A Study on Impact of GST Implementation on Health Insurance Sector

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***Abstract*—This study examines the impact of GST implementation on the health insurance sector in India, with a focus on middle-aged and senior citizens. The study is based on primary data collected from 200 respondents through a structured questionnaire. It analyzes how GST has affected health insurance affordability, awareness, and purchasing decisions. The findings show that GST has increased the cost of health insurance, influencing many people's decisions to buy or renew policies. However, respondents also believe that health insurance is important for financial protection during medical emergencies. The study concludes that reducing or exempting GST on health insurance premiums can improve affordability, increase insurance coverage, and support the growth of the health insurance sector in India.**

I. INTRODUCTION

Health insurance has become an important part of people's lives because it helps reduce the financial burden caused by unexpected medical expenses.

With the increasing cost of healthcare in India, many individuals and families depend on health insurance to receive quality treatment without facing serious financial difficulties. It also provides financial security and encourages people to seek timely medical care.

The Goods and Services Tax (GST), introduced on 1 July 2017, replaced several indirect taxes with a single tax system across the country. This reform aimed to simplify taxation, improve transparency, and create a uniform tax structure.

Under GST, health insurance premiums were taxed at 18%, which increased the overall cost of purchasing insurance policies. As a result, many people questioned whether such a high tax on health insurance affected its affordability and demand.

Health insurance plays an important role in achieving better public health by protecting people from high medical expenses. Government initiatives, growing awareness, digital insurance services, and rising healthcare needs have contributed to the growth of the health insurance sector in India. However, the cost of insurance premiums continues to influence the purchasing decisions of many families, especially middle-income and senior citizen

II. LITERATURE REVIEW:

1. Riteshkumar Patel, Nidhi Nalwaya, Poorvaraj Vaghela, and Parth Chhabra (2026), in the study titled The Structural Transformation in the Indian Health Insurance Ecosystem: A Comprehensive Analysis, analyzed the growth of India's health insurance sector from 2015-16 to 2024-25. This research found a rise in both medical care insurance premiums and costs paid by patients for their own treatment needs over those years of time. Also, the authors found out that digital financial inclusion and government schemes like PM-JAY helped to expand insurance coverage. Nevertheless, there are issues like poor claims payout rates; inadequate accessibility to remote areas by customers.

2. Priyank Dineshkumar Algotar and Jinal Vaghela (2025) 2. They said, "removing GST from health insurance premium rates and lowering taxes for drugs and equipment would help reduce medical expenses so that individuals are likely going buy them insurances". The authors explained that removing GST on health insurance premiums and reducing GST on medicines and medical devices can lower healthcare costs and encourage more

people to purchase health insurance. The study also highlighted that these implementations support Universal Health Coverage (UHC) and contribute to achieving Sustainable Development Goals (SDGs), especially by reducing financial hardship and improving access to healthcare

3. Nikhil Rathee and Rupel Nargunam (2024), in their study Is Health Insurance Actuarially Fair? Quantifying Discrepancies in the Indian Health Insurance Sector, examined whether health insurance premiums in India fairly reflect the actual medical costs faced by policyholders. The study identified key problems such as misinformation, poor access to healthcare, differences in hospital quality, and delays in claim settlement that increase healthcare expenses. Using Structural Equation Modelling (SEM) and Hierarchical Linear Modelling (HLM), the authors found that these issues significantly affect the fairness of health insurance pricing.

4. Rohit Kumar and adityaitya Duggirala, in their study Health Insurance as a Healthcare Financing Mechanism in India Key Strategic Insights & a Business Model Perspective, analyzed the role of health insurance in financing healthcare in India. Analysis revealed an increase due to higher medical expenses; people spend a lot on their own health care needs (out-of-pocket); insurances are not widely used enough so far. The researchers found out from experts' opinions and other sources that there are six key elements for success such as product development; price setting & sales strategy etc.; insurance company networking skills & claim handling techniques respectively.

5. By Nga Leopold, Wim Groot, Sonila M. (2021) This paper addressed what is the effect of health care coverage scheme on individuals' decisions of working for themselves or not. Survey evidence from Vietnam Household Living Standard Survey reveals no positive correlation between owning mandatory HSI coverage & self-employment in comparison with private sector coverage and finds higher propensity to leave self-employment for mandatory insured individual workers and, also concludes there are differences in how health care policies affect workers' job choice, highlighting the needs for proper delivery of HSCs and appropriate policies on these facilities in avoiding potentially distorting effect on labour markets.

6. Maurya, Dayashankar. (2019) The study utilized health financing policy & designing frameworks along with the case of health insurance in India. Health insurance is subject to tradeoffs, which need to consider between low prices for insurance plans and the required quality of care as result of governmental capacity constraints and difficult in field situations. Government policy & the system of health care delivery should be enhanced and supported by policy implementation capacity for better health insurance products.

7. Satakshi Chatterjee (2018) The research was undertaken to provide insights into the Health Insurance sector in India and was titled "Health Insurance sector in India: A Study". According to this study high health care expenses are costing people a lot of money; there is also poor knowledge about it by many individuals who claim their losses on insurance companies which takes ages for resolving these issues through innovations. Higher awareness rate; better services to consumers and introduction of patient friendly schemes have been found out that will help improve healthcare insurance scheme significantly herewith.

8. Swathi (2017) – The study analyzed the overall performance of the health insurance sector in India and highlighted the need for more competition and public awareness. This is because it showed how products are innovated; ai & quick claims processing would enhance customers' experience significantly. It is emphasized by this research that governments should provide assistance through insurance policies so as a means towards expanding access to medical care among poor people.

9. Rifat Atun and collaborators (2015), "Health-System Reform and Universal Health Coverage in Latin America", analysis of health-system reforms demonstrated how the actual implementation process moved countries toward the goal of universal health coverage. They found that health-system reforms prioritized broadening of health insurance coverage, robust primary healthcare, as

well as protection from out-of-pocket costs of healthcare. The health reform implementation was influenced by public funding, fair finance, and community inputs to promote the provision of and equitable access to healthcare.

10. Amandeep Kaur Shahi (2013): A Study on the Health Insurance Sector, Indian The above study is titled "Origin, Growth Pattern and Trends: A Study of Indian Health Insurance Sector" The focus of this study is the growth pattern of the health insurance sector in India during the period of 2002-03 to 2011-12. The study reveals that there has been rapid growth, in terms of premium collected, market share of this sector and in public awareness about it, in the said period. It has also observed, private health insurers have grown faster than the Public Health Insurers mainly due to greater competition. They have been developing better Products. It states it is found out that health insurance help to lower the medical care expenditure amount. The growth can surely be accelerated by implementing new policies or insurance scheme like money back insurance to better enhance access towards health.

III. STATEMENT OF THE PROBLEM

Health insurance has become an essential financial protection against rising medical expenses, especially for middle-aged and senior citizens who require frequent healthcare services. Before the implementation of GST, the taxation structure on health insurance was different and may have influenced the affordability and purchase of insurance policies.

However, there is limited evidence on whether the pre-GST tax system significantly encouraged health insurance coverage among these age groups. This study aims to assess the impact of the pre-GST system on health insurance among middle-aged and senior citizens in India and understand their opinions regarding affordability, awareness, and insurance coverage.

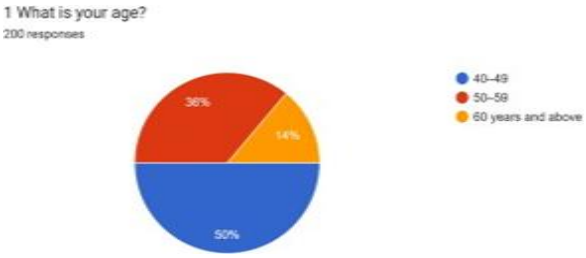
Objectives Of the Study

1. To assess GST pre and post implementation has significantly enhanced health insurance among middle and senior citizens in India.

V. RESEARCH METHODOLOGY

- Source of Data: Primary data
- Method of Collection: Structured Questionnaire (Google Forms)
- Respondents: Middle Age People and Senior citizens
- Study Area: Ballari District
- Sampling Technique: Convenience Sampling
- Sample Size: 200 respondents

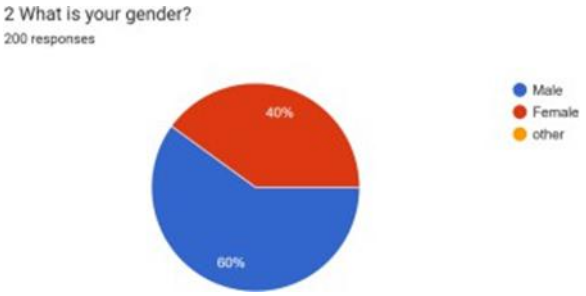
VI. DATA ANALYSIS AND INTERPRETATION



Interpretation:

This chart above shows that out of 200 respondents, 50% (100 respondents) belong to the 40–49 years age group, making it the largest group. 36% (72 respondents) are in the 50–59 years category, while 14% (28 respondents) are 60 years and above.

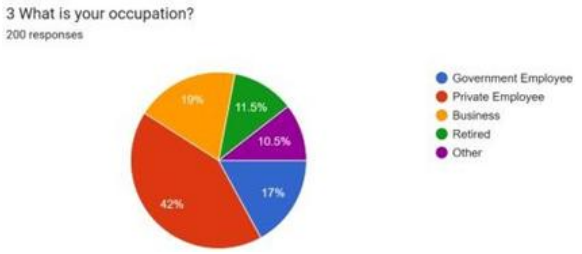
This indicates the respondents are middle-aged, with fewer senior citizens participating in the survey



Interpretation:

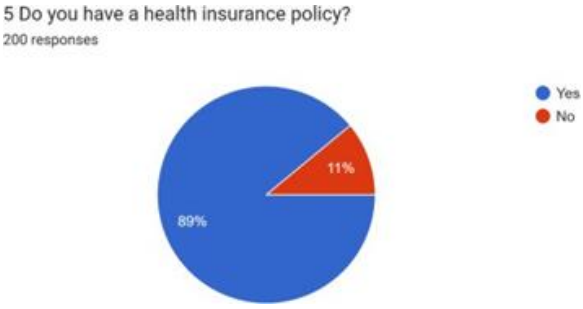
The chart indicates that out of 200 respondents, 60% (120 respondents) are male and 40% (80 respondents) are female.

There were no responses under the 'Other' category. based on the survey had a higher participation of male respondents than female respondents



Interpretation:

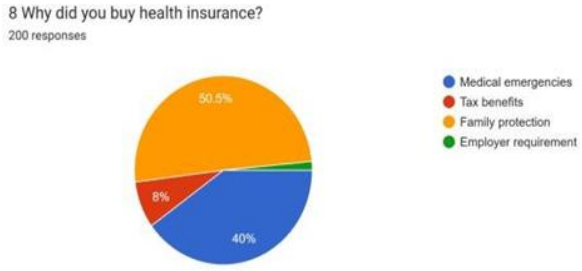
The above chart indicates that out of 200 respondents, 42% (84 respondents) are private employees, making them the largest group. 17% (34respondents) are government employees,19%(38respondents) are involved in business, 11.5% (23 respondents) are retired, and 10.5% (21 respondents) belong to other occupations. This indicates the highest number of respondents are private employees, while the remaining respondents are from different occupational backgrounds



Interpretation:

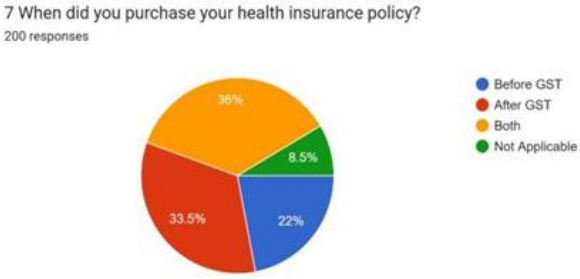
According to the above chart out of 200 respondents, 89% (178 respondents) have a

health insurance policy, while 11% (22 respondents) do not. This indicates that the majority of the respondents are covered by health insurance, reflecting a high level of awareness and adoption of health insurance policies.



Interpretation:

Based on the above chart shows that out of 200 respondents, 50.5% (101 respondents) purchased health insurance for family protection, making it the most common reason. 40% (80 respondents) bought it to cover medical emergencies, 8% (16 respondents) for tax benefits, and 1.5% (3 respondents) due to employer requirements. This indicates that protecting family members and managing medical expenses are the main reasons for purchasing health insurance



Interpretation:

The chart explains shows that out of 200 respondents,36% (72 respondents) purchased their health insurance both before and after GST, 33.5% (67 respondents) purchased it after GST, 22% (44 respondents) purchased it before GST, and 8.5% (17 respondents) selected Not Applicable. This indicates that a large number of respondents have experience with health insurance both (B&A before & after the implementation of GST, allowing them to compare its impact

VII. FINDINGS

1. Most respondents (89%) have health insurance, showing a high level of insurance coverage.
2. Around 88% of respondents are aware that GST is charged on health insurance premiums.
3. A majority (77%) believe that GST has increased the cost of health insurance.
4. Nearly 78% stated that GST influenced their decision to purchase health insurance.
5. Most respondents (76%) feel that reducing GST would encourage more people to buy health insurance.
6. Health insurance is mainly purchased for family protection and medical emergencies.
7. Most respondents believe health insurance provides financial security and is essential for senior citizens.
8. There is strong public support for government initiatives to increase health insurance awareness and coverage.

9. Most of the respondents (78%) said that GST 2.0 has increased their health insurance expenses. Only 10% said it has not, while 12% were not sure. This shows that most people feel GST has made health insurance more expensive.

VIII. SUGGESTIONS

- Government must maintain GST for personal health insurance as low price &/or free of charge is needed by people who want coverage from them alone.
- More public awareness program is needed by insurance companies for people living outside cities & towns (rural).
- Low cost & personalised health coverage scheme needs to be launched among adults, seniors.
- Simplify claims processing procedures for quicker turnaround time so that customers are more satisfied with it.
- The digital platform needs to promote policies for buying, renewing them claims of yours easily enough.
- Health insurance & GST awareness campaign must be conducted to teach citizens on its advantages.
- The government ought then periodically to assess its GST rules so that this can be used for providing more comprehensive health care plans.

IX. CONCLUSION

This research finds out how much GST is affecting to Indian health insurance industry. GST simplified Indian indirect taxation as it replaced various types of levies under one unified rate that was transparent to consumers while also being more convenient for insurers' operations. Nevertheless, though there is an increase to GST for health care insurance rates which makes it more expensive to buy these plans than they used prior years. also indicates that higher premiums might deter individuals to purchase and/or renew health insurance policies, leading to decreased coverage levels. Also, there is an increase in awareness about health insurance due to government programs, online services and people's need for more money post covid-19 outbreak. Despite those improvements however cost is still an issue for me here and now. the study shows finding out how much less or no taxation is needed for medical insurance policies will help increase their purchases by adults, especially those who are older.

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