

# Chapter-2

## CRITICAL ASSESSMENT OF EXISTING STATE GOVERNMENT SPONSORED HEALTH INSURANCE SCHEMES IN INDIA

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## **INTRODUCTION**

Over the past six years since 2007, India has witnessed the implementation of numerous healthcare initiatives, with both the central government and various state governments actively involved in introducing health insurance programs. The initiation of such programs can be attributed, in part, to the commitment of Indian governments to increase public spending on healthcare. With a pledge to raise the combined government expenditure on health from the current 1 percent to 2-3 percent of GDP, central and state governments have been formulating strategies to efficiently utilize additional resources through innovative schemes. These initiatives aim to improve the accessibility and availability of essential healthcare services, providing financial protection to households against risks through programs such as the National Rural Health Mission (NRHM) and the Rashtriya Swasthya Bima Yojana (RSBY). State-specific efforts include Rajiv Aarogyasri in Andhra Pradesh, Chief Minister's Comprehensive Health Insurance Scheme in Tamil Nadu, Vajapayee Arogyasri, Rajiv Arogya Bhagya, and Yeshasvini programs in Karnataka, as well as Rajiv Gandhi Jeevandayee Yojana in Maharashtra [1-3]

In this context, there is a necessity to evaluate diverse financial risk protection mechanisms in the country. Initially, considering that government funding (both at the central and state levels) supports numerous insurance schemes, the risk of excessive use and prescribing of medical care cannot be dismissed. This potential overutilization poses a threat to the sustainability of the schemes, necessitating a thorough examination of both demand-side and supply-side moral hazards arising from the schemes. Secondly, it is crucial to analyze the institutional and organizational hurdles faced by insurance schemes, aiming to rectify existing inequitable financing mechanisms. Addressing these challenges is expected to influence the incentive structures for healthcare providers and enhance the system's responsiveness. A comprehensive assessment of institutional challenges will guide the government by identifying capacity gaps at various levels, a critical aspect impeding the program's significant scale-up [4].

The selection of insurance schemes for the study was conducted by examining information presented in three documents from each Ministry: The Detailed Demand for Grants, the Outcome Budgets, and the Annual Reports. An analysis of the design characteristics of different state insurance schemes was performed, focusing on the following sub-features: Target Population, Type of Benefits, Insurance Coverage, Governing Agency, and Operating Agency [5].

## **RESEARCH QUESTION**

1. What problems and obstacles did the State Health Insurance Scheme encounter that impacted the viability of the program?

## **RESEARCH OBJECTIVES**

1. To outline the design characteristics of diverse state sponsored health insurance schemes targeted at vulnerable populations presently underway in the nation.
2. To record the challenges and overarching concerns that hinder the continuity of state health insurance schemes.
3. To suggest recommendations for ensuring the future sustainability of these schemes.

## **RESEARCH METHODOLOGY**

The study employed an analytical design to investigate the dynamics of state health insurance schemes. The study was carried out at Reliance General Insurance Co. Ltd., and data for the research were sourced from secondary outlets, such as scheme websites, published articles, and existing assessment reports. The emphasis was on collecting information and analyses related to the challenges and issues experienced by the existing state health insurance models, which could present potential hurdles to their long-term viability. This methodology facilitated a thorough exploration of the historical context and documented evaluations associated with the recognized challenges encountered by state health insurance schemes.

## **RESULTS AND DISCUSSION**

The study revealed critical challenges in health insurance schemes, notably in targeting effectiveness due to issues in the BPL classification system, leading to resource allocation disparities. Disease coverage analysis underscored a bias toward higher-cost conditions, leaving gaps in the protection of common yet fewer complex illnesses, urging a more comprehensive benefit approach. Weaknesses in monitoring systems, including the lack of regular assessments, hindered the timely addressing of emerging issues in health services. Quality concerns arose from the absence of systematic monitoring, clinical protocols, and robust empanelment processes, emphasizing the need for a stronger focus on healthcare quality. Information gaps for beneficiaries on enrollment, benefits, and providers underscored the necessity of providing adequate information to prevent denials and out-of-pocket expenses. The study also highlighted challenges related to fraudulent claims and unethical practices, calling for enhanced monitoring and control measures. Shortcomings in package rates, particularly the lack of regional adjustments, raised concerns about potential service distortions, necessitating a comprehensive review. The study questioned the disproportionate focus on tertiary care spending in specific states, indicating potential distortions in healthcare priorities and urging a reassessment of spending balance across different healthcare needs.

## **CONCLUSION**

India's healthcare sector underwent multifaceted growth without comprehensive planning and regulation, necessitating urgent action to prevent disorderly and inefficient evolution. The National Rural Health Mission (NRHM) expanded public facilities through increased financial allocations, and a national insurance scheme for the poor was introduced by the government. During the shift to government-backed health insurance, challenges surfaced due to the prevalence of out-of-pocket expenditures and the absence of robust social financing mechanisms. The necessity for an innovative health financing system that ensures value for money, financial protection, and access to well-defined health benefits was underscored. Recommendations for long-term fiscal

sustainability and comprehensive coverage included enhancing benefits for the Rashtriya Swasthya Bima Yojana, instituting a contributory point-of-service benefits package for non-BPL populations at risk, encompassing ambulatory care, implementing a drug price control mechanism, and reinforcing public healthcare facilities while curbing malpractices in private healthcare.

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