International Journal for Research in Engineering Application & Management (IJREAM)
ISSN : 2454-9150 Vol-04, Issue-09, Dec 2018

Financing Health Insurance in Odisha: A Quest

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Abstract - Health insurance is very well established in many countries, but in India it still remains an untapped market. Less than 15per cent of India's 1.1 billion people are covered through health insurance. And most of it covers only government employees. India is at the crossroads of an exciting and challenging period in its history. Making healthcare affordable and accessible for all its citizens is one of the key focus areas of the country today. The challenge is immense, as nearly 73per cent of the country's population lives in rural areas and 26.1per cent is below poverty level. While on one hand, India lacks strong healthcare infrastructure, on the other hand, the country has several inherent weaknesses in its healthcare system. The state Odisha is no exception in this wave. Odisha, formerly known as Orissa, is a major state in eastern India, with an estimated population of thirty five million people. There has been a gradual improvement in the health status of the population due to several factors, including developmental and educational interventions, economic improvement, and better healthcare services. The health system in Odisha is largely publicly provided. The private sector has played a limited role. Geographic inaccessibility of health services, cultural barriers restricting the demand for healthcare, ignorance of health practices, poor service quality, and heavy reliance on informal health providers are few of the features of the health ecosystem in Odisha. While Odisha has made significant gains in terms of health indicators still demographic, infrastructural and epidemiological factors continues to grapple with newer challenges. The paper presents an overview and brief of health care scenario in Odisha. The study also discusses the issues and challenges such as high Incurred Claims Ratio, skewed distribution of health business, low level of consumer awareness, limited product and pricing innovation, delays and issues in claims processing and pricing in health insurance.

Key words: Health insurance, Medi-claim, health business, public insurance, private Insurance.

I. INTRODUCTION

The Indian health insurance sector is a mix of mandatory Social health Insurance, Voluntary Private Health Insurance and Community-Based Health Insurance. According to a Mckinsey study India spends 4per cent of its GDP on health care. Of this roughly 9 per cent is financed by insurance arrangement, 30per cent is financed by public expense (Government and NGO's) and rest 61per cent is self financed. Healthcare in Odisha is in a state of transition where the state government as well as the government at the centre are launching several initiatives to make healthcare affordable and accessible to all. However, given the low penetration of health insurance in Odisha, there is a huge scope for the sector to innovate and introduce best practices using robust technology as a backbone and make basic healthcare accessible to all citizens. Odisha,s population, mainly consisting of middle and low-income groups, necessitate the provision of social security, although their capacities to pay insurance premiums are low. In Odisha, only 2 per cent of population is covered by some form of health insurance, either social or private. Health is the basic necessity of life therefore it has to be insured that it must be accessible and affordable. The escalating cost of medical treatment is beyond the reach of common man. While well to do segment of the population both Rural and Urban areas have accessibility and affordability towards medical care, the same is not true about the person who belongs to the poor segment of the society. Health care has always been a problem area for India, a nation with a larger population and larger percentage of this population living in urban slums and in rural area, below the poverty line. The government and people have started exploring various health financing options to manage problem arising out of increasing cost of care and changing epidemiological pattern of diseases. In the wave of increasing health care costs, coupled with demand for health care services, lack of easy access of people from low income group to quality health care, health insurance is emerging as an alternative mechanism for financing health care. For financing health care sector in Odisha prone to many threat and challenges such as increase health care cost, increase trend of nuclear family, increasing burden of new diseases and health risks, lack of government funding on health care, preventive and primary care and public health care. There has been a gradual improvement in the health status of the population due to several factors, including developmental and educational interventions, economic improvement, and better healthcare services. The

 DOI : 10.18231/2454-9150.2018.1177

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II. REVIEWS OF LITERATURE

Bhadra K K, Bhadra J.C (2012), examined various factors affecting low public expenditure on health across the states in India. The study revealed the level of public spending on health for centre and states combined remains less than 1 per cent of the Gross Domestic Product. The paper disclosed the status of the states in meeting their committed liabilities which leaves very little room to spend on health. It also discussed the role and contribution of finance commission towards complete equalization across the states. **Rout. S.K. (2010),** studied to examine the pattern of and trends in public expenditure on health care in Odisha, with a special focus on expenditure on reproductive and child health services. The study covered a 12 year period from 1996-97 to 2007-08. **Nanda Sa S, Sridevi G, (2009)** examined the accessibility of health care services to the SCs and STs in the state of Odisha during 2009 on the basis of primary study. The main objective of the study were to determine various factors responsible for poor health status along with the accessibility of basic health care services provided to infant and mother of SC and ST households of the studied villages of Odisha. The study used a Logit Regression Analysis in order to determine the health status of the people of SC and ST households in the study area. **Anita. J. (2008),** attempts to review of health insurance scenario in India along with different type of products available in India. The paper revealed comparison of health insurance offered by a Life and General Insurer, need for long term care plans and various models of long term care in other countries. It disclosed various ratios as regards to health, implications of privatization on health insurance along with the role of IRDA. **Pauly M.V. (2008),** studied the need of health insurance in countries like India and China showing a spectacular growing trend of economy. The paper disclosed the advantage of health insurance for a family as a financial protection the insurance provides, which might trade off against public policy goals of increasing access. The study revealed the future challenges of health insurance in India and China was to pay drug bills and formulate appropriate regulations.

There were several research had undertaken on the health insurance but the researcher observed that a very few research had made on health insurance in Odisha. The proposed study is focusing in providing an insight of health insurance services available in Odisha and issues, challenges and opportunities in financing health insurance sector.

THE PROBLEM STATEMENT

The health system in Odisha is largely publicly provided. The private sector has played a limited role. Geographic inaccessibility of health services, cultural barriers restricting the demand for healthcare, ignorance of health practices, poor service quality, and heavy reliance on informal health providers are few of the features of the health ecosystem in Odisha. Health infrastructure improvements, including the opening of new sub-centers, primary health centers, and community health centers, have been fundamental to improving and sustaining health indicators. State reforms have attempted to distribute human resources for health equitably across rural and urban areas. These reforms have mandated fixed tenures for doctors in remote and tribal areas and offered monetary incentives. State efforts to improve the health status of its citizens have had successes. Despite all the endeavours made by the Government for the effective health care, the mortality rate for people in Odisha is much higher and life expectancy is lower than the national levels. Infant mortality and under five mortality rates are among the highest in the country, at close to sixty five and eight one per thousand live births. Currently, there are four social protection programs to shelter the population of Odisha from health shocks. The largest is Rashtriya Swasthya Bima Yojana (RSBY). This program has successfully covered seventy two percent of its eligible below poverty line population. RSBY provides benefit packages of up to thirty thousand rupees per year. Biju Krushak Kalyan Yojana targets farmer families and provides an additional seventy thousand rupees per year for maternal and child care. Both of these programs provide health insurance through the insurance companies. But this much of allocation is not sufficient to provide quality health service and benefits to the beneficiaries and their dependents. No adequate step has not been taken by the government to improve and popularised the health insurance scheme among the people. At the same time financing the health insurance sector in Odisha is prone to many challenges. Therefore, a study on the perception of financing the health insurance is one the important weapon for quality health service and to cure the various maladies that afflicted.

OBJECTIVE OF THE STUDY

Keeping in view of the above discussion the following objective has been undertaken for the above study.

a) To evaluate the performance of health insurance in Odisha
b) To study the challenges of selling health insurance product in Odisha
c) To analyse the role of insurance company to encounter these challenges
d) To evaluate the ensuing opportunities in financing the health insurance sector of the state.

 DOI : 10.18231/2454-9150.2018.1177

III. METHODOLOGIES

The study is primarily a descriptive nature. The study is undertaken on the performance of health insurance in Odisha and the challenges for financing the health care sector.

4.1 Sources of Data: The data for the above study is collected from the secondary source. The adoption of sound methodology, consist with objectives in any empirical investigation form an integral part of the study. In this study, a multi-stage stratified random sampling technique was followed to examine the operational efficiency of financing health insurance in Odisha.

Overview of health insurance in Odisha

The status of health care in the state of Odisha is not well in comparison to other states in India despite of the reform process started early in the mid 1990″s. Odisha has adopted different Central Government norms, guidelines, policies and programmes for the development of health care system. Since the year 1947, there has been a gradual improvement in the health status of the population due to several factors including developmental and educational interventions, economic improvement and better health care services. The mortality rate for people in Odisha is much higher and life expectancy is lower than the national levels. Infant mortality and under five mortality rates are among the highest in the country, at close to sixty five and eight one per thousand live births .While the Infant Mortality Rate (IMR) has declined from 77 in 2004 to 41 in 2017, it is still 2nd highest in India – much above the national average of 41 (SRS 2016) and Maternal Mortality Ratio is 222 (SRS 2014 - 15) which are higher than the National average of 168. Indicators of nutritional status among women and children and burden of diseases indicate a substantial higher proportion of morbidity and mortality. The people of Orissa experience a large number of disasters – about 40 major disasters in 50 years that adversely affect health and development and health care services. Institutional deliveries are considered important to achieving this reduction. Although the number of institutional deliveries in Odisha is not high, at forty four percent, growing awareness and changing health seeking behaviors will contribute to safer deliveries. The demand for maternal health services is constrained by weak health infrastructure and a lack of trained and skilled health personnel for emergency obstetric, neonatal, and postnatal care.

The state has implemented malaria control programs and has demonstrated significant progress in this area. The state has used a combination of awareness generation and service delivery programs to curtail the number of HIV and AIDS cases in the state. Health infrastructure improvements, including the opening of new sub-centers, primary health centers, and community health centers, have been fundamental to improving and sustaining health indicators. State reforms have attempted to distribute human resources for health equitably across rural and urban areas. These reforms have mandated fixed tenures for doctors in remote and tribal areas and offered monetary incentives. In the state, there are 120 doctors per one million people and fewer than four beds per ten thousand people. State initiatives to improve the health infrastructure and quality of health personnel have resulted in mixed progress.

IV. FINANCING HEALTH CARE SECTOR IN ODISHA

With regard to health care financing in the state, the Orissa State Integrated Health Policy proposes that public expenditure on health care is to the tune of 2 percent of the gross state domestic product (GSDP) and 5–6 percent of the state budget. The policy proposes to allocate fifty five percent of public healthcares spending for primary care, thirty five percent for secondary care, and ten percent for tertiary care. The policy calls for more equitable distribution of resources between rural and urban areas, lower and higher income districts, and allopathic and Indian systems of medicine. Currently, health financing in Odisha is tremendously fragmented, with at least three sources of funding. The first and largest source of funding is out of pocket expenditure by households. The total estimated out of pocket spending on healthcare amounts to approximately eighty percent of total health expenditure by the state. The national average is seventy one percent. Medications account for the major share of out of pocket spending in public hospitals, at seventy three percent in rural areas and seventy seven percent in urban areas. Again, the figures for Odisha are higher than the national average of over sixty seven percent for rural and sixty two percent for urban areas. The second largest source of funding is the state government. A majority of these public funds, which are sourced through general tax revenues, are used to provide free or subsidized public health services. Public spending includes support for centrally sponsored programs, such as the National Health Mission. The third source of funding is government sponsored health insurance programs that are targeted toward the poor.

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 DOI : 10.18231/2454-9150.2018.1177

the Odisha State Treatment Fund, uses income qualifying criteria to target beneficiaries. The fund provides coverage for below poverty line cardholders earning less than forty thousand rupees in rural areas and less than sixty thousand rupees in urban areas.

Both of these programs provide health insurance through the insurance companies.

- Contribution by government of India: 75% of the estimated annual premium of Rs.750/-, subject to a maximum of Rs.565 per family per annum. Additionally, the cost of the smart cards will also be borne by the Central Government @ Rs. 60/- per card.
- Contribution by the respective State Governments:25% of the annual premium, as well as many additional premium in cases where the total premium exceeds Rs.750.
- Splitting of the Smart card (in case some members of a family stays in different place)
- Annual insurance coverage is Rs.30, 000/- per family on floater basis.

V. BIJU KRUSHAK KALYA YOJANA (BKKY)

The Government of Odisha has announced the " BijuJrushakKalyanYojana (BKKY) "

The scheme provides coverage up to Rs. 1lakhs (Rs.30,000+Rs.70,000) per annum for a family of five.

6.1 FINANCING FOR THE SCHEME

- State government of Odisha completely financing the scheme.
- The beneficiary pays Rs.30 per annum as registration fee once in 3 years.
- Refund clause of 80 percent as claim against the total premium paid to the Insurance Companies.

6.2 CHALLENGES AND OPPORTUNITIES

Despite all the endeavours made by the Government for the effective health care, the following challenges are encountered while financing the health care sectors in Odisha.

Lack of Coordination among various Government Departments

The Integrated Health Society is the primary implementing agency at state and district levels for programs that fall under the umbrella of the National Health Mission. The Labour and Employee's State Insurance Department of Odisha and the Department of Agriculture and Food Production fund the empanelled hospitals in RSBY and Biju Krushak Kalyan Yojana, respectively, through insurance agencies. The target populations of these programs overlap. Anganwadi workers and multipurpose health workers make a concerted effort to provide care effectively through these programs, but there is a lack of trust and coordination among the various departments at the senior levels.

Diversified location

The availability of healthcare providers and skilled professionals in tribal and hilly areas is limited due to poor accessibility and scattered habitations. The mandatory posting of doctors in these districts has addressed the vacancy problem to some extent. Mobile health units are also expected to cover the remote areas. There has not been any assessment of the quality of healthcare provided by these units. Many unidentified migrants live in urban slum areas. These migrants often have undocumented health issues and must rely on unorganized and uncertified private clinics that have poor accountability.

Lack of promotional avenues and career opportunities

Acute staff shortages, low salaries, unsatisfactory promotion avenues, low morale, and high absenteeism are major obstacles to progress in addressing healthcare needs in Odisha. The State Human Resource Management Unit was established to emphasize career restructuring for doctors and capacity building of health staff. The unit also ensures the adequate supply of skilled health professionals in underserved and remote areas of the state by providing promotional avenues and better earning opportunities.

Quality and advanced health Services

The Odisha government has come to rely heavily on information technology for evidence based policymaking in the delivery of health services. Examples of information technology innovations in the health sector include health workforce information systems, eBlood banks, eAttendance immunization and malaria information systems, drug inventory management systems, surveillance systems for epidemic prone diseases, health management information systems, and dashboard monitoring systems. Better accessibility of accurate information at all levels of the health sector supports better planning and decision making and increased transparency.

Health spending Behaviour

The health spending behaviour on all healthcares is a cause of great concern in Odisha. It is nearly eighty percent of total health spending. The burden of out of pocket expenditure for medical care, specifically on drugs and medications, was beyond the reach of the people. Normally doctors prescribing expensive drugs and referring them into corporate hospitals for a common disease. As poor people are spending higher percent of their income on health care, then they should have some financial protection for the above.

Public Private Partnerships

The National Health Mission provides a unique opportunity to collaborate with nongovernmental organizations and private agencies to deliver health services to inaccessible areas. The involvement of nongovernmental organizations ensures that policies are customized to meet people's needs. A Regional

 DOI : 10.18231/2454-9150.2018.1177

Resource Center helps build the capacity of nongovernmental organizations by providing the technical and managerial support. For example, the Health of the Urban Poor Unit at the Population Foundation of India provides technical support for the urban health program of the National Health Mission.

Decentralization and Community Involvement

Decentralization in the state and in the health sector has been limited. The limited community involvement has been in the form of nongovernmental organizations and women's groups focusing on social mobilization. Fiscal devolution means that the state will have autonomy over its own funds. This process allows communities to spread awareness of health programs, for the delivery of primary care services, and for greater transparency. For instance, the state nodal agency has effectively engaged the Poorest Areas Civil Society, a network of civil society organizations, to overcome challenges of low awareness on the ground about the RSBY program.

Strategic awareness Programme

Effective health communications strategies initiated by the state government have increased the demand for health services and encouraged better health seeking behaviors. Targeted communication is designed to overcome challenges associated with low literacy, low health awareness, and the limited accessibility of media and transport in remote and tribal areas.

VI. MAJOR FINDINGS OF THE STUDY

The health system in Odisha is largely publicly provided. The private sector has played a limited role. Despite all the endeavours made by the Government for the effective health care, the mortality rate for people in Odisha is much higher and life expectancy is lower than the national levels. Infant mortality and under five mortality rates are among the highest in the country, at close to sixty five and eight one per thousand live births. No doubt health insurance plays a significant role for resolving health issues in people of Odisha. Financing the sector is an important challenge in the forefront of the government. The following are the major finding of the study

- Lack of proper awareness among the people about health insurance and its benefits to common people.
- Various issues of customer relating to health are not properly address due to inactive grievances handling process.
- Due to poor health service delivery system the insured person are not getting proper treatments within due period.
- Health insurance policies are not properly categorised according to different socio-economic background of the people.
- Health insurance products are not designed to sweets the age and income of the insurer and his family members.
- The parties involved in the service delivery system are not actively addressing the grievances of the people.
- A large proportion of people from socio-economically disadvantaged groups prefer self-treatment.
- Only 88 out of 100 people suffering from an illness in Odisha go for any care against no care, whereas for all India it is around 92 out of 100. Socio- economic backwardness is the main reason why people opt for No-Care rather than any care. Lack of adequate financial resources is the main reason for the people not taking any care.

VII. SUGGESTION AND CONCLUSION

In Odisha, service delivery is heavily dominated by the public sector. Good quality care is not guaranteed in the private sector. The state has existing spending commitments. The essential drug list has over five hundred medicines. The budget for drugs has been increasing. The demand for emergency transportation has also been increasing. Based on our evaluation of the Odisha health system, we have made several suggestions to consider as the state restructures its health financing.

- Since socio-economically disadvantaged groups fall behind in terms of healthcare utilisation and experience heavier healthcare burden besides depending more on inefficient mechanisms to finance their healthcare expenditure, the Government of Odisha has to increase its expenditure on the health sector substantially to achieve the desired outcomes.
- The Odisha government's expenditure on health sector is not encouraging and goes against the government's purpose of improving healthcare in the state. Because of the poor funding, the quality health care has fallen way below expectation. It has been inaccessible to many, entailed informal payment and increased out-of pocket expenditure. The government should spend a larger proportion of its total GSDP on the social/health sector.
- The government of Odisha should generalise the health insurance scheme scheme all the way through a basic benefit package either by upgrading the RSBY scheme following the model of Kerala and Uttarakhand or
- Like other state government (Gujarat, Tamilnadu, Andhra Pradesh, Karnataka etc.) in India, Odisha government should provide an innovative higher coverage amount for life-saving voluntary health insurance to the targeted groups/vulnerable groups(particularly rural low income and socially backward classes.
- Private sectors may be encouraged to invest in the health sector by opening of hospital and medical colleges to reduce of the government funding constraints.
- Efforts should be made to revitalise the budgetary allocation and implementation system. The free drug programme like Nirmalya which is managed by the Odisha State Medical Corporation Ltd is an excellent organisation which allocates the budgetary expenditure efficiently and effectively.

 DOI : 10.18231/2454-9150.2018.1177

- Enforcement of standard treatment guidelines and referral protocols may be passed in order to ensure quality health care.

Healthcare in Odisha is in a state of transition where the state government as well as the government at the centre are launching several initiatives to make healthcare affordable and accessible to all. However, given the low penetration of health insurance in Odisha, there is a huge scope for the sector to innovate and introduce best practices using robust technology as a backbone and make basic healthcare accessible to all citizens.

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CALCULATED TABLES & FIGURES

Table-1.1 **Region-wise Poverty ratio percent by Caste/ethnic group for Rural Odisha**

Region	ST	SC	OBC	Others	Total
Southern	82.5	67.2	64.7	44.1	72.7
Northern	72.8	64.4	48.6	33.9	59.1
Costal	67.7	32.8	24.4	19.0	27.4
Rural Odisha	75.8	49.9	37.1	23.5	46.9
Rural India	44.7	37.1	25.8	17.5	28.1

Source: - Calculated from Unit level of data

Table -1.2 Health Coverage *(in million families)*

Category	Target	Achievement
BPL	52	36
MNREGA	12	08
TOTAL	64	44

Table -1.3 Achievements *(in million families)*

Year	Total claims	Total amount of claim
Oct.2011to Oct.2013	2,76,361	83.51 Crores
Aug.2013to Feb.2017	6,74,324	239.09 Crores

Sources: - Empanelled Health Institutions as on dated 31.3.2017

Table-1.4 Achievement and Claims

Year	**Total No. Of Claim**	**Total amount of Claims**
1st Phase(Dec.2013 toNov.2014	66452	33.48 Crores
2nd Phase (Dec.2014 toNov.2015)	139288	74.98 Crores
3rd Phase (Dec.2015 toNov.2016)	142055	66.36 Crores
Extension Phase(Dec.20136to23.2.2017	17091	8.36 Crores

Sources: - Empanelled Health Institutions as on dated 31.3.2017

 DOI : 10.18231/2454-9150.2018.1177