

UNDERSTANDING THE EMERGENCE OF PRIVATE HEALTH INSURANCE IN INDIA

By

Dr. B.P. Thiagarajan

Senior Manager

ORG Centre for Social Research, The Nielsen Company, New Delhi

Ponnambala.thiagarajan@nielsen.com

ABSTRACT

Health priorities should mainly be based on the challenges faced in the health programmes rather than restraining due to financial constraints. However financial constraints can be minimized by appropriate strategies and planning. In recent times, health insurance emerged as the major priority in the health planning. Health insurance cover and accessibility can ease out the public health system, which is currently over burdened in India. The role of private health sector accounts for the major share in the services of both out patients and in-patients care. Sometimes back, a constable's son was able to have a bone marrow transplantation done at the best facility, Apollo hospital in Andhra Pradesh, with a contribution of one rupee a day (The Hindu, 2008). People can afford to pay for major illness through cashless hospital procedures and this was possible with health insurance cover.

There are many types of health insurance in India, namely, government health insurance (Central Government Health Scheme (CGHS)), private health insurance (ICICI Prudential insurance) , Employees State Insurance Scheme (ESIS), NGO based insurance (SEWA, Tribhuvandas Foundation) etc. However, the cover of health insurance is hardly penetrated in India. Results of recently concluded NFHS 3 shows that only five per cent of households have at least one usual member covered by a health scheme or insurance (NFHS 3 2007). Among them, the main health schemes covered are: 28 per cent on private health insurance, 26 per cent on ESIS and 20 per cent on CGHS.

In this paper, an attempt has been made to understand the emergence of private health insurance in the country and the policy implications for the appropriate directions when the insurance sector is opened for the private players. Data from National Family Health Survey 3, World Health Survey 2003 and Economic Survey are mainly used.

The emergence of health insurance scheme is inevitable in the country due to the changes occurred in the pattern of diseases i.e., epidemiological transition, greying of population, a mix of poor (perceived to be poor) health facility in the public sector and increasing demand for good health facility. With health insurance cover, remarkable and specialized medical services are possible, which range from cardiology and cardiac surgery (angioplasty, bypass, valve replacement), to oncology and onco-surgery, organ transplants (liver and kidney), bone marrow transplants, joint replacements, eye surgery and in-vitro fertilization. Further it was also found that higher proportion of people in India opted for private health facilities for the health services, especially curative services, as compared to the government facilities (WHS 2003 & NFHS 3).

At this juncture, questions on policy implications arise- whether government may confine itself in providing public goods and primary health care and leave all curative care to private and NGO sector with appropriate regulation for fair pricing and make the private and NGO sector as the complementary sector for providing health services to all the people.

