

# A Study on Health Insurance policy awareness and its benefits among Chennai residents

Reshma P<sup>1</sup>, Mr.R.J.T.Nirmal Raj<sup>2</sup>

<sup>1</sup>MBA- II PG, Department of Management, Hindustan Institute of Technology and Science, Padur

<sup>2</sup>Assistant Professor (Selection Grade), School of Management, Hindustan Institute of Science and Technology Padur

**Abstract - Health insurance is a method to finance healthcare. The ILO defines health insurance as “the reduction or elimination of the uncertain risk of loss for the individual or household by combining a larger number of similarly exposed individuals or households who are included in a common fund that makes good the loss caused to any one member”.**

**To identify and critically analyze the data collected from the Chennai residents, to identify the problems of the residents who do not have a health insurance and to study the benefits of health insurance for individual/family.**

**A simple random sampling was conducted among Chennai residents. A sample of 100 respondents was collected for the data analysis. A percentage frequency distribution was used to analyze and interpret the data collected for the study.**

**The awareness of Health Insurance among the Chennai residents is low. Only 42% of the people knows the benefit of the Health Insurance and have a health insurance. Other 58% of the people does not have a health insurance.**

**The major reason mentioned was the high premium and if the insurance companies do consider on the plans and the premiums, the people will get attracted to invest their money in health insurance.**

**Index Terms - Health Insurance, awareness, benefits, Chennai, Healthcare financing.**

## INTRODUCTION

Healthcare Industry has become one of India's largest sector, both in terms of revenue and employment. Healthcare comprises of hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The Indian healthcare sector is growing at a brisk pace due to its strengthening coverage, services and increasing expenditure by public as well private players. India's

competitive advantage lies in its large pool of well-trained medical professionals. India is also cost competitive compared to its peers in Asia and Western countries. The cost of surgery in India is about one-tenth of that in the United States of America or Western Europe. India ranks 145 among 195 countries in terms of quality and accessibility of healthcare.

The insurance industry of India has 57 insurance companies 24 are in the life insurance business, while 33 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. There are six public sector insurers in the non-life insurance segment. In addition to these, there is a sole national re-insurer, namely General Insurance Corporation of India. Other stakeholders in the Indian Insurance market include agents (individual and corporate), brokers, surveyors and third-party administrators servicing health insurance claims.

## OBJECTIVES OF THE STUDY

1. To identify and critically analyze the data collected from the Chennai residents.
2. To understand the process of health insurance policy application process by the Third-Party Administrators/Health Insurance Companies
3. To study the benefits of health insurance for individual/family

## LIMITATIONS OF THE STUDY

1. The report does contain secondary source of data, which is based on the facts, figures, and pictorials.
2. The survey conducted may not be considered comprehensive as only limited number of responses were obtained with time constrain.
3. Location factors to be considered.

## REVIEW OF LITERATURE

Boris Pasternak says that “Literature is the art of discovering something extraordinary about ordinary people and saying with ordinary words something extraordinary”.

### HEALTH INSURANCE IN KARNATAKA

Netra.G; Rao, Varadaraja (2019) pursued a research on “A Study on Awareness, Coverage and Willingness to Avail Health Insurance among the residents of a rural area in Central Karnataka”. According to the study, the researchers have found that 65.7% of awareness, 45.5% of coverage and 77.1% of people have willingness to avail the health insurance in the Central Karnataka. Further, the study has suggested to setup an enrollment center across the villages for easy accessibility and the premiums should be depending on the income of the people living in that area.

### HEALTH INSURANCE IN HARYANA

Pahwa, Binny; Gupta, Meenu (2019) pursued a research on “A study of factors influencing the purchase decision of health insurance policies using AHP approach”. The study was conducted among Haryana people. The researcher has identified 21 critical factors and five dimensions related to the factors affecting the purchase decision of a customer. The factors are company related factors, product related factors, psychological factors, demographic factors and marketing related factors.

### GROWTH OF HEALTH INSURANCE IN INDIA

Pareek, Manoj (2018) pursued a research on “Prospects for growth and issues in marketing of health insurance in India”. The researcher has stated that there is recent increase in limit of foreign partners from 26% equity to 49% will be an incentive to invest in Indian Insurance sector. The policyholders see the health insurance as a social security and the market is seeing a rapid increase in the uncovered population also in the country.

### HEALTH INSURANCE IN DELHI

Kusuma S., Yadlapalli; Pal, Manisha; Babu.V, Bontha (2018) pursued a research on “Health Insurance: Awareness, Utilization, and its Determinants among the Urban Poor in Delhi, India”. This study reported that only 19% of the 2998 households in the 85-urban cluster in Delhi knows about the Health Insurance and

18 % had health insurance. The Employee State Insurance Schemes, Central Government Health Scheme and Rashtriya Swasthya Bima Yojana are the Insurance schemes used by those 18% people in Urban Delhi.

### HEALTH INSURANCE IN NEPAL

Ghimire,Rabindra (2018) pursued a research on “Health Insurance awareness among the university teachers in Pokhara Valley”. According to the study, the health awareness and knowledge on health insurance is most associated with ethnicity and least associated with sex and marital status, and moderately associated with age and educational level.

### HEALTH INSURANCE IN KERALA

Jacob, Anjali (2018) pursued a research on “A study on customer perception towards health insurance in Ranny thaluk”. According to the study, the researcher has stated that 36% of the respondents were satisfied with the health insurance companies. The respondents have stated that the asked for coverage of all diseases in the health insurance policies. The research has concluded that there is no significant difference between income and premium paid.

### AWARENESS OF INSURANCE IN INDIA

Suganya (2017) pursued a research on “A study on assessing Insurance awareness in India”. According to the study, the researcher has stated that the health insurance has lower awareness among people compared with life insurance. The researcher has also stated that the policy holders also does not know about the policy details that they have applied for. The researcher has spoken about the importance of “duty to pay the premium” rather than speaking of “right to pay the premium”.

## RESEARCH METHODOLOGY

Research Type - Descriptive research aims to accurately and systematically describe a population, situation or phenomenon. It can answer what, where, when and how questions, but not why questions. A descriptive research design can use a wide variety of research methods to investigate one or more variables. Tools for Data Collection - Probability sampling means that every member of the population has a chance of being selected. It is mainly used in

quantitative research. If you want to produce results that are representative of the whole population, probability sampling techniques are the most valid choice. Questionnaire is used to collect the data from the respondents.

### SAMPLING TECHNIQUES

Simple random sampling is defined as a sampling technique where every item in the population has an even chance and likelihood of being selected in the sample.

Sample Unit - Chennai residents

Sample Size - 100 numbers

Tools for Data Analysis - A percentage frequency distribution is a display of data that specifies the percentage of observations that exist for each data point or grouping of data points. It is a particularly useful method of expressing the relative frequency of survey responses and other data. Many times, percentage frequency distributions are displayed as tables or as bar graphs or pie charts.

### DATA ANALYSIS AND INTERPRETATION

The study was conducted among Chennai residents and collected 100 responses with a questionnaire having two set of questions for people who have health insurance and who does not have a health insurance. The personal details were also collected from them for the broad understanding about them and their knowledge about health insurance. The following are the details collected and interpreted for the detailed understanding about the study:

Q1. Gender

A total of 100 responses were obtained. Females made up to 54% and males made up to 46%.

Q2. Age

The major age group participated was above 20 - 30 and accounts for almost 54%. 28% was contributed by the age group of 31- 40. 8% was contributed by the age group of 41 - 50. 10% was contributed by the age group of above 50.

Q3. Educational Qualification

The postgraduates accounted for almost 53%, which was the major. Under graduates accounts for almost 45% and diploma accounts to 2%.

Q5. Monthly Income

80 % of the people are salaried which accounts to be 40% who earns above 75,000; 10% earns 50,000 - 75,000 and 30% earns below 50,000. 20% are home makers.

Q6. Do you have a health Insurance?

Health Insurance is one of the important one which should be considered as a fixed deposit for the future usage when one is sick. But most of the people do not have a health insurance. Out of 100 responses, 42 people do have health insurance, which accounts to 42% and 58 people do not have a health insurance, which accounts to 58%.

### PEOPLE WHO HAVE HEALTH INSURANCE

Only 42% of the respondents have health insurance, which accounts to 42 out of 100 responses. The people who do have a health insurance mostly preferred HDFC ERGO health insurance and United India Insurance Company. 16 people have invested their monthly income in HDFC ERGO health insurance. 14 people have invested their monthly income in United India Insurance Company policy. 8 people have invested in Star Health Insurance Company Limited. 4 people have invested in others. The other 10% of the respondents have chosen LIC and ICICI Lombard health insurance companies.

Most of the responses have applied their health insurance by self. Out of 42 responses, 20 responses have applied their health insurance by self. 18 people have chosen their health insurance policy and company which was referred by their friends. 4 people applied their policy which was referred by their staffs in their company.

Most of the people have chosen their health insurance as it is a way of cashless treatment and gives tax exemptions. The other benefits which were selected as free health check-ups, daily hospital cash and safety for future.

The people have the particular company which gives easy claims, hassle free process, more network hospitals and more plans for individuals/ family members. Most of the responses have chosen health insurance company which have more network hospitals. The second priority of the responses was company which gives easy claims.

When we asked the respondents, whether they will recommend their health insurance company and their policy to others, 95 % of the respondents said that they will recommend their health insurance company and

policy. Only 5% of them have responded that they will not recommend to others.

#### PEOPLE WHO DO NOT HAVE A HEALTH INSURANCE

58 responses do not have a health insurance. The majority respondents do not have a health insurance. Only 38% of respondents have idea of applying health insurance in future and remaining 63% of respondents do not have any idea to apply for a health insurance for them or their family members.

57% of the respondents do have other kinds of insurance policies like life insurance, vehicle insurance, etc. 43% of the respondents do not have any insurance on their names. Despite 57% of people having other insurances, only 38% of them will apply for a health insurance in future.

The major people who do not have any health insurance is the health insurance company does cost more premium cash which the respondents see as a major drawback for not applying a health insurance. The second prior reason that the people did not apply for a health insurance is that the conservative mind of any Indian is that they do not need a health insurance. The other reasons were that they are not aware of health insurance plans and its benefits.

Benefits of having a Health Insurance for an individual/ family members:

1. Comprehensive Coverage: Health Insurance policies' covers In-Patient hospitalization expenses, Pre-hospitalization and Post-hospitalization expenses, Ambulance expenses, Daycare expenses and Domiciliary hospitalization expenses.
2. Cashless Treatment: Generally, insurance companies have tie ups with the hospitals which is known as network hospitals. These hospitals reimburse the expenses related to the treatment availed by the insurance. The patient can get cashless treatment from the network hospitals without paying any expenses incurred or the insurance company will reimburse the same later when you make a claim only if the terms and conditions mentioned under the policy.
3. Portability Benefits: The customer can switch their plan from one to another easily in case they do not want to pay for the existing health insurance plan.

4. Financial Security: Security against rising medical costs. The insurance company gives a financial security as the customer can avail cashless treatment even during inflation.

5. Tax Benefits under section 80D of the Income Tax Act, 1961:

- Policyholder as well as the parents who are less than 60 years of age will have a deduction of Rs. 50,000 from their Income Tax amount.
- Policyholder and family members who are aged below 60 years and parents are more than 60 years of age will have a deduction of Rs.75,000 from their Income Tax amount.
- Policyholder, family members and parents who are aged more than 60 years will have a deduction of Rs. 1 lakh from their Income Tax amount.
- Members of Hindu Undivided family will have a deduction of Rs.25,000 from their Income Tax amount.

6. No-Claim bonus: The insurance company offers No-claim bonus as a reward for the customer if he/she did not claim during the policy year. It is also known as cumulative bonus. There is a limit of coverage which can be extended through No-claim bonus. Individual health plans and Family floater health insurance plans' customer can avail the reward.

7. Lifetime Renewability benefit: It allows the policyholder to renew the health insurance policy plan for lifetime without any age limit or upper restriction.

8. Process of Health Insurance claim in Hospitals In the process of claiming Cashless Treatment, there is 3 stages to claim the coverage amount.

#### 1. Claim Intimation

When the patient is hospitalized in the hospital, they will intimate the Third-Party Administrator/Insurer about the insured persons' hospitalization.

If the hospitalization is a planned treatment, the intimation by customer to Third - Party Administrator/ Insurer should be in advance of 2-4 days before the operation/ admission in the hospital.

If the hospitalization is in an emergency situation, the customer will inform the hospital about the health insurance. The hospital personnel will communicate to Third - Party Administrator/ Insurer. The Third - Party

Administrator/Insurer will intimate within 24 hours of hospitalization.

## 2. Approval and Treatment

In the case of planned treatment, the approval is sent in 24-48 hours and in case of emergency treatment, the approval letter is sent to hospital in 6-7 hours. The claim documents which are required for the approval are claim documents which include Hospital/treatment documents like medical test reports and bills, document prescription, Health ID card, claim form and Pre-Authorization form. Personal documents which include Photo ID like Aadhar Card.

## 3. Claim and Payment Process

Payment made to hospital in case of cashless treatment and to the customer in case of reimbursement treatment. Once, the hospital submits all the documents to Third-Party Administrators / Insurer, they will release the payment and deposit the amount to hospital account directly.

In the case of reimbursement treatment, the customer should pay all the amount to the hospital. The customer should collect all the bill and documents and submits to the Third-Party Administrators/Insurer along with the claim form and a canceled cheque. After verification, Third-Party Administrators/Insurer releases the payment to customer via cheque/NEFT in 7-8 days.

## SUMMARY AND CONCLUSIONS

### Findings of the Study

1. Health Insurance companies should create more awareness of the benefits for an individual / family member to invest some money for their future.
2. Health insurance companies should work on their marketing mix which includes Product, place, price, promotion, people, process, and physical evidence.
3. The government should implement a compulsory registration for health insurance.
4. The organizations/ companies/ institutions should make their employees/ employers to register a health insurance policy.
5. People should come forward to invest their money in health insurance by understanding the benefits of the health insurance policies.

## Conclusion

The awareness of Health Insurance among the Chennai residents is low. Only 42% of the people knows the benefit of the Health Insurance and have a health insurance. Other 58% of the people does not have a health insurance. The benefits of the health insurance are more. Through this study, we can understand the importance of health insurance and recommend people to apply one for them and their family members.

From this study, 57% people does have other kinds of insurance in their name and their family members. But only 38% of the people have said that they will apply a health insurance in future. The major reason mentioned was the high premium and if the insurance companies do consider on the plans and the premiums, the people will get attracted to invest their money in health insurance.

## RECOMMENDATIONS

1. Awareness campaigns and advertisements by the insurance companies should be held to enroll the rest of the families who are uninsured in spite of the good awareness.
2. More enrolment and registration centers should be set up in each villages/urban places for easier accessibility and feasibility in enrolling for health insurance.
3. The amount of premium should be customized to individual level by the government and private health insurance companies as majority of the families belonged to lower socio-economic classes.
4. As lack of comprehensive coverage is one of the reasons it should be brought to notice of insurance companies and dealt with it.
5. The claim process should be made easy for both cashless treatment and reimbursement treatment.

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