CHAPTER 5

SUGGESTIONS AND CONCLUSION

5.1 GENERAL

The health insurance schemes play a major role in ensuring the social security in India, as stated in the data analysis. Though there are various steps are taken by the Central Government and the State governments, health insurance coverage is still a long attainable goal. Study on the health insurance schemes managed by both public and private providers give an insight to the various anomalies and difficulties faced by the sector at large; high percentage of poor population resulting in lack of interest in higher premiums, lack of awareness about the health indicators, poor quality service available in hospitals, mismatch between the demand and supply with respect to ensuring quality health infrastructure and skilled man power. Inconsistent policies of Government and the lack of data base driven information regarding the various ailments and diseases at the local and regional level have also increased the woes to the potential investors in health sector. This has killed the prospects of a potential market depriving better or improved health care systems to millions of ailing patients in India. The research findings lead to the following conclusions and recommendations for a better health insurance policy for India. Similarities can be found out from the telecom policy that has revolutionised the telephone density in the last one decade. Primary and secondary data analysed for the research work elucidates the point that the Government cannot alone provide health care provisions for the whole of the population of this country. Like in Telecom, more number of
service providers with an attribute to fair competition can lift the health insurance to a fast moving segment in the near future.

There are two aspects to the possible suggestions to ensure health security for the population:

- The first aspect is that of provision of healthcare, i.e., hospitals, staff, transportation and all related facilities which are used by a person in case of sickness. It is very necessary to have adequate and efficient infrastructure for the provision of healthcare. This system should be such that healthcare is accessible and affordable to all. In India, an average of 43 hospital beds per 1,00,000 persons are available. This is half of the world average. Hence, clearly India needs to strengthen its health infrastructure. It requires participation of the public and private players alike in this sector. It demands for incentives and proper coordination among the stake holders to attract investment towards improving health infrastructure.

- The second aspect relates to the financing of healthcare.

Almost 20 per cent of the expenditure on health is public health expenditure. This accounted for 0.84 per cent of the country’s GDP. Out of this expenditure, the Central Government accounts for 7 per cent of the expenditure, the State Governments for 12 per cent and local bodies for 1 per cent of the total expenditure on health. The out of pocket expenditure hovers around 75 per cent to 80 per cent in most of the cases. This in fact, jeopardises the living of poor households in India in the present circumstances as indicated by NSSO surveys. There requires an affordable health care provisions which can be ensured by a competent health insurance market facilitated by quality health care provisions. This could be done by either the
public sector or the private sector or both sectors working in collaboration with each other. The private sector here refers to individuals, employers, private insurance agencies, NGOs and other charitable organisations. The public sector refers to the government (central, state and local) at various levels.

IRDA pegs the average insurance premium per policyholder at a fixed rate, which is may not be affordable to the millions of BPL families in India.

Private insurance companies are deterred by the high health risks posed by low income groups. Private healthcare expenditure is increasing at an annual rate of 12.84 per cent and the annual turnover of the healthcare market is in the vicinity of 100, 000 crore per annum (growing at the rate of 15 per cent p.a.). Thus, there is a huge potential market for insurance available. As discussed in the previous chapters, the penetration of health insurance is very low in India. From the earlier discussions, so many issues are identified towards this reason. In order to improve the penetration of health insurance penetration in India, a revised policy framework is required.

5.2 CONCLUSION BASED ON THE STUDY

5.2.1 Preparation of the Data Base of Patients and Ailments

Like the census data, patients’ registry shall be prepared and updated. Not fringing into the privacy of the patients’ case history, numbers reflecting the various types of ailments and diseases at the local, regional and national level shall be set up. This alone cannot be a Government’s responsibility but a better policy facilitating the level playing field for investors in health sector can mandate the collection of such data by both private and public institutions in the longer run. More and more, stake holders are involved in the compilation of the data base, better would be the granularities of the data collection. Like in the financial markets, rating and grading of various health infrastructures, quality of the skilled man power
available with the health sector, treatment fees for different ailments in different health providers and so on can be complementary to the data base of the patients. This would help a transparent mechanism to evolve and a better business opportunity for the investors. In the net effect, Government can monitor and regulate the sector in an efficient manner and the needy will get the provisions at a cheaper and within the available distance.

Comparative analysis of telecom sector with health insurance sector offers tremendous opportunities for a revised health insurance policy. From the primary and secondary research conducted, the following suggestions are presented.

5.2.2 Funding the Health Insurance

The health insurance should continue to be funded from taxes but, as resources are limited, it should be mostly free at the point of use and a small charge should be made for some services

5.2.3 Management of the Health Insurance

The health insurance should be monitored by a board of directors including the board represented IRDA, Competition commission of India and so on which is appointed by and accountable to Parliament

To ensure that health needs of patients are met, decisions about local health services should be made by bodies elected by the local population

5.2.4 Practice Based Commissioning

Health insurance providers should have a major input into deciding how money is spent in the health insurance locally and what is best for their patients
5.2.5 **Priority Setting**

Priority setting can be normalized based on the data base of the patients’ profiles, health care providers, cost of health care and locality. All areas of the country must be provided with a set of health care services to all patients which could be very focused and choice based. Local areas can provide additional services to their patients if funding allows.

5.2.6 **The role of the Private Sector**

There will be an enhancing policy to involve private organisations in the provision of health care and health insurance. Private organizations should be allowed to provide unlimited health care and health insurance. They shall be allowed to customize their health insurance policies based on the local conditions with the prior approval from the government.

5.2.7 **Improving Quality Through Competition**

The proposed policy increases the competition amongst investors in the health care sector leading to an increase in the number of health care providers and health insurance providers.

A system where hospitals are funded and run by the same organisation would allow for collaboration and be better for delivering local health services for patients.

The proposed policy aims at improving the accessibility, availability, affordability of health care provisions of better quality.