ABSTRACT

Health insurance is a component of social security and social justice. The essentials in a health insurance program include prepayment and risk pooling. Health insurance is an effective tool to increase the utilization of healthcare services and to reduce out of pocket payments. Thereby, present study endeavors to examine the need and demand for health insurance of the urban informal sector in Punjab. The study was based on both the primary data and secondary data. The secondary data was obtained from the annual reports of Insurance Regulatory and Development Authority and annual reports of the public and private general insurance companies dealing in health insurance business. The primary data was collected with the help of structured questionnaire from the three urban districts of Punjab: Amritsar, Jalandhar and Ludhiana. Three groups of informal sector workers (construction worker, vendor and non-registered shopkeeper) were selected and sample size of 630 workers was obtained with the help of stratified random sampling. The analysis of the data was made with the help of Data Envelopment Analysis (DEA), Probit regression, marginal effects, factor analysis, weighted average score (WAS), headcount (H), mean gap (G), mean positive gap (MPG), annual growth rate, compound annual growth rate (CAGR), mean, median, percentage and graphs.

An analysis of the development, growth pattern and trends of health insurance in India revealed that no doubt health insurance is of recent origin in India still it achieved many milestones. A major shift in the health insurance business took place after the privatization of insurance industry which increased consumer choice, satisfaction, lowered premium rates and brought financial security to the health insurance business of the general insurers. The compound annual growth rate (CAGR) of the number of policies, number of members, number of claims, total premium and claim paid were 18.93 percent, 20.34 percent and 28.74 percent, 37.42 percent and 35.49 percent respectively from 2003-04 to 2012-13. The compound annual growth rate of premium per policy, premium per insured member, the number of persons insured per policy, claim paid per policy and claim paid per insured member were 15.69 percent, 14.32 percent, 1.86 percent, 13.94 percent and 12.75 percent respectively from 2003-04 to 2012-13. Data Envelopment Analysis was applied to examine the comparative efficiency of health
insurance business of public and private general insurers from 2006-07 to 2013-14. The mean of technical efficiency of the public and private general insurance companies was 0.416 and 0.237 respectively in 2006-07 and increased to 0.822 and 0.524 respectively in 2013-14. The mean of technical analysis of public general companies was higher than the private general insurance companies. But, mean of pure technical analysis of public and private general insurance companies were 0.810 and 0.643 respectively in 2006-07 and increased to 0.915 and 0.902 respectively in 2013-14. The improvement of the mean of pure technical efficiency was higher among the private general insurers than of the public insurers. The mean of scale efficiency of private and public insurers were 0.487 and 0.366 respectively in 2006-07 and increased to 0.906 and 0.611 respectively in 2013-14.

The health insecurities involved in the urban informal sector were examined at outpatient care, inpatient care and chronic disease. It was found that 41.0 percent of the respondents suffered from cold/cough followed by cold fever, headache, wound, malaria, typhoid, stomach related problems, cholera, chicken pox, dehydration, gastric problem/ acidity, diarrhea, pneumonia, body ache/ backache and blood pressure. The majority of them availed outpatient care from chemist shops followed by government hospitals, RMP/local doctor, private clinic, private hospital, hakim/faith healer and homeopathic. The mean and median healthcare expenditure on the outpatient care was ₹283.68 and ₹80 respectively. The mean and median money loss of outpatient care were ₹453.1 and ₹600 respectively. While, 42.2 percent of the respondents experienced inpatient care due to head wound followed by delivery, stone operation, epilepsy, fractured leg/hand and tuberculosis. The majority of the respondents availed inpatient care from the private hospitals followed by government hospitals, private clinic, RMP/local doctor and charitable hospitals. The mean and median healthcare expenditure on the inpatient care was ₹21,404 and ₹10,000 respectively. The mean and median wage loss due to inpatient care were ₹3,384 and ₹1,600 respectively and mean and median wage loss to the accompanying person was ₹793 and ₹600 respectively. While, 39.4 percent of the respondent suffered from chronic diseases such as diabetes, high blood pressure and heart disease. The majority of them utilized the private hospitals and chemist shops for the treatment of their chronic disease. The monthly mean and median expenditure on the chronic disease were ₹405 and ₹300 respectively. While mean and median wage loss to
respondent due to chronic disease was ₹304 and ₹300 respectively. The mean and median wage loss to the accompanying person was ₹315 and ₹250 respectively. The analysis revealed that as the catastrophic thresholds levels increases, incidence and intensity of catastrophe expenditure due outpatient care, inpatient care and chronic disease declines. The incidence and intensity of inpatient care were the highest among the respondents. The respondents not only incurred a high medical expenditure and wage loss but also faced serious socio-economic implications. The socio-economic implications due to illness included loss of income in the household, unable to perform duties during illness, loss of saving, sale of household assets, credit/borrow for payment of illness, mortgage of productive assets, loss of employment, temporary loss of job, isolation from family, harsh discipline from family, illness hampered work-relationship and difficult work-life balance during illness.

It was observed that 48.3 percent of the respondents were aware of health insurance and the main sources of awareness of health insurance were the agents, friends, bazaar/ local people, TV, family, newspapers, employees of the insurance company, doctor and hoardings/billboards. But, it was noticed that respondents hold different perceptions towards health insurance such as health insurance as a program to improve health, saving tool, compensation for losses from certain events, program useful in emergency, bulk return in future, tool to improve health, helpful for security purpose, protection against critical illness, protection against all illness and means to alleviate poverty. The perceptions cited by the respondents clearly highlighted their understanding towards the benefits of health insurance products were at a nascent stage. Only a small proportion of the respondents subscribed health insurance policies. The analysis of the Probit regression analysis had shown that awareness of health insurance was associated with regional variables, demographic variables, economic variables, healthcare variables and insurance variables.

Despite the low and irregular income, 64.8 percent of respondents were willing to pay for the health insurance. The annual mean and median willingness to pay for health insurance was ₹473.35 and ₹364.1 respectively. The majority of the respondents expressed their desire to pay the premium half-yearly followed by yearly, quarterly and monthly. But, the majority of the respondents had shown a preference for banks followed
by insurance agents, offices of the insurance companies and post offices for the payment of premium. The respondents expressed their desire to include hospitalization expenses, the cost of drugs, investigations, primary care, maternal care and wage loss in health insurance policies. The respondents had also shown a preference for comprehensive policies over the individual policies. The analysis of the Probit regression identified that willingness to pay for the health insurance was associated with the demographic variables, economic variables, healthcare variables and insurance variables. But, no significant association was observed with the willingness to pay for the health insurance and the regional variables.

Health insurance is one of the high priority areas as far as the consumers, providers and insurance companies are concerned. But, designing an affordable health insurance for the low-income groups is a challenging task. Thus, an attempt was made to explore the factors which restrict the enrollment of health insurance of the urban informal sector of Punjab. The result of the factor analysis revealed that twelve factors restrict the enrollment of health insurance among the workers employed in the urban informal sector of Punjab. These factors were the lack of awareness and need to buy health insurance followed by comprehensive coverage, income constraint, procedural formalities and complications, liquidity constraint, opportunity cost, future contingencies other than health, lack of information, subsidized government healthcare, linkage with government hospitals, preference for government schemes and lack of confidence. Hence, the need of the hour is to design a health insurance product which is accessible, available, affordable and acceptable to the informal sector.

**Keywords:** Awareness, Barriers, Growth, Health Insurance, Informal Sector, Insecurities, Willingness to Pay.