



Impact of Mediclaim Insurance on Human Life

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ABSTRACT

The medicaid insurance provides a number of health and financial services to the consumers. It has certainly impressed the people as they don't have to make any effort to arrange for the big money in case of any serious illness as all the major medical expenses are covered in the medicaid insurance. It is like a small investment which is done by the consumer and a pre-determined amount of money is provided to the owner of policy at the time of any health related issue. The policy holder haven't need to pay any bill related to the hospitalization as the related health insurance company has the responsibility to pay for the all medical expenses. These policies have changed the lives of the policy holders. The current paper highlights the impact of medicaid policies on the human life.

KEYWORDS:

Health, Insurance, Medicaid

INTRODUCTION



The health insurance industry was launched in 1986 in India. From then, an increase in the growth of this sector is observed every year. Also, due to increase in the economy liberalization; this sector is going upward. People are also realizing the importance of health insurance in their lives; hence, they are going for these policies.

According to the statistics provided by the World Bank, in 2010 about one-fourth population of India had access to health insurance. Initially, these mediclaim policies offer the inpatient hospitalization and treatments at the hospitals.

Mediclaim policies are the first health policies started in India. In 2000, Indian government facilitated liberalization in health insurance and private health insurance companies were allowed to come in Indian medical market as the domestic medical market was not growing as expected.

After the introduction of private companies in health insurance sector, a boom in this sector was observed which is still continuing. These private insurers offer a number of products including top-up plans, hospital cash, family plans etc.

Hospitalization comes under the health insurance which deals with the financial aid related to the hospitalization costs. In case of family



insurance, the total amount of pre-determined amount of insurance is equally divided among the registered members of that group.

On the other hand, all the insured money is given to the policy holder in case of individual policy. Some policies offer the additional services such as newborn coverage, pre and post hospitalization care etc. It depends on the individual requirement to select the best policy.

Top-up policy is beneficial for those people who get some kind of insurance from their employer. If the employee insurance is not sufficient then that person can go for the top-up policy so that claim of insurance can be made at the time of emergency.

The best health insurance for all the family members is considered to be family health insurance where all the family members are covered under this policy. There is some terms and conditions for this kind of insurance which mentions that no all the members would be facing illness at one time. It covers the cost of pre and post hospitalization expenses.

Also, these health insurance companies have the strong link with some known hospitals so that quick services can be provided to the policy holders at the time of any medical emergency. There are also cover plans for the pre-existing diseases which provide cover to the existing diseases of policy holder at the time of buying health related policy.



There are some special health plans which cover the specific diseases like Dengue, Swine Flu etc. These kinds of plans are designed in case of spreading of viral diseases in the country. With the help of these kind of smart plans, the customers get the benefits of managing their financial health expenses in better way.

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Indian government is also initiating many programs in order to enhance the importance of health insurance among the people so that more and more people can get benefits of these policies. Recently, government launched Ayushman Bharat program for all the poor people of India who can't afford the higher expenses of medicines and hospitals.

According to this program, these poor people are given the health insurance of about Rs. 5 lakh which can be used at the time of any medical emergency so that no poor person should be died because of financial shortage.

This health insurance has certainly changed the lives of people as the medical expenses of the policy holders have reduced. This also proves to be game changer for the poor people who previously could not afford the expensive bills of hospitals. Now, with the aid of health insurance, a policy holder can get treatment without any financial issue.



If we compare Indian health insurance sector with that of other countries then it can be said that in India, it needs more promotion as most of the people especially in rural part of India are uneducated and they don't have the proper awareness about the importance of health insurance.

Hence, it is reported that the number of health insurance policy holders in urban cities of India is more than that of rural villages. This is an area of concern for the government. On the other hand, it can be seen as the golden opportunity for the health insurance companies as they have a good density of population to be targeted to sell their products related to the health insurance.

This health insurance is also beneficial for those persons who can't afford the costly treatment of private hospitals as it is observed that the cost of the treatment is much higher in private hospitals as compared to the government hospitals. Hence, health insurance provides the fund for the treatment whether from government or private hospitals.

In order to claim for the fund, the policy holder must be eligible for all kinds of terms and conditions provided at the time of purchasing the plan. If all the terms and conditions are fulfilled then the policy holder is provided with financial aid at the time of hospitalization. These mediclaim policies are like best friends for the policy holders who help them financially in critical time.



The problem of health sector in India is that its infrastructure is not good enough and there is lack of health workers in this sector. Indian health insurance sector is also growing but not at the expected speed and hence, it is required to enhance the awareness about the need of health insurance among the people of India.

In financing of health services a country may, in principle, choose between public financing through general taxation or private financing through health insurance. Public financing is justified where equity concern overrides efficiency objective. Where the opposite is true, reliance is often placed on the private insurance market. Equity considerations in private insurance market can generate inefficiency and market failure as it involves tradeoff between desired distribution and the distorted incentives that accompany such redistribution. Therefore, where equity is the prime consideration it can best be achieved under public financing. In practice no health financing system is either purely public or private. Countries where private health insurance dominates, some public financing can still be observed. Similarly, some private insurance can be seen even in a public funded health system. All insurance systems, public or private, must strike a balance between economic efficiency and equity.

The choice between public health financing or private insurance is hardly available to countries like India because of their governments' limited



ability to marshal sufficient resources to finance health spending, and also because the nature of employment (where majority of workers are self-employed, or do not have a formal employer or steady employment) is such as to provide little scope for payroll taxes. Given this, heavy reliance on private spending is necessary for financial reasons, notwithstanding the declared policy of the state to provide universal, comprehensive primary health services to the entire population. Private spending may also be desirable on efficiency grounds. But the form that bulk of private spending takes need to change from out-of-pocket payments to private insurance.

DISCUSSION

Insurance or pooling of risks through prepaid schemes has a number of advantages. Besides being more equitable, it is one of the significant drivers of improvement in the healthcare provision by encouraging investment and innovation. Also, it helps improve the quality and efficiency of public health care system by continually benchmarking it. Private insurance has certain pitfalls too such as leaving out the low-income individuals who may not be able to afford premium, denying coverage to people who are sick, and limiting the coverage for high-cost conditions or services.



In a country like India where public health care suffers from poor management, low service quality, weak finances, and lack of responsiveness to patients' needs and demands, development of health insurance is likely to bring improvement in public health care system. Even the private health sector in India that has grown in an undirected fashion, with virtually no effective guidance on the location and scope of practice, and without effective standards for quality of care or public disclosure on practices and pricing.

Development of health insurance will necessitate improvement in private sector as well. The pitfalls associated with private health insurance can be reduced through appropriate regulation. To the extent that certain per cent of population can be covered through private health insurance, development of health insurance will tend to reduce the need for government financing of secondary and tertiary care. This would help government to develop and maintain smaller and well targeted system of health care financing to serve people who would not have access to private insurance, and to address public health priorities such as immunizations that are quasi-public goods.

Before launching any major health initiative, there ought to be a well articulated vision of health care system for the country, and public health policy must be devised to realise that vision. Ideally, certain basic health



services, including inpatient care, must be made available to every member of the society. These services must be paid through insurance, which means that every member must have health insurance cover or at least have access to health insurance, with government subsidising insurance premium, in full or in part, for those who cannot afford it.

For those who cannot afford, alternate approaches with some public subsidy are suggested. However, while operationalising the idea, this conceptual distinction gets blurred. Government's attention gets confined only to those who are below the poverty line. While those below the poverty line definitely need to be covered with government support, the non-BPL population with low-income also need to be covered, with or without government support, since market insurance is likely to bypass this section as well.

CONCLUSION

Health insurance scheme for the poor should take care of not just the inpatient or hospital care, as designed in the proposed scheme, but also of the outpatient care. It is often suggested that insurance be provided only for inpatient care and that outpatient care be left outside the ambit of insurance.



The reasons given are: that people can, by and large, afford out-patient care because it is relatively inexpensive; it is the inpatient care that pushes them into poverty trap; that administratively it is difficult to include outpatient care; and, that out-patient care would lead to cost escalation. Ideally, both inpatient care and outpatient care be covered, and the decision of whether or not a patient needs hospitalization be professionally made and should not be a function of whether or not the patient has health insurance cover.

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