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## MAJOR INITIATIVES IN HEALTH INSURANCE SECTOR IN INDIA

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### ABSTRACT

*Health is at the center of development disclosure and looked at a cornerstone for economic growth of any nation. It can contribute alleviate poverty and lead a nation to more productive and financially secure status. Therefore while government continue to improve its efforts at building a strengthened primary care system which is publicly financed and delivered, it cannot continue to ignore a large private sector. In India health insurance industry is growing and health insurance market has been widening. Health insurance industry in India is growing at a CAGR rate of 25.5 go over period 2006-07 to 2012-15 Government has framed health policies and also supervised the implementation of health policy frequently amendment in circular about policy matter under IRDA for control and development of health insurance business. In this research paper presented meaning of health insurance, health insurance scheme and major development in health insurance in India.*

**KEYWORDS:** health insurance sector , economic growth , health insurance, health insurance scheme and major development .

### INTRODUCTION

The policy direction of “Health for All” declaration become the stated policy of Government of India with the adoption of the National health policy Statement of 1983. India’s health sector has always posed major challenges to policy makers raising demand for increased budgetary spending every year to make it commensurate with desired result in term of a healthy nation. Financing of health care is one of the key factors in delivery of health care. Total health care expenditure in India is about 4 per cent of GDP and the government does run a large public health care service system. However a large proportion of population is

forced to look for health care outside the system. Health care has become one of the most expensive services for a person belonging to middle and lower classes. Health insurance is one of the best way of ensuring the involvement of private players in a more effective health care system and meet public health goals. The government would, of course have to put in place a regularly system to ensure that publicly financed health insurance offer sufficient financial protection and access to health care. The draft health policy 2015 has tried to rectify some of the lacuna in earlier policies by firstly putting it on public domain for feedback and also understanding the change of context for health care in various sectors. The policy



should focus on provision of universal health care including provision of drugs and diagnostic care to poor and marginalized population, financial risk Protection etc. Our policy makers had appreciated this fact and launched several health programs which have immensely successful over the years. There has been a successful reduction in infant and maternal mortality rates, due to immunization programs, specially pulse polio which have been lauded the world over and we have almost won the war against small pox, once a deadly killer disease. Our medical system can complete globally with the best in the world. The government owned General Insurance Corporation (GIC) and its four subsidiaries reigned the health insurance sector. Some private sector insurance companies also the share of different health insurance products on the basis of number of policy, premium and claim.

#### **OBJECTIVE OF THE STUDY:-**

- 1).What is health insurance ?
- 2).Which is health insurance schemes ?
- 3).What is major initiative in health insurance ?

#### **RESEARCH METHODOLOGY:-**

The research paper prepare is primarily based on secondary data made available by various sources. The major sources of data are magazine, journal, references, and books quoted in the reference.

In simple words health insurance intends to pool risk of people who are under similar risk of adverse health events. Insurance act 1938 defined health insurance or accident insurance as “insurance against loss or sickness by accidently bodily injury. The loss may be the less of income caused by any disease or accident or it may be expenses for doctor’s fee, hospital bills, medicines, or the expenses of long term care”.

The International Labour Organization defines health insurance as “the reduction or elimination of uncertain risk of loss for individual or household by combining a large number of similarly exposed individuals or household who are included in a common fund that makes good the loss caused to any one member.

In India various types of health insurance schemes can be broadly classified as under.

#### **HEALTH INSURANCE SCHEMES**

##### **1) Mandatory Health Insurance Scheme:-**

Under these schemes health services are provided to section of population on the basis of ability to pay. There are two schemes run by government Central Government Health Scheme (CGHS) and Employee State Insurance Scheme (ESIS).

##### **2)Employer Based Health Insurance Scheme:-**

Public and private sector employers provide health insurance benefits by way of reimbursing health expenditure of employees for outpatient and hospitalization care, providing fixed medical allowances monthly or annual allowances irrespective of actual expense or keeping them in group health insurance, Railways, defense, security forces plantation and mining work provide medical allowances to their employees.

##### **3) Community Based Health Insurance Schemes:-**

This Health Insurance Schemes are proposed for poor living in communities. Provision health care to the people are generally done through NGO’S or through trust hospitals. Benefits are mainly in terms of preventive care, ambulatory care and inpatient services. The financing is primarily done Through Patient collection government grants and donations. This include provider model in which hospital collects premium from community and provides care directly or insurer model were an NGO collects premium from community and pay the bill to the provider on behalf of the community for seeking care and third type is linked model where NGO collects premium from the community and transfers. The risk to the insurance company.

##### **4) Social Health Insurance Schemes:-**

**a) Rashtriya Swasthya Bima Yojana -** RSBY is a scheme introduced in 2007 by the ministry of Labour and employment that provide health care protection for workers and their families in the unorganized sector. Under the schemes protection is given to BPL households for health hazards which lead to hospitalization. For the

smooth functioning of the scheme government has joined with private hospitals in each locality. In the scheme each family is provided a health insurance card which has to be processed during the time of admission. The annual insurance cover of Rs. 30,000 for a family of five including the worker spouse children and dependent parents and the annual insurance premium not exceeding Rs. 750 is to be decided through tender process the scheme is being financed by central and state government. The union govt. will meet 75% of premium (not exceeding Rs. 565) and the cost of a smart-card for each family estimated at Rs.60 for card. The beneficiaries have to pay an annual registration charge Rs. 30 per family and the state government will pay the rest of the premium, together with the administrative cost.

**b) Universal Health Insurances Scheme-** In 2003 ministry of finance introduced a new scheme to all section of society. It was to all sections of the society. It was implemented through four public sector insurance companies and providing coverage to Rs. 30,000/- per family. It was redesigned in July 2004, restricting it to BPL families only and again modified in September 2008 in which preexisting diseases are also covered. In the altered scheme households were categorized into three on the basis of their family size. The premium charged is Rs. 1 per day per year for an individual. Rs. 1.5 per day per year for a family of up to five members and Rs. 2 per day year for a family of upto seven members. All these three groups in BPL population are given a subsidy of Rs. 200, Rs. 300, Rs. 400 respectively. It provides for reimbursement of hospital expenses upto Rs. 30,000 per individual and family.

In India some other private companies that provide health insurance are Birla sun life, HDFC standard Life, ICICI prudential life insurance, Star health, Reliance general, Apollo Munich, IFFCO – Tokyo, BharatiAxa, Universal sompo, Max Bupa, future Generally, Tata AIG to prepare policy like Hospital Cash plan, Hospitalization indemnity policy, Critical illness cover- indemnity Critical illness cover benefits, outpatient policy, package policy hybrid policy etc.

### MAJOR DEVELOPMENT IN HEALTH INSURANCE

- 1)1912 - Insurance Act passed – Statutory measure to regulate insurance business. Health Insurance was introduced with rules and regulation.
- 2)1923 - First formal insurance work compensation Act relief to workers and their Dependents incase of employment based accidents leading to death or Disablement.
- 3)1938 - New insurance act passed of recognizing two categories life and non-life (general ) Insurance to protect the interest of insurance.
- 4)1947 - Bhore Committee report recommended for improving health services.
- 5)1956 - Life insurance business nationalized and LIC was formed incorporating various Insurance companies (includes 154 Indian, 16 non-Indian and 75 provident Societies).
- 6)1959 - Mudaliar Committee recommended for health insurance policies for all and also Strengthen the primary health centres.
- 7)1973 - General Insurance was nationalized and GIC was setup (245 Indian and foreign Insurers) as a controlling body with New India Assurance company Oriental. Insurance company United India Insurance Company, National Insurance Companyas subsidiaries.
- 8)1986 - General Insurance corporation introduced mediclaim insurance policy
- 9)1991 - Malhotra committee was formed to make recommendations for the insurance Sector economic reforms.
- 10)1999 -Insurance Regulatory and Development Authority autonomous body which was Setup to control and develop insurance business. Health insurance sector was Opened to private and foreign participation
- 11)2000 –IRDA given statutory powers for promoting competition and for enhancing Consumer satisfaction- GIC being delinked from its subsidiaries and converted Into national reinsurer. The subsidiaries into independent companies. Indian Insurancesector was opened to private and foreign companies.
- 12)2001 - IRDA Introduced Third Party Administration in health insurance to function as an Intermediary between insurer and insured to provide cash less service of Insurance for which they were given fixed percentage of premium.
- 13)2003 - IRDA setup National health insurance working group to identify existing Problems in health insurance

business and to make recommendations by which The companies are able to participate in health insurance financing.

14)2009 -Circular renewability of health insurance policies issued – Health insurance for Senior citizen all health product filed on or after 1st July 2009 must allow the Entry of those up to the age of 65 years and also publish product information on website. FICCI report published contain standard treatment guidelines for 21 Common cases of hospitalization.

15)2010 - Preferred provider Network of hospitals by 4 public insurance companies to Provide cashless medical treatment and to discipline in the pricing of hospital Services

16)2011 - IRDA introduced portability of health insurance policies by which the policy Terms without losing the credit gained and preexisting conditions in terms of Waiting period.

17)2015 - Health policy draft has tried to rectify some of the lacuna in earlier policies.

### CONCLUSION :-

Health insurance is one of the best ways of ensuring the involvement of private players in a more effective health care system and meet public health goal. It is also a reality that a healthy person is more able to take care himself / herself and this / her family as also the nation. A nation with a healthy population is more capable of contributing to and achieving its development goals and making India vivid and vibrant. During the pre-independence period health insurance sector in India was dominated by the policies of foreign insurance companies. After independence the government introduced many health insurance plan that provide financial protection and easy access to care for the needy. In India health insurance industry is growing and health insurance market has been widening. Health insurance industry in India is growing at a compounded annual growth rate of 25.5% over the period 2006-07 to 2012-15. In health insurance market private and foreign companies are growing at a faster rate with diversified products and cashless services. The rising awareness of the protective role of health insurance with focus on marketing of health insurance product on the part of insurers and government is a vital for the growth of the sector and also for maintaining health security of the people. IRDA autonomous body which was setup to control and develop insurance business our policy maker has launched several health programs which have been immensely successful over the years in public and private sector for remain healthy people for good nation.

**“Health is wealth”**

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