CHAPTER-2

REVIEW OF LITERATURE

A Review of Literature is an evaluative report of information found in the literature related to the selected area of study. It gives a theoretical base for the research and help to determine the nature of research. According to the (University of Wisconsin Writing Center)- A literature review is a “critical analysis of a segment of a published body of knowledge through summary, classification and comparison of prior research studies, reviews of literature and theoretical articles.” A literature review is a survey of already existing writings (usually published) on a given topic or area with a view to assess their relevance to a proposed research work. It is a critical and an evaluative summary of the themes, issues and arguments of a specific clearly defined research topic obtained from the published and unpublished literature. The purpose of literature review is to convey what knowledge and ideas have been established on a topic and what are their strengths and weaknesses. It relates to the work done by the experts on the present theme and tries to outline the research gap that exists between their concept and the present study. It is needed to locate and summarize the findings of research on a given topic critically and assessing evidence of argument to sustain the conclusions and setting problem of research within its context. In the present research work some eminent scholars have tried to study the role, issues and challenges of the Third party Administrators (TPAs) in the health insurance sector, hence the literature that has contributed in the present research work is discussed herewith:-

In the article “Health Insurance in India- Prognosis and Prospects” by Randall P. Ellis, Moneer Alam and Indrani Gupta, (2000), the author’s attempted to discuss
that the level of healthcare spending in India is increasing in terms of quality and access as compared to other developing economies still the provisions of healthcare is becoming problematic due to poor quality and inadequate financing. This highlights the need for alternative finances including provision for medical insurance at a much wider level. The paper attempts to review a variety of health insurance systems in India, develop a prospectus of strategy for greater regulation and increased health insurance coverage particularly in claim-settlements and the exclusion clause.¹ The research article focuses on the financial aspect of the healthcare services but fails to study the role of TPAs; who facilitate claim-settlement procedure, hence the present study makes an attempt to fulfill this gap in the context of claim-settlement and cashless hospitalization services provided by the selected sample TPAs.

In the article entitled “Health Insurance in India- Opportunities, Challenges and Concerns”, by Dileep Mavalankar and Ramesh Bhat, Nov (2000), focuses on the growing Indian health market and health care systems, the economic policy and imperatives of liberalization of insurance sector, health sector and its financing: present scene and issues for the future, various health insurance schemes offered by the government of India, impact of health insurance on structure and quality of private provision, role of the regulators and the experience of health insurance in other countries like U.S. & Germany.² The research article needs to focus on the customer satisfaction in the health insurance sector, hence it prompted the researcher to seek the present research work in this context to fulfill the research gap.

In the article “Health Insurance in India-The emerging Paradigms” by Abhijit Nagendranath and Pallavi Chari, Sept (2002), the author has expressed that the opening of the insurance sector In India has been a landmark event in India’s economic history. In the present scenario, insurance offers complete solutions to
create wealth, protect health and insure life, while the boundaries between various financial products are getting blurred, people are increasingly looking not at the products but also at integrated financial solutions that can offer them stability of returns along with total protection. The paper looks at the opening of the insurance sector and its implications with specific reference to the health insurance sector, the current scenario, future positions, bottlenecks that could be faced, future growth potentials and comparisons with similar south Asian Countries which also have economies which are opening up. The article needs to focus on the health services and role of TPAs in health insurance sector for enhancing the scope and penetration of health insurance in the country, hence an attempt has been made in the present research work to fulfil the gap.

In the working paper entitled ‘Health Insurance and third party administrators: Issues and challenges’ by Ramesh Bhat and Sumesh K. Babu, May (2003), the author expressed their views and explained with the growth of private voluntary Insurance in the unregulated healthcare market, the costs were likely to go up. In India, Insurance Regulatory and Development Authority (IRDA) has paved the way for insurance intermediaries such as third party administrators (TPAs), who are expected to play a pivotal role in setting up managed care systems. Thus, TPAs have been set up to ensure better services to policyholders, to mitigate some of the negative consequences of private health insurance and managing claims and reimbursements, but their role in controlling costs of health care and ensuring appropriate quality of care remains less defined. The article focuses on the legal aspects of the TPAs but fails to highlight the health services provided by them to the customers which has been covered in the present study.

In the article, entitled “TPA Health Service- A necessity without proper
regulation” by Dr. B.S. Agarwal, Sept (2003), the author has discussed the relevance of Third Party Administrators (TPAs) as health service provider which is a necessity to improve the customer care services. The Third Party Administrators (TPAs) service is a necessity without proper regulation. The role of Third Party Administrators (TPAs) is really great as intermediary between every complaining customer and the conservative insurance companies but for the proper allocation of funds for the Third Party Administrators and money drain situation: It will be Third Party Administrator’s who will do the running for the sick customer and bring relief or claim to his or her residence. So, it will be worth while to call Mediclaim Cashless Services offered by Third Party Administrators as Mediclaim doorstep service.\(^5\) The article needs to discuss about the proper regulations made by Insurance Regulatory and Development Authority (IRDA) for the TPAs in order to improve their services, hence an attempt has been made in the present research work to fulfill the gap.

In the article entitled “Third Party Administrators – Theory and Practice” by Indrani Gupta, Abhijit Roy and Mayur Trivedi, (2004), the paper attempts to understand the role of TPAs, and examines the issues that needs to be taken into account while evaluating their usefulness and functioning. TPAs in spite of their importance in enabling accessibility to insured, healthcare cannot be seen as a panacea for the problems of the health sector. The author opines that the TPA system should be regulated and checked in order to ensure that consumer interest is not compromised.\(^6\) The author had attempted to study the role of TPAs in general but have not examined the role and functions of the sample TPAs specifically towards the policyholders, which is considered in the present study.

In the working paper entitled “Health Insurance for the poor in India” by Rajeev Ahuja, March (2004), the author discussed to provide health insurance
coverage to the lower-income group, community based health insurance is more suitable. The development of private health insurance market in the country will not leave the poor unaffected and the various insurance sector reforms would provide better cost, quality and access of health services to the lower-income population in the country. The article discusses about the health insurance but fails to highlight the role of Third Party Administrators (TPAs) in health insurance sector, who are the facilitator of health services between the policyholders, health insurers and hospitals. Hence, an attempt has been made in the present research work to fulfill the gap.

In the article entitled “Health Insurance- Concepts, Issues and challenges” by S. Rao, Aug (2004), the author discussed that although the urgency to reform and restructure the health system, cost of care can be contained if referral systems could be enforced and the unfinished agenda of controlling infectious diseases are achieved. The existing financing and payment systems are not suitable for countering market failures typical of insurance. An attempt has been made in the paper to explore whether this system can be made to generate better health outcomes, enable participation of civil society, widen choice of provider, provider accountability, optimise utilisation of existing capacities and promote more need based deployment of resources. The article needs to focus on the role of TPAs which has been considered in the present study.

In the article entitled “Paying the Bill!-The Great Indian Health Insurance puzzle and its solution” by K. Nitya Kalyani, Oct (2004), the author highlighted that the burgeoning demand for hospitalization policies is a witness to the surge in demand for a means of paying for health care costs, while it is true that insurance companies are not looking to market this as a priority. It is the responsibility of the Insurance Regulatory and development Authority (IRDA) for monitoring and licensing of health
insurance organisations, the development of the health insurance market and for
ensuring the proliferation of access to affordable healthcare. The article needs to
discuss about the role of TPAs and facilities provided by them to improve the level of
healthcare services to the policyholders, which has been considered in the present
research work.

In the article entitled “Third Party Administrators and Health Insurance in
India: Perception of Providers and Policyholders” by Ramesh Bhat, Sunil Maheshwari
and Somen Saha, Jan (2005), the author’s attempted to discuss and analyse the role of
Third Party Administrators (TPAs) in health insurance market in ensuring better
services to policyholders. In addition, the author’s were of the view that the presence
of TPAs is expected to address the cost and quality issues of the vast private health
care providers in India. The paper describes the findings of a survey study, which was
carried out with the objective to ascertain the experiences and challenges perceived by
hospitals and policyholders in availing services of Third Party Administrators (TPAs)
and there is a clear indication from the study that the regulatory body need to focus on
developing mechanisms, which would help third party administrators to strengthen
their human capital and ensure smooth delivery of third party administrator’s services
in emerging health insurance market. The research article ascertain the experiences
and challenges perceived by the hospitals and policyholders in availing the services of
TPAs in Ahmedabad, Gujarat. But fails to study the perception of the health insurance
companies towards the services provided by the TPAs. Hence, to fulfill the gap the
present study makes an attempt to ascertain the perception of the policyholders and
health insurance companies in Allahabad District emphasizing the role of sample
TPAs on claim-processing and settlement between the policyholders, health insurers
and hospitals.
In the case study entitled “Third Party Administration in the provision of Inpatient Health Insurance” by Peter Lomas, March (2009), the study highlights that in spite of significant efforts by the public and private sector in India to provide the poor with access to healthcare, the Indian poor remain largely un-served by effective health insurance. Demographics indicates that the population is growing at around two percent per annum and the existing public healthcare structure lacks the capability to keep up with the national demand for healthcare. To enable the poor to access the inpatient health care they demand, there is a need for effective, affordable insurance. To implement this there are numerous challenges to overcome including provision of a network of hospitals, access to generic medication, administration of enrolment, quality treatment, controlling fraud through claims process and finding under writers who are willing to provide the right product at the right price. As well as providing an administration solution that will be capable of scaling up to handle millions of clients. In post Liberalization, where the insurance industry in India has been liberalized to encourage development of the private insurance sector, and third party administrators have been licensed to handle administration within the health care industry. This has opened up the way to design in-patient products that are relevant to the poor, low cost, scalable, effectively managed and transparent throughout the process. Thus, Third Party Administrators have been introduced to provide hospital network, handle all the administration of enrolment, diagnosis, treatment, claims payment and client service, providing transparency through provision of real time information to all parties throughout the prices. The article needs to focus on the role of sample TPAs in Allahabad district which has been dealt in the present research study.

In the article entitled “Healthy Growth” by A. Kumar, April (2009), the author discussed that the health insurance business in India is growing at a vigorous pace, as
both public and private insurers unveil a slew of policies, providing a coverage to rapidly expanding and urbanizing population. The international health insurers are eager to enter the Indian health insurance business, which offers a large under-penetrated market that is growing at a brisk pace. The author also highlighted the significant growth and rapid expansion of third party administrators (TPAs) business in India.\textsuperscript{12} Hence, an attempt has been made in the present study to discuss the role of sample TPAs in Allahabad district towards the policyholders, comprehensively focussing on the claim-settlement services.

In the article “Braving the Turbulence- Best practices in Third Party Administration” by Malti Jaswal, Aug (2009), the author discussed that although the institution of TPAs started with the prime objective of providing Cashless hospitalization, it has currently grown into a wider domain of outsourcing of claims and customer service. The best practices pertaining to TPAs could very well be termed as best practices for serving the health insurance customers and managing their claims.\textsuperscript{13} The article needs to discuss about the sample TPAs and the time taken by the them to settle the claims; so as to provide quick and prompt services to the policyholders, which has been dealt in the present study.

In the case study “Third Party Administration Model in Health Insurance” by V. Aditya, Nov (2009), the author has analyzed the process model in addressing many problems being faced by Third Party Administrators with Insurers and hospitals, highlighted the various services being offered by the Third Party Administrators. The process model has been analyzed and possible gaps are identified, proper suggestions are also provided in accordance with them so that the Third Party Administrators could provide better services to the policyholders.\textsuperscript{14} The article needs to discuss about the role of TPAs which has been dealt in detail in the present research work.
In the article entitled “Unsure Insurance” by Vijaya Pushkarna, May (2010), the author has discussed that the individual policyholder’s lose, as health insurers roll out the red carpets for the corporates. Thousands of health Insurance policyholders claims were rejected or were not given the cash-free treatment which was promised to them. It has been found in a survey that more attention, better facilities and quality treatment is given to the corporates who pay more to the private sector hospitals having connections with the Third party Administrators. If Insurance Companies treats corporates and Individuals and families on the same level, business will be brisk, grievances of the customers will come down and health Insurers will be able to negotiate lower rates with health care providers. It will be a winning situation for all.15

The article highlights the priority given to the corporates by the health insurers and TPAs on the basis of claim-settlement and cashless services provided to them and paying less attention towards individuals and their families, thereby lowering the health insurance business. Hence, the present study makes an attempt to fulfill such gap by analyzing the claim-settlement and cashless facilities provided by the sample TPAs to the individuals and their families.

In the article “Understanding the TPAs- Health Insurance Claims Management” by Malti Jaswal, Aug (2010), the author discussed that Indian medical industry being unregulated, there are no standard treatment guidelines or uniform medical protocols which are followed by medical practitioners all over the country, in all hospitals, which leads to inefficient and complex claims management services. The management of health insurance claims requires right blend of medical knowledge, sensitive handling, coordination and liaison with health care providers besides all other requisites for dealing with the insurance claims and making it easy and customer friendly process.16 The article needs to focus on the claims-settlement services
provided to the policyholders by the TPAs, which has been dealt in the present research work.

In the article entitled “Third Party Administrators (TPAs) in India: An insight into role defined and role played with reference to IRDA” by Dr. Sumninder Kaur Bawa & Ruchita Verma, July (2011), the author has made an attempt to examine all those conditions, code of conduct/role which is defined by IRDA and role in practice played by TPAs, so as to come out with conclusive findings in relation to parameters where parity and deviation exist between role defined and role played. The present study by the researcher is mainly based upon past research undertaken in this area. The results of the study provided that parity exists in case of: providers of services as and when needed, streamlines and simplifies the claim process; automatic development of information system; ensured services of qualified registered medical professional; value-added services; and no extra burden on insured. Alternatively, deviation exists in case of: lack of knowledge about coverage and exclusion in policies; failure to meet the expectations of parties involved; delay in settlement of claims; failure to meet the service responsibility; indirect cost to consumer; cost of healthcare and management increases. The study needs to discuss about the sample TPAs and their role, guidelines and regulations implemented by IRDA for their working. Hence, an attempt has been made to fulfill the gap.

In the article entitled “Effectiveness of Third Party Administrators in context of Indian Health Insurance” by Dr. Chhavi Anand, Nov (2011), the author attempted to throw light on Indian Health Insurance market and discussed the effectiveness of Third party Administrator’s in India. The study examines the Indian Health Insurance market by empirically observing the provider’s perception and its relationship with the insured, the insurer and the Third Party Administrator’s, examined the role of
TPAs and the impact of cashless services on the cost of treatment by studying few cost drivers. It also tries to look at some of the evidence of moral hazards and fraudulent activities.\(^\text{18}\) The article needs to discuss about the perception of the insured and the insurer with regard to the TPAs, which has been dealt and considered in the present research study.

In the article entitled “Role of Third Party Administrators (TPAs)” by Rajan Subramaniam, the author has described the services provided by Third Party Administrators (TPAs) to the policyholders and Insurance Companies, and explained the relationship matrix between the Third Party Administrator’s, Hospitals, Insurance Companies and policy holders.\(^\text{19}\) The role of sample TPAs needs to be considered which has been dealt in the present research work.

In the article “Entry of private players in health insurance sector: Opportunities and challenges” the author P. Arunachalam and Mini P.P. discussed that the new economic policy and liberalization process since 1991, paved the way for private insurers to enter the health insurance industry. The paper discusses the recent developments, opportunities and challenges in health insurance sector and the role of Third Party Administrators (TPAs). It also describes that the private players triggered off with massive advertising strategies highlighting the need of health insurance.\(^\text{20}\) The article fails to discuss the role of public health insurance companies and their relationship with the sample TPAs. Hence, the present study makes an attempt to fulfill the gap.

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