A study on Issues and concerns of Health Insurance: Third Party Administrator and Consumer Perspective

By

Dr Rekharani J Sharma

Under the guidance of

Dr S D Gupta

Introduction:

- Fundamentally; the insurance mechanism helps the communities pool their risks and transfer such risks from their own shoulders to insurance providers.
- The health insurance penetration has been very low in India and in early 2000 less than 10 per cent of the population had any kind of coverage.
- Market based health insurance products have been available in India for almost three decades since the introduction of the public sector mediclaim policy.
- At this juncture, it is worthwhile to study various aspects of the health insurance from the perspective of the several stakeholders involved
- The Study tries to identify the issues and concerns the Health Insurance has which are hampering the industry from reaching its optimal potential.

Research Questions:

1. What are the problems TPA's have to face in their functioning and what are their perspectives about public and private health providers?

2. What are the issues and concerns among the consumers about Health Insurance?

Objectives of the study:

- To understand the issues TPAs have to face within their functioning and their perspective on the comparison between the public and private market based health insurance providers

- To understand the consumer's demands, their expectations and issues in health insurance industry

Study design and methods:

- Type of study: Exploratory qualitative study with certain elements of quantitative data
- Location of study: Mumbai- Mahalaxmi, Worli, Chembur, Govandi and Borivali.
- Study subjects:

i) TPA's who agreed to be a part of the research, list was taken by the website of IRDA and functioning in Mumbai

ii) Beneficiaries who availed Health Insurance in last One year

- Sample size:

Beneficiaries: 135 people were approached of which 50 respondents agreed and were interviewed

TPA : Three officials from each TPA's. As such, Four TPA's were interviewed

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- Sampling method:

  Selection of beneficiaries: Non probability convenient sampling. (The residential and office complexes within the vicinity and easy reach was selected for convenience)

  Reference Period: Beneficiaries who have availed the service within last one year were interviewed.

- Data collection method:

  TPA: Face to face interview.

  Beneficiaries: Survey method.

- Data collection tools:

  Separate interview schedules in the form of semi structured questionnaire were designed for both the organization as well as the beneficiary

Data collection

Consumers:

- The residential and office complexes within the vicinity and easy reach were selected for convenience
- People having some kind of Health Insurance and having made any claim whatsoever in the past 1 year for themselves or for some family member insured under the insurance coverage were interviewed
- Each beneficiary interview took nearly half-an-hour on an average

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TPA

- The List of Third party Administrators operating in Mumbai was taken from the website of IRDA
- The TPA's were contacted for appointments through emails and over telephone
- The TPAs who agreed to be part of the research were administered face to face interview
- Four TPA's were approached who agreed to be part of research of which three officials were interviewed from each TPA
- The interview on an average lasted for 45 min.

Interview Schedule for the Consumers

- The Sub sections were built based on the broad themes, namely:

i. The Choice of Insurance provider and products
ii. Awareness on the health Insurance
iii. Consumer satisfaction and expectations from the Policy
iv. Claim settlement procedure

Interview Schedule for the TPAs

i. Views on problems TPA's have to face in day to day functioning from the external factors
ii. Comparative Analysis of the Public versus Private health insurance providers

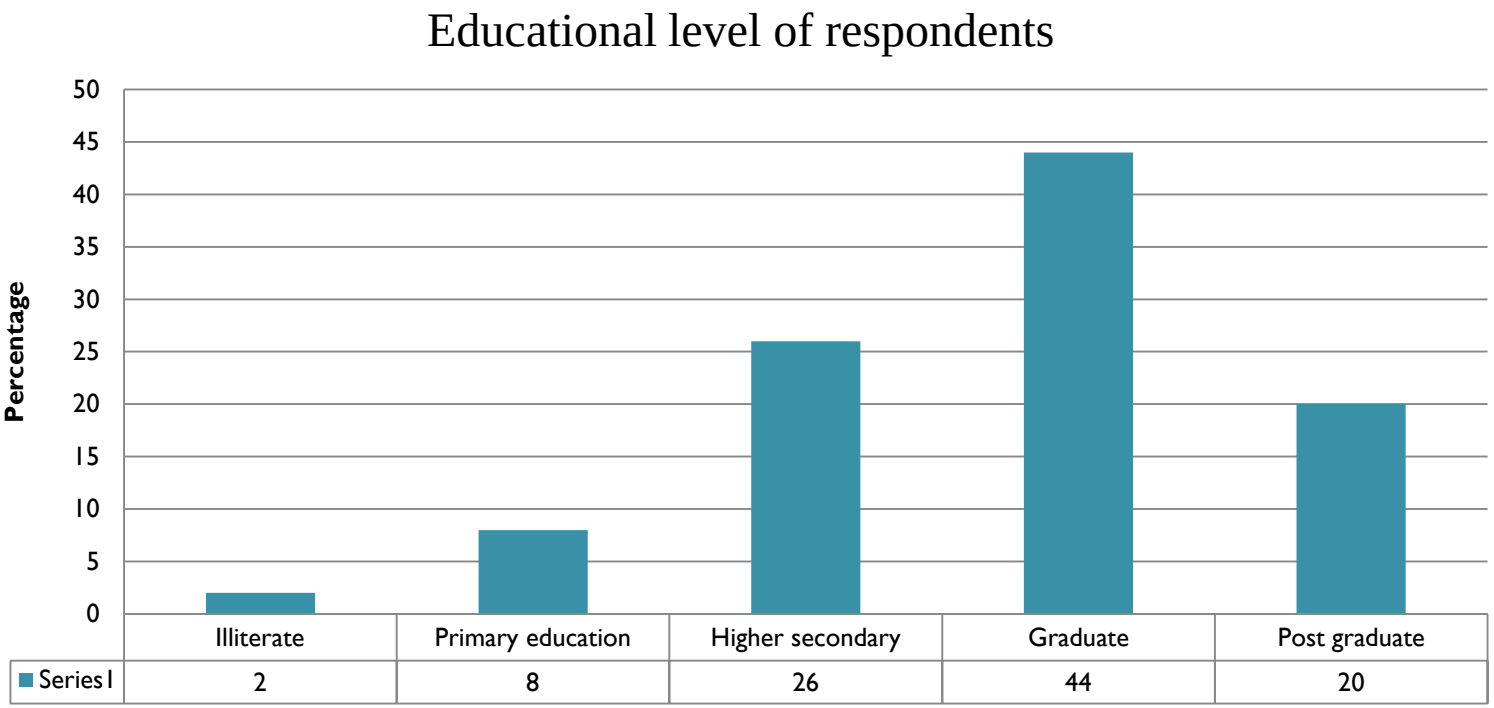
Key Findings- Consumer

The socioeconomic profile of the respondents:

Two variables- education and occupation were considered to determine the socio economic status of the respondents.

The findings are as follows:

Fig 1.Distribution of Educational level to assess the socio-economic status of the respondents by percentage



Occupation status of respondents

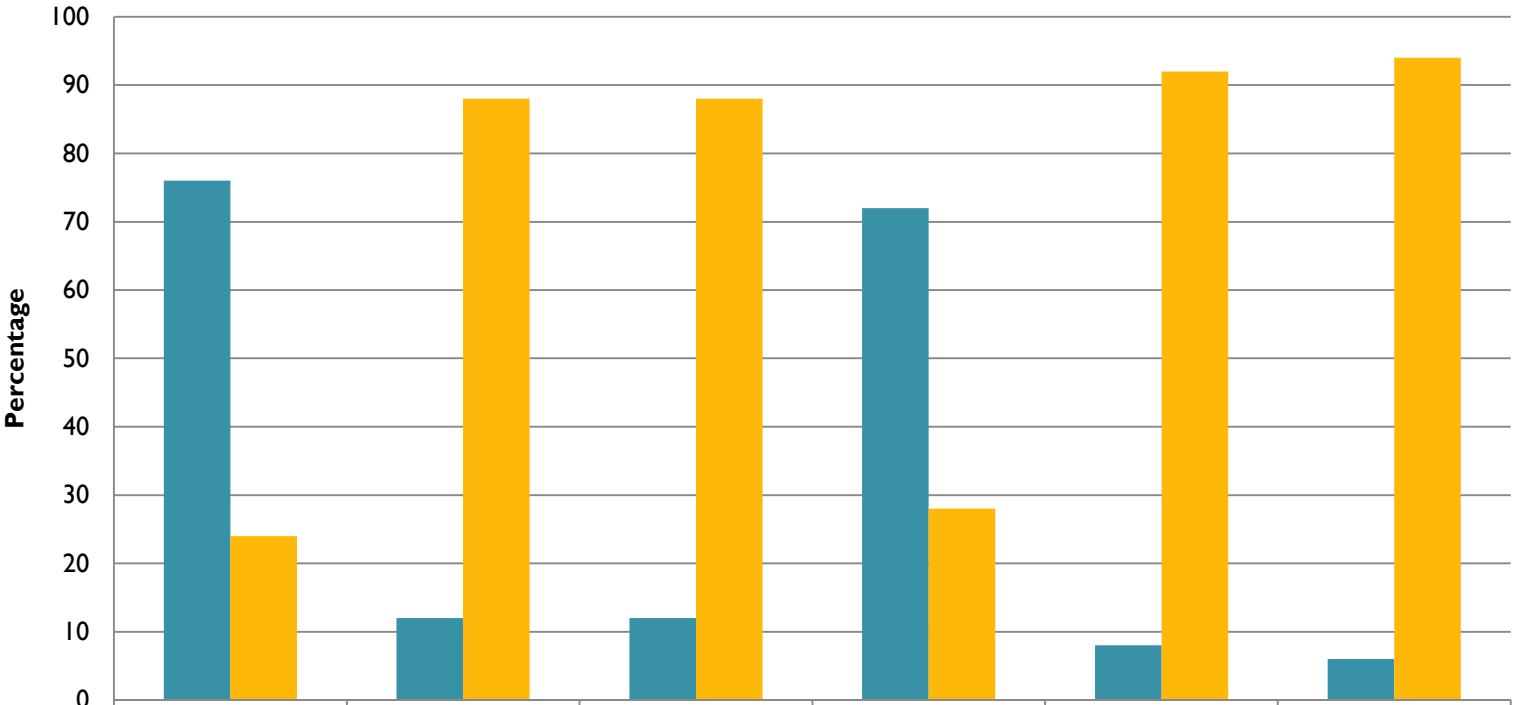
The occupation status of respondents as percentage was as follows:

Table 1. Distribution of Occupational status to assess the socio-economic status of the respondents by percentage

Government employed	**20**
Private employed	36
Self employed	40
unemployed	4

Awareness of the respondents:

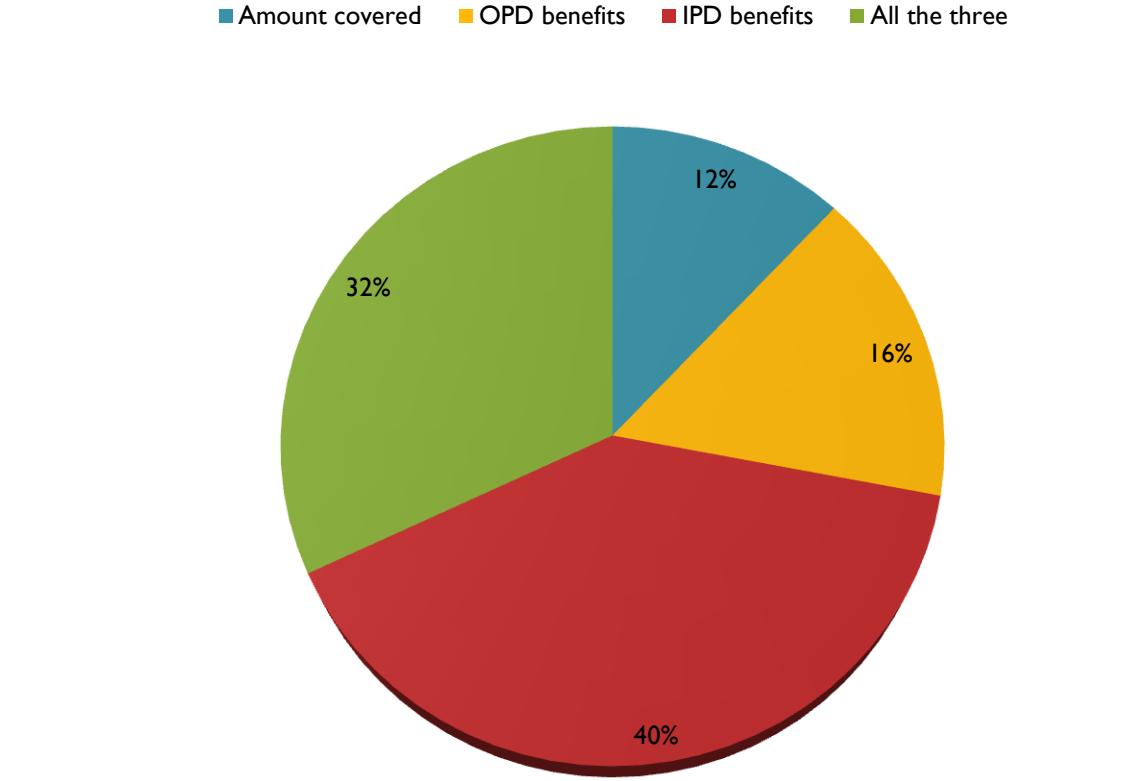
Figure 3. Distribution of Awareness of the respondents regarding health insurance as percentage



	Line Insurance	Market research	Awareness about policy clauses	Awareness about benefits of the scheme	Awarenes about exclusion criteria	Awareness about claim intimation process
Yes	76	12	12	72	8	6
No	24	88	88	28	92	94

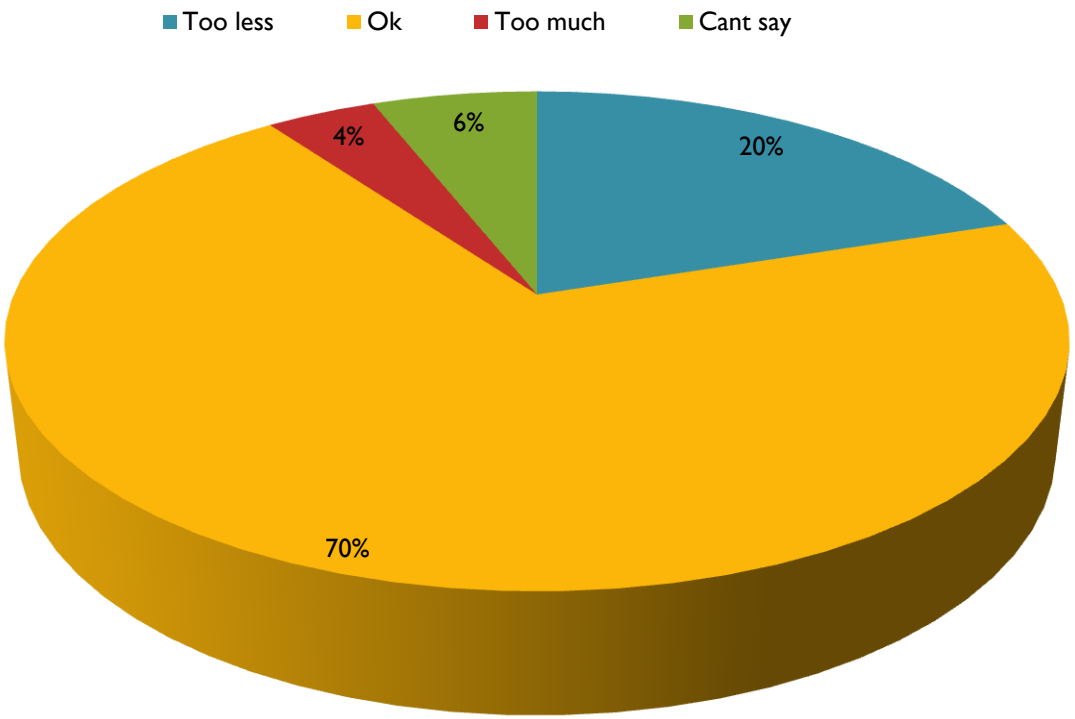
Perception of the respondents:

Figure 4. Distribution of Perception of respondents regarding the benefits of health Insurance



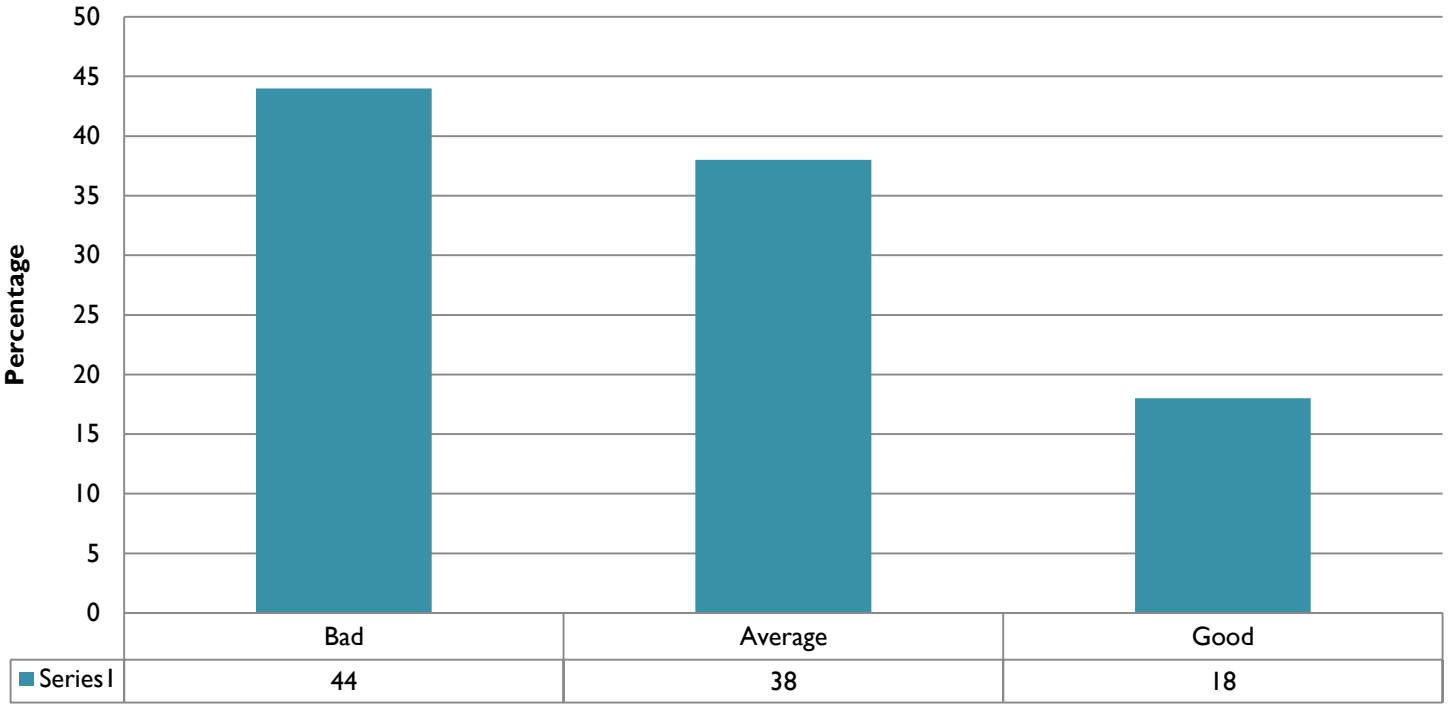
Premium against risk covered:

Figure 5. Perception of respondents about Premium against risk covered



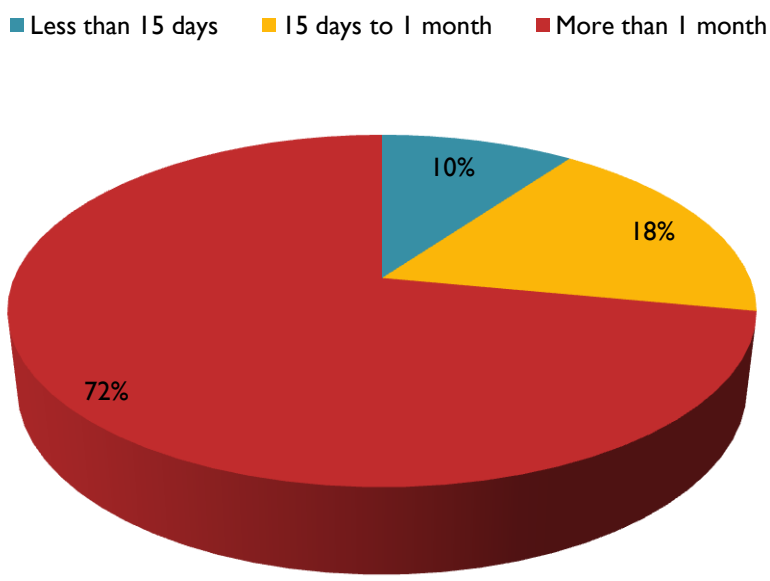
Experience of respondents who availed health insurance:

Figure 6. Experience of respondents who availed healthcare services with NSP as percentage



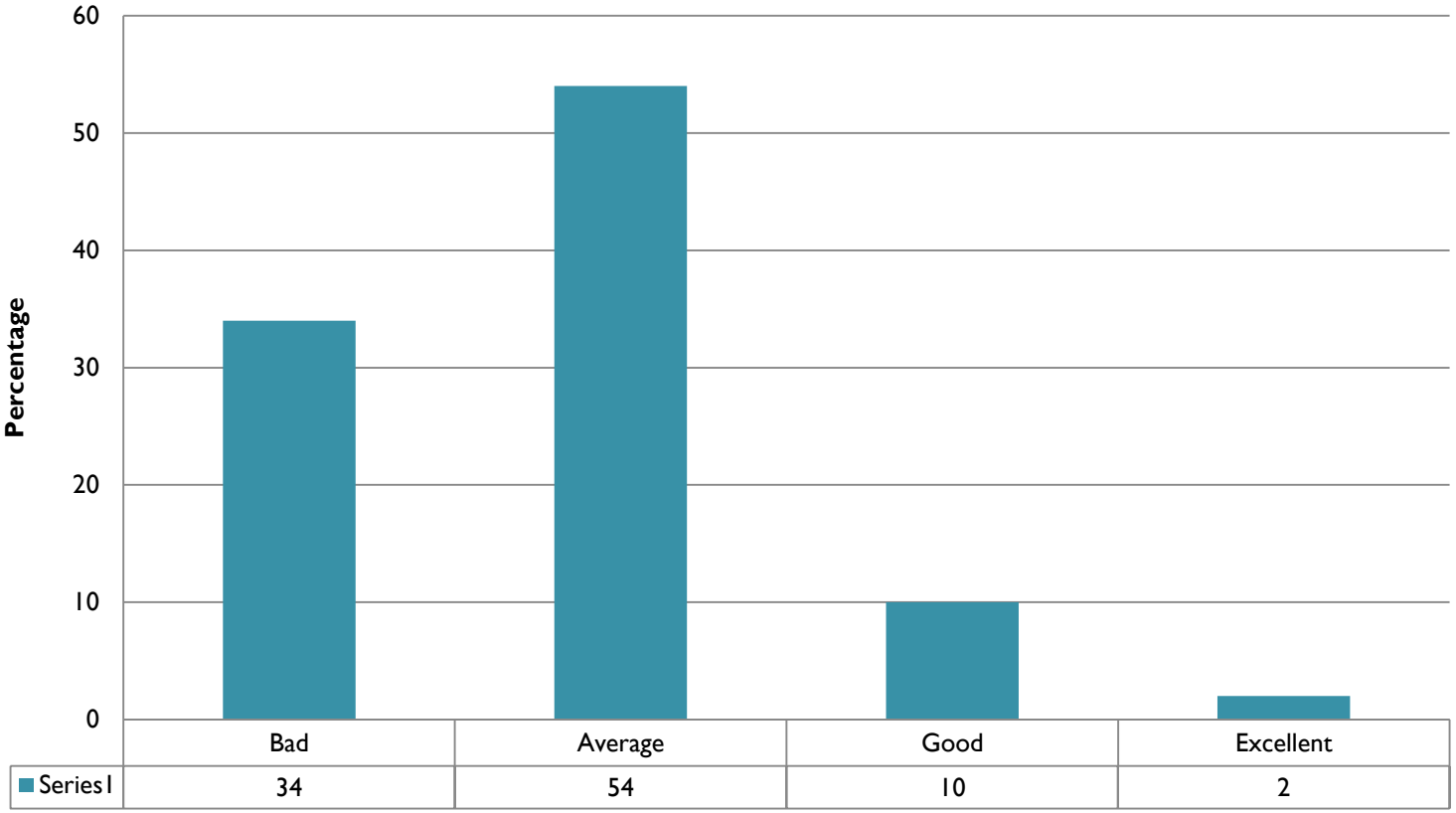
Claim settlement period

Figure 7. Average time required for claim settlement of the respondents



Experience with the Insurance company/TPA's while claim settlement procedure:

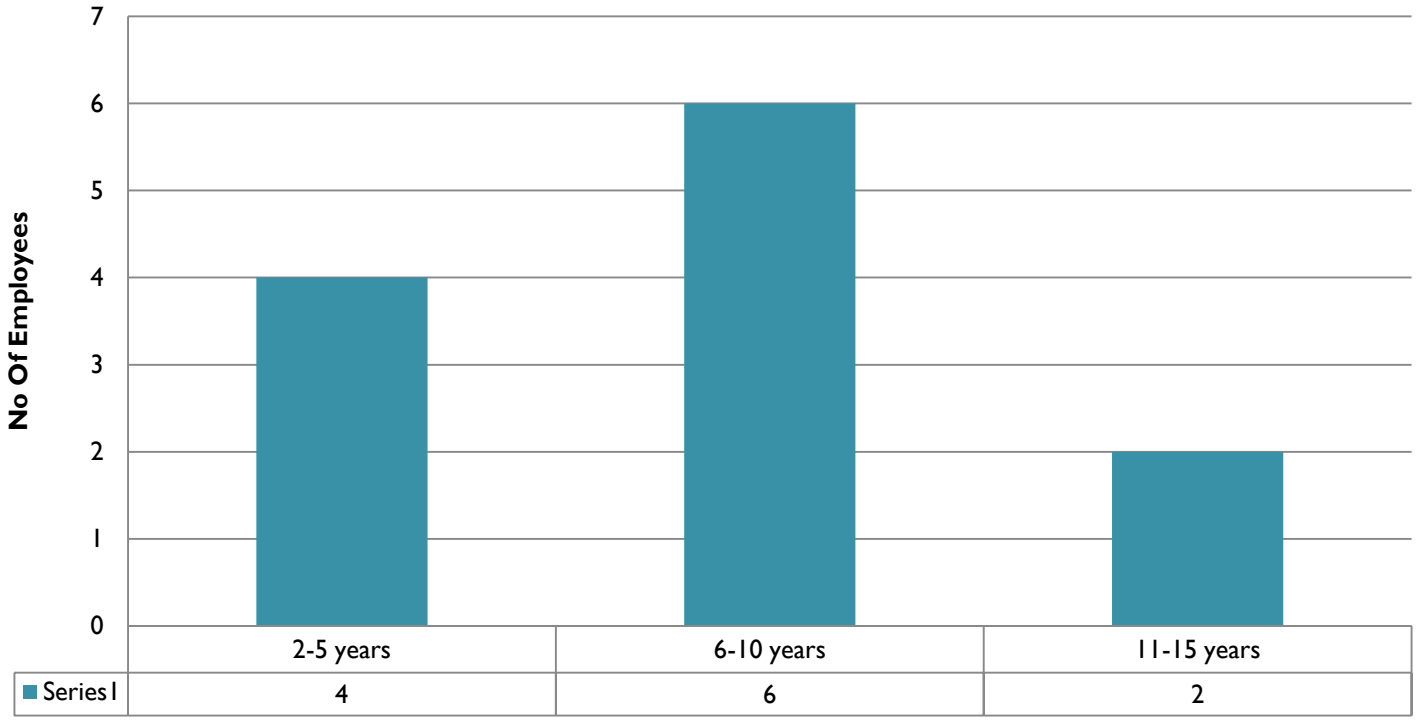
Figure 8. Distribution of Experience of respondents during claim settlement period as percentage



Key findings: TPA

Experience in health insurance:

Figure 9. Distribution of Years of work Experience of TPA officials in health insurance



Training in Health Insurance

Table 2. Distribution of training received by TPA officials in health insurance (out of 12 officials)

No formal training	**0**
Attended training workshops	10
Conferences	0
Attended both training and conferences	2

Preference of type of health insurance by the consumers as opined by TPA's

As per the opinion of TPA, public sector is perceived to be more dominant in the market, because of following reasons:

- More consumer friendly
- Wider options
- Lesser restrictions

Whereas, the private insurance has more restrictions, are more aggressive and has limited options

Major problems faced by consumers according to TPA:

1. Lack of clarity on insurance policies
2. Service providers spread
3. Problems in documentation

Conclusion

Consumer problems:

- Lack of awareness of the details
- Lack of awareness regarding policy clauses
- Lack of awareness regarding the processing organizations
- Lack of awareness regarding the claim settlement procedure

Consumer Concerns:

- Casual attitude of the consumers towards health insurance as far as reading into the fine prints of the policy document or doing any market research
- Prefer cashless and faster disbursement of claims but most of them do not understand the rationale of having TPAs as an intermediary
- High opportunity cost involved in selecting an insurance provider – the likelihood of claim reimbursement is higher in public sector whereas the customer service is better and prompt in the private companies
- Provider malpractices and System Leakages lead to supplier side moral Hazard and have thus escalated the cost of care

TPA – Problems and concerns

- Vulnerable position in the market- initial investment very high, high operating risks also
- Lack of marketing by public insurance companies- is a problem for the TPA's as they do not get enough business volume because of lack of visibility to potential customers
- TPA agencies get meager commission in comparison to premiums earned by insurance companies
- Many practical barriers in efficiently settling claims in the presence of external factors

Thank you