



HEALTH MICRO INSURANCE IN INDIA – AN OVERVIEW

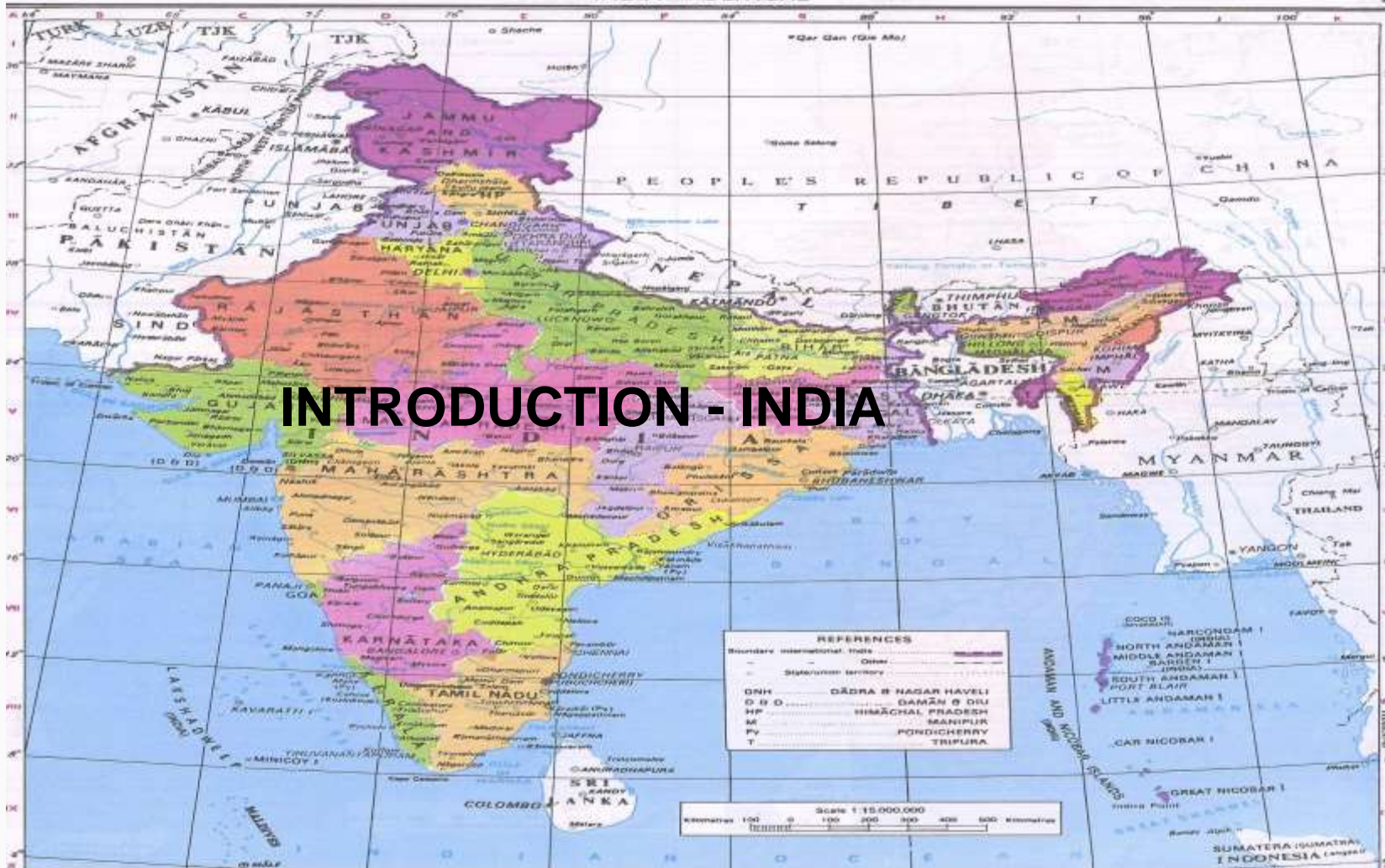
Presenter: Dr. Sidharth Kachroo
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Agenda

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Introduction - India



INTRODUCTION - INDIA

Population – 1.2 billion (2011)

7th largest country and 10th largest economy in the World

GDP Growth 5% (2012)

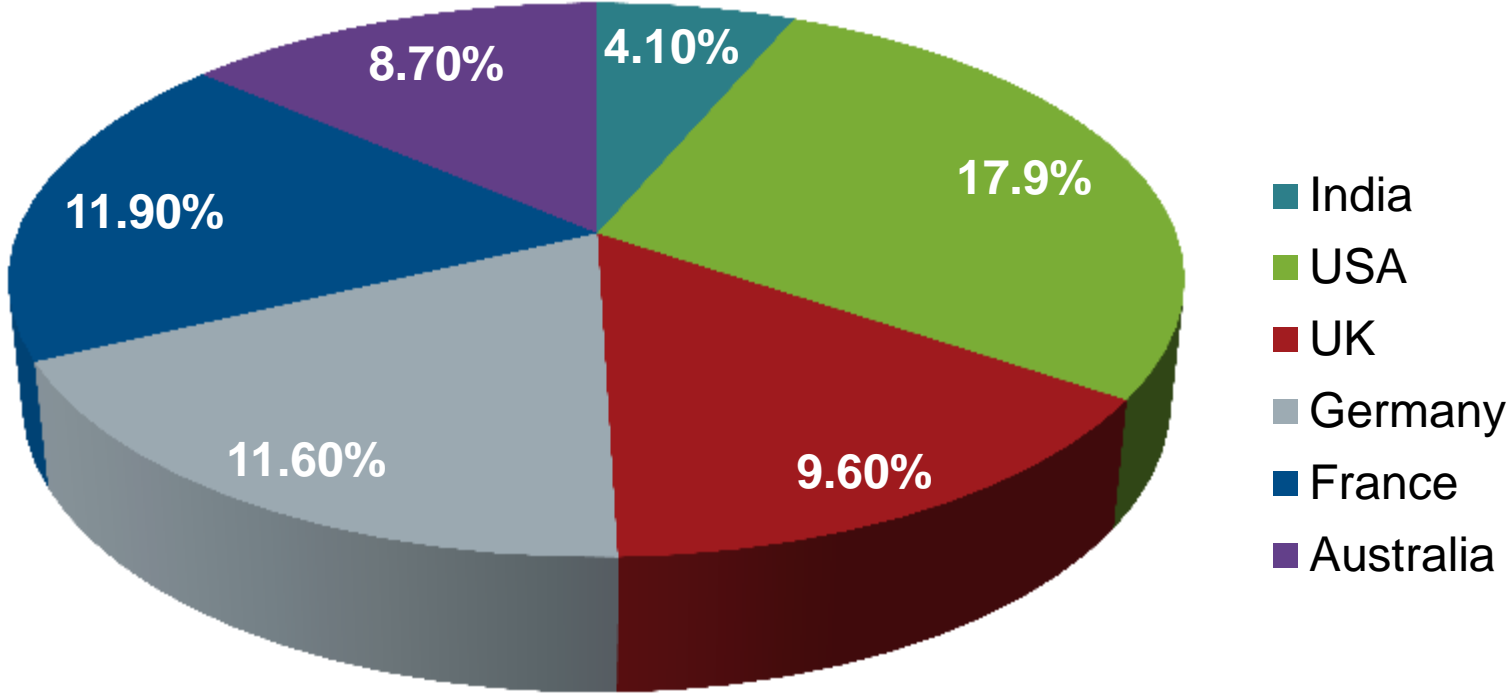
People living below poverty line (BPL) – 29.8% (2010)

Health Expenditure % of GDP – 4.1 (2011)

Significant Out of Pocket (OOP) spending on Healthcare – 86% (2010)

INTRODUCTION - INDIA

Split of Health expenditure to GDP 2011, %



*Source: The World Bank

HEALTH MICRO INSURANCE IN INDIA



Micro Insurance – Various Definitions*

Micro Insurance is insurance with low premiums and low caps / coverage's "Micro" refers to the small financial transaction that each insurance policy generates

Micro Insurance is a financial arrangement to protect low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved

Micro Insurance is the use of insurance as an economic instrument at the "micro" (i.e. smaller than national) level of society

Micro Insurance is synonymous to community-based financing arrangements, including community health funds, mutual health organizations, health insurance, etc.

Micro Insurance - Models

Partner Agent Model - Commercial or public insurers together with MFIs or non governmental organisations (NGOs) collaboratively develop the product. The insurer absorbs the risk, and the MFI/NGO markets the product through its established distribution network

Community Based Model - A group of people or local communities, MFIs, NGOs and/ or cooperatives develop and distribute their own product, manage the risk pool and absorb the risk

In-house or full-service model - MFI or NGO runs its own insurance scheme for its clients and any profit or loss is absorbed by the MFI

Provider model - Banks and other providers of microfinance can directly offer or require insurance contracts. These are usually coupled with credit, for example, to insure against default risk

Health Micro Insurance in India – State of the Poor

Lack of financial capability amongst the poor

Access to inadequate Health infrastructure

Heavy expenditure on medical care and hospitalization

Inability to deal with medical emergencies without facing a financial crisis

Recourse to adequate and competent treatment not available

Illiterate, Lack of skills and Migratory

Unemployed or Self employed

Health Micro Insurance in India - Background

- ▶ Dismal State of public healthcare facilities and high out of pocket expenses
- ▶ Successive Governments over the years, have launched different micro health insurance schemes in India – initiative of Central and State Governments
- ▶ Diversity of Health Micro Insurance models - Schemes run by Governmental and Non- Governmental Organisations, Community-Based Organisations, Health Providers, Public / Private Trusts, Micro-Finance Institutions / Organisations, and sometimes Trade Unions
- ▶ Schemes like Universal Health Insurance Scheme, Weaver Health Insurance Scheme, Aarogyashri, Kalaignar and Yeshasvini are some of the prominent programs that have been running with support and funding from Government / Other entities
- ▶ Most widely prevalent health micro insurance scheme “Rashtriya Swasthya Bima Yojna” (RSBY - National Health Insurance Scheme)

Health Micro Insurance in India - Background

Initiated by NGOs / CBOs

To increase access to health care
To protect families from high medical expenditure

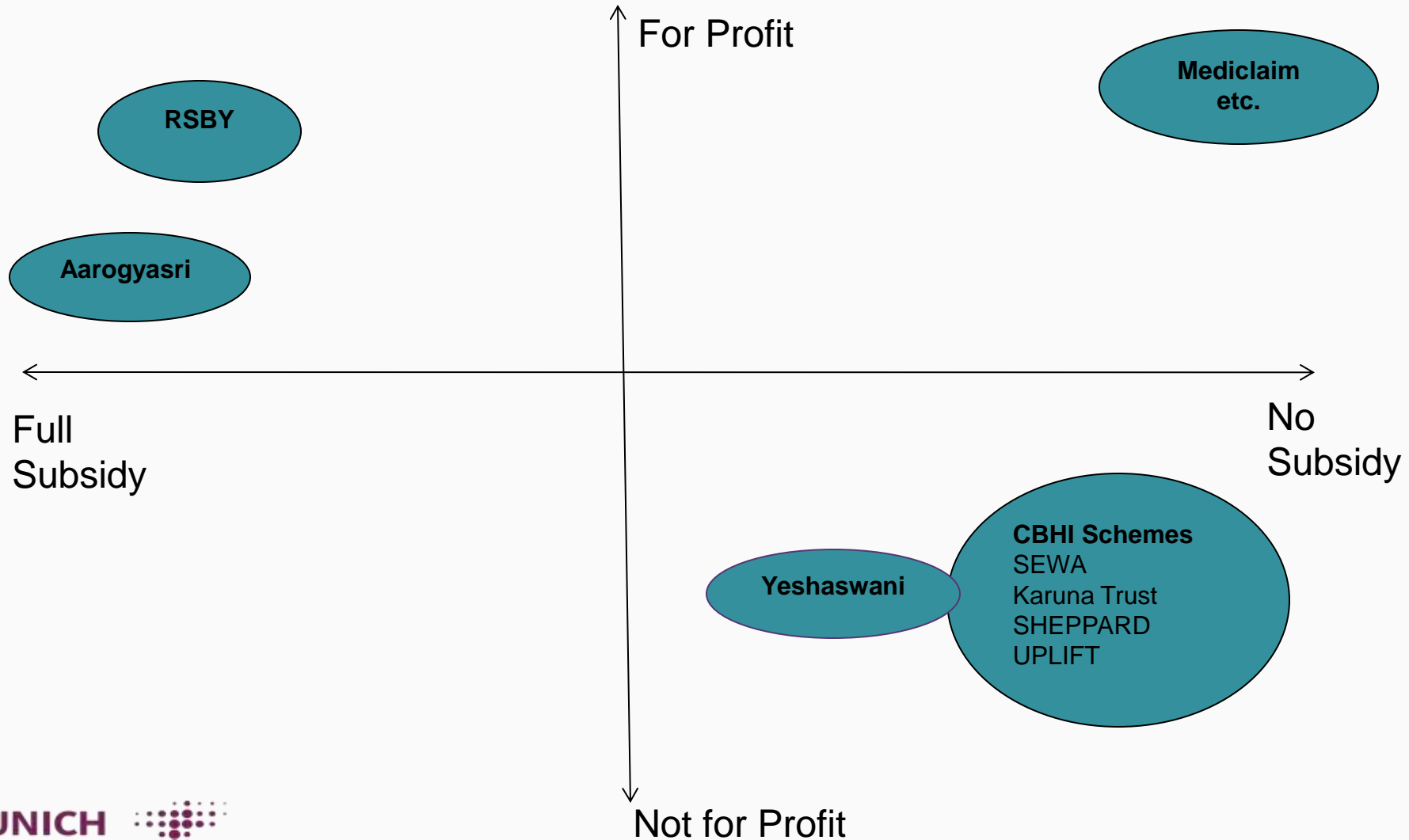
Target – Poor
❖ Usually the ‘organised’ sections e.g. SHGs, unions, co-operative societies, students, etc.

Premiums are quite reasonable (per person / year) – sustainable model

Mostly premium is not subsidised

Testing ground for different types of health insurance models and managing health risks

Landscape of Health Insurance



Rashtriya Swasthya Bima Yojna – RSBY (National Health Insurance Scheme)



National Health Insurance Scheme – RSBY

Launched in the Year 2008

By far the largest micro health insurance scheme in India and one of the largest in the world

Supervised by Ministry of Labour and Employment, Govt. of India

Provides inpatient cashless coverage of INR 30000 for all eligible beneficiaries – Below Poverty Line (BPL) and unorganized work force. OPD benefits started as a pilot project in a few states

Successful implementation of Public Private Partnership model (PPP)

Scheme managed by public and private sector insurers

Approx. 35 million BPL families enrolled till June 2013*

National Health Insurance Scheme – RSBY stakeholders

Government of India – Ministry of Labor and employment

Local State Governments

Insurers duly licensed by the regulator and experienced in conceptualizing, designing and implementing large health care schemes

Providers (Hospitals) – Public and Private

Third Party Administrators (TPA's) / Other field agencies

Information Technology (IT) Platform and IT providers

Last but not the least - BENEFICIARY

National Health Insurance Scheme – RSBY Benefits

Total sum insured of INR 30,000 per BPL family on a floater basis

Pre-existing conditions and maternity expenses covered

Coverage of health services related to hospitalization and services of surgical nature including day-care benefits

Cashless coverage of all eligible health services

Provision of Smart Card

Provision of pre and post hospitalization expenses

Transport allowance INR100 per visit up to maximum of INR 1000

National Health Insurance Scheme – RSBY Smart Card



National Health Insurance Scheme – RSBY Implementation

▶ Identification of Insurance agency

▶ Perusal of BPL data base

▶ Enrollment of Beneficiaries and Delivery of Smart Card to beneficiaries

▶ Empanelment of Government and Private healthcare providers

▶ Payment of insurance premium to the insurance service provider

▶ Delivery of quality health services to the under privileged

▶ Monitoring of the Scheme on a regular basis

National Health Insurance Scheme – RSBY Funding

▶ Central Government - 75% of the estimated annual premium of INR 750, subject to a maximum of INR 565 per family

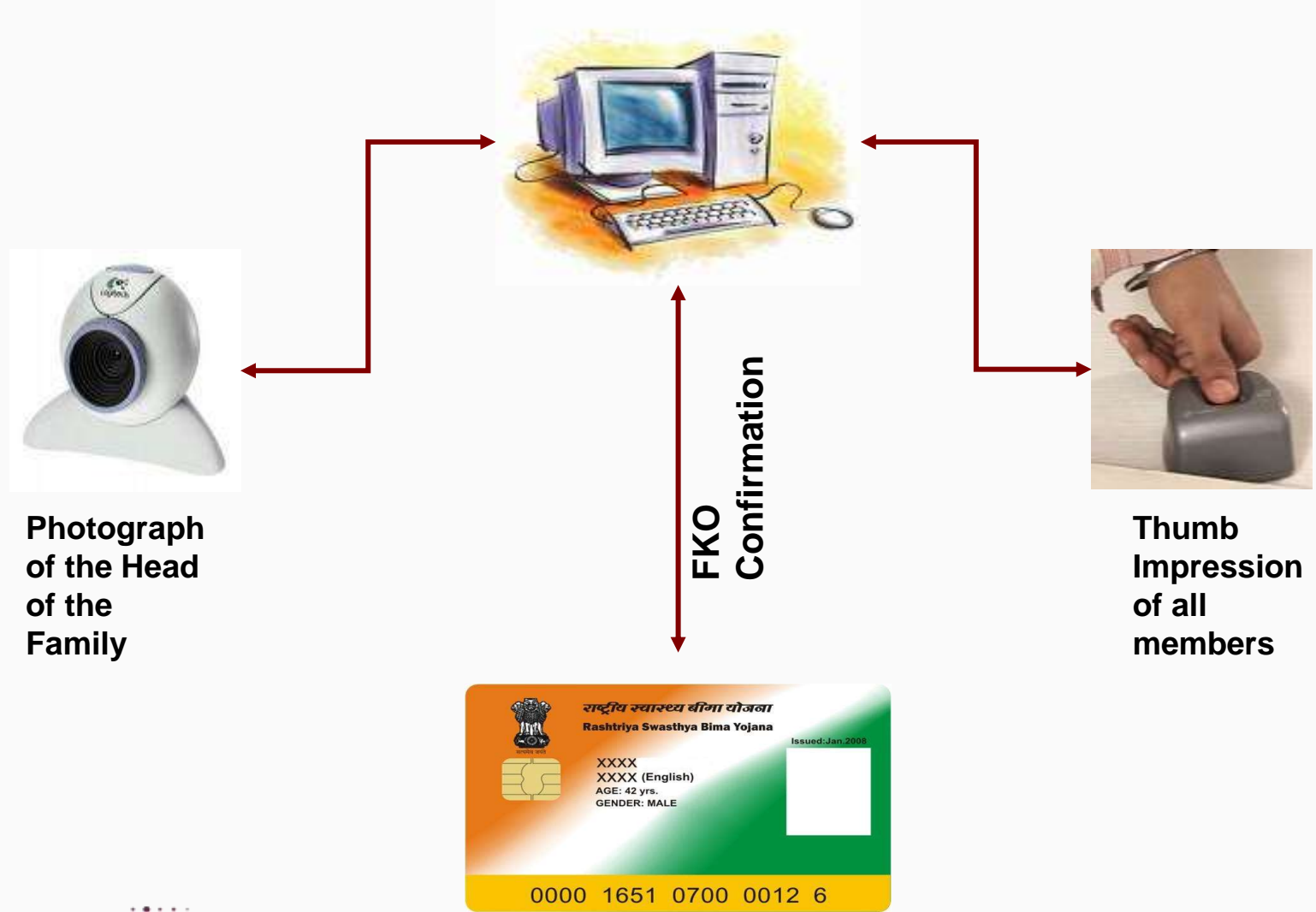
▶ State Government - 25% of the annual premium and any additional premium beyond INR 750

▶ Beneficiary to pay INR 30 per annum as Registration Fee / Renewal Fee

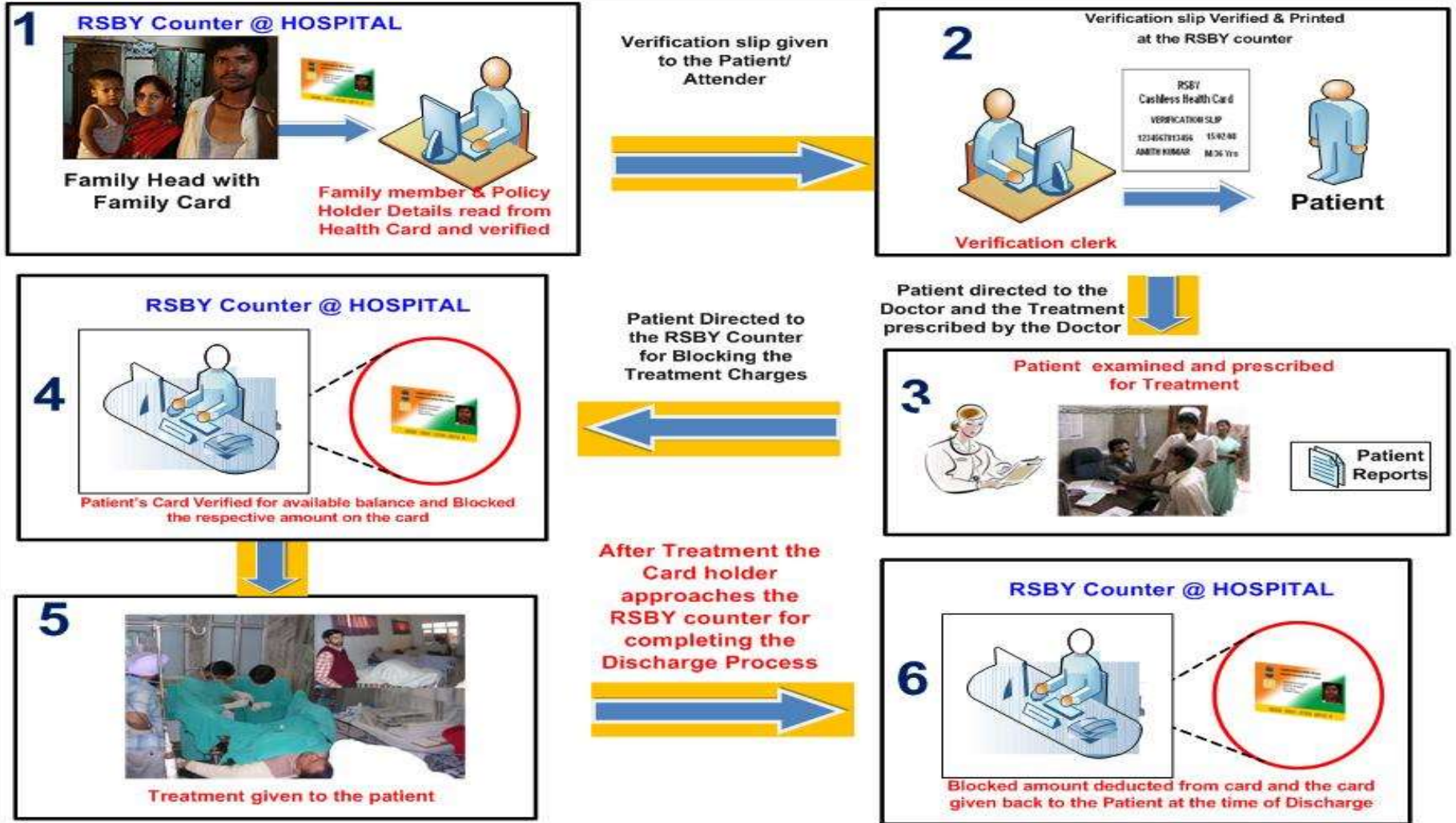
▶ Administrative cost to be borne by the State Government / Insurer and to be recovered from INR 30 received from beneficiary

▶ Cost of Smart Card and Claims Management Expenses (TPA etc.) to be borne by the Insurer

National Health Insurance Scheme – Enrolment Procedure



National Health Insurance Scheme – RSBY Process Overview



National Health Insurance Scheme – RSBY Challenges

Abuse of smart cards by Providers / Misutilisation of the beneficiary smart card

Migratory behavior of card holders (inter district claims)

Unable to trace the beneficiary during field audits - insufficient information of the BPL card holder / “Ghost Enrolment”

Providers not following norms – e.g. histopathology not performed after major surgeries like Hysterectomy, Cholecystectomy, etc.

Verification of authenticity of radiology and other pathology reports

Nexus between Beneficiary and Doctor / Provider

Meal and Travelling allowances not being provided to the beneficiary / patient

Delayed receipt of premiums by Insurers and claim settlement payments to Providers

Questions



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