and Accessibility of Services; Narrow Policy Options; and Prefer Other Mode to Invest (followed by friends, relatives etc.).

Further, the interaction with the non-health insurance policyholders provided that those who are ready to buy shown preference for private insurance company, for group health insurance policy, with the possible age of insurance 40-50 years followed by 50-60 years. As far as premium payment is concerned, maximum number of respondents preferred for monthly premium payment. Alternatively, very few of non-health insurance policy holders are ready to buy health insurance without any conditions and most of them are not ready to buy, still need some time.

Suggestions

Although, the health insurance is not a new concept and the people are also getting aware about it through agents, TV followed by newspaper, friends etc, but this awareness has not yet reached the level of subscription. As the very small portion of population is being covered by some form of health insurance and large chunk of the population is still financing health care expenditure without health insurance, it is recommended that both the sectors must work on their promotional activities to spread awareness about the various products related to health insurance.

In public sector as well as in private sector majority of the respondents felt that the agents possess average level of product knowledge about the various schemes. In this regard it is suggested that in both the sectors sufficient care to be taken while appointing agents and attempts must be made to train them in a most appropriate manner.

Both the public and private sector insurance companies should divert their focus from the extension of more numbers of health insurance plans towards the quality and worth of services provided under these plans both in terms of inclusion/coverage and exclusion/non coverage. Moreover, whenever introduction of new health insurance plans is made the requirement of the particular segment of the society should be taken care of, as the requirements differ from person to person and place to place

In public sector majority of the respondents lack information about the new health insurance products whereas in private sector majority of the respondents are aware of the new health insurance products. The interaction with the non health insurance policy holders provided that most of them

would opted for private insurance company for health insurance. Therefore the public sector insurance companies should restructure or reorganize their health insurance business. Moreover, due to fast increasing competition their position is gradually taken over by the private sector general insurance companies. So, in order to stay in health insurance business they have to comply with the strategies adopted by private insurers and for this they need to reorganize their health insurance business.

No doubt, the private sector companies are operating at increasing return to scale and also taking the advantages of pure technical efficiency and scale efficiency, which signifies that there is scope of much more improvement in this sector, but gradually due to market forces the increasing return will not applicable forever i.e. as the new entrant will come this increasing return will vanish. Accordingly, the private sector general insurance companies should try to focus not only on health insurance business rather on standalone health insurance business. Thereby, they can reap the fruit of master of health insurers in the insurance market.

CONCLUSION

Although the business firms try their best to understand the consumers and accordingly evolve their marketing strategies. The consumers continue to be an enigma- sometimes responding the way the marketers want and on other occasions just refusing to buy the products offered. No doubt marketing and environmental factors, buyers characteristics and buyer's decision process would definitely influence people to buy or not to buy General Insurance policies. If they purchase thereafter express some level of satisfaction or dissatisfaction depending upon their expectations and experience. Thus, the marketer's jobs do not end when the insurance product is bought. Marketers must monitor post purchase behaviour of the customers, which may be expressed in three forms, post purchase satisfaction, post purchase action and post purchase use and disposal.

Therefore, the insurance provider should undertake proper and adequate efforts to convert many of its qualified prospects into first time customers, satisfied first time customers in to repeat customers, repeat customers into clients (loyal customers), clients into advocates who understand the needs and aspirations of each other). This is possible by offering best possible reliable services before the sale, during the time of sale and after the sale of life insurance.

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