CHAPTER V

CONCLUDING OBSERVATIONS AND SUGGESTIONS

5.1 CONCLUDING OBSERVATIONS

5.1.1 Mediclaim policy, an universal health insurance scheme, being an effective source of funding, has facilitated access to and utilization of sophisticated health services benefit to its members.

5.1.2 Socio-economic backgrounds and behavioural attitudes are contributory factors for people coming from different walks of life and income brackets to utilize the mediclaim health insurance services. There is correlation between higher and professional education and the demand for insurance coverage. In other words the utilization of the services is less among less educated. The significance of health insurance in times of serious health problems may not have been understood by this section of the population.

5.1.3 Lower premium plus tax benefits associated with insurance attract the younger age towards the mediclaim policy. For the middle aged, in addition to the above two reasons, the awareness of impending health problems in future years and the financial hedging facilities provided by mediclaim insurance
attracts them to it. The higher premiums dissuade the older age groups from going in for mediclaim insurance.

5.1.4 Majority of policyholders are married indicating the family responsibilities they shoulder, including taking care of the health needs of the family members.

5.1.5 The cultural ethos of the Indian society has its reflections on the small percentage of women going in for individual mediclaim policy. It is obvious that even educated urban women pay least attention to their health problems and their consequences.

5.1.6 Delays in the settlements of claims for reimbursement by way of time lags cause financial and emotional distress to the policyholders forcing them to search immediately for alternative funding sources like utilizing the limited savings, or borrowing from private sources at high interest rates or pledging assets. The very purpose of taking mediclaim insurance is to ward off financial problems in times of emergencies. But delays defeat this purpose. No doubt, the genuineness of the claim has to be verified, before settlement of the claims. Still time lags can be minimized through quick processing of the bills/documents etc.

5.1.7 The appeal of mediclaim policy for lower and middle income groups is the financial protection it provides during sickness/injury, since they cannot afford the costs on their own. The upper middle income groups prefer the policy because an affordable premium allows a free large scale health care facility in times of need.
5.1.8 Irrespective of their income levels 90% of the policy holders have preferred private sector hospitals and doctors for health care services, because of the excellent and timely service rendered. From this it can be inferred that since they have insured (which is a one time payment by means of premium) they know for sure the high cost of treatment would be borne by the insurance company. The holding of medicalim policy is regarded as a financial boon.

5.1.9 Policy holders who adhere to the terms and conditions of the policy receive the reimbursements to meet their medical cost. However the amounts differ. This is because reimbursement is a function of sums insured by the policy holders which in turn depends upon three factors namely age, premium paid and income earned. Further the process of implementation of the rules with reference to claim settlement brings about natural differences in the reimbursements received in some cases additions and in some others deductions.

5.1.10 Dishonouring the terms and conditions will lead to the rejection of the claims made. The rejection can be total or partial depending upon the nature of the violation of the rules.

5.2 POLICY LEVEL SUGGESTIONS

Based on the observations made from the analysis of the data and the consequent conclusions arrived at, the following policy suggestions are made.
5.2.1 A small percentage of the population in Chennai city had insured for Mediclaim. This indicates either the ignorance of the people at large about the availability of the services or indifference on their part towards future health hazards. Therefore the mediclaim policy, an excellent device which comes in handy to all sections of the population at crucial times, must be made popular by the authorities through vigorous modes of advertising. In other words it should be made more visible. The advertisement is needed to make its presence felt, especially among less educated and also among people engaged in non-formal sectors. It is they who need the help most. The General Insurance Corporation must market the mediclaim policy as significant financing device and not just a by product of its main insurance activities.

5.2.2 The insurance company emphasizes the fact that the terms and conditions laid down by them should be adhered strictly if the claims were to be settled. The company should render proper guidance and educate the policyholders on these lines, at the time when the contract is signed so that their claims subsequently are not rejected and the purpose of taking the policy is achieved. The long term success of any insurance programme depends to a large extent on how many claims are accepted by the insurance company. Too many rejections can cost the company heavily by discouraging new clients into the insurance fold.

5.2.3 Administrative delays in the settlements of claims must be avoided by the insurance company in order to serve the society effectively on one side and to sustain faith and interest of the policy holders in particular and people in general, on the other. The quality of services can be improved through
suitable alterations in the rules with reference to claim settlements. This action would help the people to utilize the services of mediclaim policy in a better manner. Before the final settlement of the claims, an advance amount may be made within 24 hours of admission in the hospital, after ascertaining the nature of the treatment with the hospital authorities. This would be of immense help to the patients.

5.2.4 The fixation of higher premium with advancing age may be administratively alright from the insurers point of view due to high risk factor associated with aging. However, it is very obvious that it is older age group which needs more financial help on humanitarian grounds, or from a social welfare angle. Serious health disorders and reduced incomes go hand in hand with old age. Therefore it would be better if insurance premiums are not enhanced as age increases. The saddest part of one of the conditions is that there is 5% to 10% reduction in the claims made for reimbursements for older members above the ages of 70 and 75 years respectively.

It must be pointed out that the rules should not be harsh towards the older generation. With life expectancy in India going up decennially, the mediclaim insurance authorities must overhaul this particular rule to favour the old and the infirm. Modification in the rules on the above lines would help in the utilization of insurance services on egalitarian basis. The so-called losses suffered by the authorities in this connection could be easily counter-balanced by the profits they make through those policy holders who have claims free years and also the funds not going out by way of partial or total rejections of claims to those who have violated the terms and conditions.
5.2.5 The basic function of mediclaim scheme has been to bail out people from immediate financial burdens of high medical cost during sickness/injury. In other words it reimburses medical expenses only. However coming under the category of third party insurance scheme, it has no device to control costs. The empirical findings of this study has proved that people prefer high cost private sector health care services. Since the insurance is available the policyholders do not mind the high cost since they are not required to make any further payments. By and large the doctors utility function is also added on to the actual costs. Hence insurance is encouraging the treatment of illness and not maintenance of wellness. As opined by policy holders in this study, if the mediclaim policy extends the scope of its coverage to preventive measures also, like regular screening, check-ups, preventive medicines etc., commonly known as cost of out-patient treatment, the overall health of the people could be improved and more healthful lifestyles could be developed. Simultaneously the medical costs could be drastically be reduced.

5.2.6 Currently the mediclaim does not cover most of the chronic or pre-existing conditions. This leaves out large segments of the population who suffer from diseases like diabetes, hearing disorders and STDs. Such exclusions should be carefully reviewed and amended, for example, exclusions for pre-existing conditions can be made valid for not more than a year.

5.2.7 The policyholders should be given a time schedule so that there is no uncertainty about the amount of reimbursement and the time within which
they can hope for reimbursement. Delays in prepayment and arbitrary denial of claims need to be minimized.

5.2.8 The government should make it mandatory for all insurance companies to devote more resources to monitoring fraudulent claims and establishing schedules of appropriate fees for specified procedures.


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