Consumer Awareness Leads to Effective Implementation of Health Insurance Programmes

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Abstract— Consumer awareness is the key to the growth of any business. First, if the consumers are aware of their need of health insurance then the business associated with beating the uncertainty or risk through providing timely assistance, in meeting the healthcare expenses through the Health Insurance can be successful. Secondly, Health Insurance is part of a health care product purchasing program where people can safeguard their self against all unpredictable and predictable health care needs. For easing the burden of health care, treatment, related expenses there is a need of some strategies which will cater the need of the people. Health insurance programmes are now considered an integral part of healthcare financing. This paper aims at studying how the health insurance business can be effective through enhancing the consumer awareness with focusing on the need of the customer. The paper also suggested some strategies for the Insurance companies by which they can get a competitive advantage by focusing on enhancing consumer awareness and by spreading the awareness to the nook and corner of India.

Keywords— Service; Innovations; Process; Confidence; Reliability; Awareness.

Introduction

Health insurance is part of a health care product purchasing program where one can safeguard their self against all unpredictable and predictable health care needs. Major illness or accidents treatment can be unaffordable and may leave one poorer by thousands of rupees. It becomes especially worse when the patient needs specialized care. Expenses are unavoidable and the situation leaves an individual mentally devastated, also burning deep hole in their pocket by increasing the out-of-pocket expense. The family balance is affected, all those various comforts of live have to be given up and the family has to make do with bare minimum necessities only. In such circumstances, the only solution available for is health insurance. At this point of time health insurance is coming as a lifeguard. The health Insurance will help to tackle such situation with ease by providing with timely and adequate medical care by helping in terms of monetary support. The financial burden of footing huge medical bill is taken care of by health insurance. Besides if the accident causes lifelong disability to the patients, the earning member of the family, the health insurance provider company will come to the rescue at the time of crisis. The uncertainty of disease or illness is accentuating the need for insurance system that works on the basic principle of pooling of risks of unexpected costs of persons falling ill and needing hospitalization by charging premium from a wider population base for the community. For easing the burden of health care, treatment, related expenses there is a need of some strategies

which will cater the need of the people. Indian healthcare sectors is estimated to grow to around 280 billion $ by 2020. (Data Source FICCI). According to World Bank and PWC data 39 million Indians falls below the poverty line each year because of health care expenses. 47% of rural Indians and 31% of urban Indians finance their healthcare needs by loans or sell all assets. 70% of Indians spends all their incomes on Healthcare and buying drugs. 30% of Rural Indians do not visit hospitals because of high medical expenses. With the coming of the globalization era the Healthcare Service Sector is getting patients from US, Europe, Asia and other developing nations. Healthcare is one of the largest service sectors is India offering employment to around four million people and it growing at a compound annual growth rate of 16 per cent. The Healthcare Sector is now giving full emphasis on getting equipped with specialist doctors, trained paramedical staff, latest equipment, liberal use of IT, hygienic environment, comfortable and updated infrastructure to keep it more relevant and customer friendly. Health awareness among people in India is increasing, for regular health check-ups. Health insurance programmes are now considered an integral part of healthcare financing. Third Party Administration (TPA) is a service given to medical policyholders by providing cashless facility for all hospitalizations. The policy holder will have full freedom to choose the hospitals from Empaneled Network and utilize the service as per his choice. Priority treatment at hospital is given without any payment to be made at the time of admission so also at the time of discharge. Thus complete cashless treatment available to Policy Holders. Ignorance about health insurance is the biggest challenge in front of health insurance business. The customer awareness about the health insurance programmes and policies is very important for growth of health insurance business. Hence the need for health insurance in India cannot be overlooked and there is a need to reinvent the insurance business especially the health insurance.

Review of literature

Various studies and reports related to the present study were reviewed. Some of the important study reports and findings are highlighted here. The burden of healthcare expenditure in the rural area was twice in 1986-87 as compared to 1963-64, and supported the view that avenues for additional revenue earning lie more in the secondary and tertiary hospitals. Some introspection is needed, particularly when the abnormal increase in prices of medical care took place as compared to the non- food items, but still there is an increase burden of healthcare expenditure and concluded that the health planners would have to pay more consideration towards these aspects in order to enhance healthcare services at a reasonable cost (Sanyal,1996). In

the study of the community's preference on the various aspects of health insurance, the study revealed a low level of awareness about health insurance, and also provided evidence that quality of care and cost are the two important factors the community's decision to subscribe to any health insurance plan (Sodani P. R. 2001). High willingness to participate in health insurance programme was mainly from low-income individual, because the middle and high-income household already have some form of insurance. All low-income individuals want health insurance at a low cost, show the minimum price is the main force governing their selection for health insurance products. (Gupta,2002). The Health system in India and showed that health and socio-economic development are so closely related, that it is impossible to achieve one without the other. (Ramani and Mavalankar, 2006). The "one-size-fits- all" health insurance products are not suitable to low income person in India (Dror, 2007). Family Religion, type of family, occupation, income, educational background and socio-economic conditions were the determinants of the awareness about the health insurance. (Reshmi et.al, 2007, Yellaiah,2012). In 2011 IRDA had conducted a survey on consumer awareness about insurance and they found a significant percentage of people had heard of life and health insurance, but there was still a lack of knowledge about various aspects of Insurance claim procedures, yet they are neither aware of the time taken for an insurance claim settlement nor the surrendered value of a policy before maturity. The significant percentage of households is aware of the nomination facility and duty to pay the premium. Usually people are dependent on insurance agents for basic information about insurance and also for taking insurance policies. The households expect all sort of facilitation from the insurance agents. Only educated individuals are preferred to approach directly to the insurance company for claim settlement and redressal of grievances. The research findings have also highlighted the fact that people are not able to clearly comprehend the extent of coverage being offered under particular insurance plans, resulting in low insurance penetration and this has varied economic and sociological explanations.(IRDA survey report 2011). Lack of awareness is a cause for people not having health insurance policy. Income of the household is related to willingness to pay the health insurance premium. (Bawa & Ruchita, 2011). The higher the education and higher income had a positive relationship with awareness of health insurance (Yellaiah, 2012). Rising Medical bills cripple aam admi and publicly financed insurance ineffective in cutting out-of-pocket spend. Most insurance schemes focus primarily on hospitalisation. (TOI-16 Mar-2012) Maintaining the Integrity of the Specifications

OBJECTIVES OF THE STUDY

The main objectives of the study are as follows:

• To assess the awareness level of consumers, regarding health insurance plans and the sources of awareness for the health insurance plans.

• To find out the barriers of consumer awareness about health insurance plans

• To examine the relationship of demographic characteristics with awareness level of consumers about health insurance plans.

In the present study following hypothesis has been formulated and tested:

H1: There exists a relationship between the gender of respondents and their awareness level about health insurance plans.

H2: There exists a relationship between the age of respondents and their awareness level about health insurance plans.

H3: There exists a relationship between the marital status of respondents and their awareness level about health insurance plans.

H4: There exists a relationship between the education level of respondents and their awareness level about health insurance plans.

H5: There exists a relationship between the occupation of respondents and their awareness level about health insurance plans

H6: There exists a relationship between the income of respondents and their awareness level about health insurance plans.

Research Methodology

A descriptive research was used to gain an insight into the awareness level of the respondents about the Health Insurance policy offered by Insurance companies. Hypotheses have been formulated to assess the relationship between the demographic characteristics of the respondents and the awareness level of the respondents. Primary data were collected for the research. A total of 250 questionnaires were distributed and 200 were returned. All the 200 data were included for analysis. The respondents are all health insurance policy holders. An undisguised structured questionnaire was used for the research. Six demographic variables were investigated as covariates in this research. These variables were as follows: age, gender, marital status, educational qualification, occupation, monthly income. The descriptions of demographic variables are mentioned in Table-1. The questionnaire also has the questions pertaining to sources of awareness and barrier to awareness about the health insurance plans. The sample size used was 200 respondents from Delhi & NCR. The Statistical tools used were through the SPSS.19.0 software for analysis. The respondents were selected on the basis of convenience sampling. The questionnaire is personally administered to the valued customers in English and also explained them for better understanding. The variable for the study of barriers of awareness about health insurance plans are selected after consulting some experts in health insurance marketing area. The variables are shown in Table-

4. Since, the variables identified might not be exhaustive; other variables can be explored in subsequent studies.

Data Analysis:

The data have been analysed to meet each of the objectives of the study.

Descriptive Statistics

Analysis of demographic variables as follows:

There were 50 females and 150 males, ranging in age from 18 to 65; 108 subjects (54%) were aged between 36-45. 80 subjects were single and 120 were married. As to educational background, there were 60 subjects who had post graduate. 65 subjects were private employment followed by 50 in government employment and 40 were self-employed. In relation to income, 120 subjects had a monthly salary of less than 25,000 Indian Rupees, and 26 subjects had a monthly income between Rs.25001- 40000.

Table-1 Demographic factors of the respondents

Variable		FREQUENCY	PERCENTAGE
Gender			
	Male	150	75
	Female	50	25
Age			
	18-25	30	15
	26-35	62	31
	36-50	70	35
	50-65	38	19
Education Qualification			
Up to Matric		30	15
Higher Secondary		35	18.5
Graduate		50	25
Post Graduate		60	30
Others		25	12.5
Marital Status			
Married		120	60
Unmarried		80	40
Occupation			
Government		50	25
Private		65	32.5
Self Employed		40	20
Student		22	11

Variable	FREQUENCY	PERCENTAGE
House Wife	18	9
Retired	5	2.5
Monthly Income		
Less than 10000	12	6
10000-25000	108	54
25001-40000	26	13
More than 40001	14	7

Objective-1: To assess the awareness level of consumers, regarding health insurance plans and the sources of awareness for the health insurance plans.

Analysis:

Awareness and knowledge of respondents about health insurance plans: Although health insurance is not a new concept and people are also getting familiar with it, yet this awareness has not reached to the optimum level in the knowledge about health insurance plans.

The awareness level has been checked by administering the questions related to the followings:

1. Service provided by the insurance company
2. Hospital networks
3. Exclusions and coverage
4. Claim settlement procedure
5. Co-payment limits / capping
6. Portability procedure and benefits
7. Provision for riders
8. Information about TPA services
9. Time limits for service processing
10. Recent initiatives by the insurance companies (Example: Top-up, Cash Back in shared accommodation, insurance repository, web aggregators etc.
11. Grievances redressal procedures
12. Tax exemption limit under section 80 D

The respondent showing their awareness in more than 7 parameters above are considered as high-awareness group, awareness about 4-6 parameters are considered as moderately aware and below 4 parameters are minimal awareness group.

It is clear from the table 2 that people had already purchased the insurance policy but the awareness level about the plans in detail is high in maximum number of respondents. In table 3 it is understood that the major sources of awareness about health insurance plan is the agents of the insurance companies followed by the internet and after that the brochures of insurance companies.

Table 2 Awareness level about health insurance plans

	Particulars	Frequency	Percentage
Awareness	High awareness	110	55

| about health insurance plans | Moderate awareness | 68 | 34 |
| | Minimal awareness | 22 | 11 |

Table 3 Sources of awareness about health insurance plans

	Particulars	Frequency	Percentage
Sources of Awareness about health insurance plans	Agents	150	75
	Internet (Websites of Insurance companies)	25	12.5
	Brochures	25	12.5

Objective-2: To find out the barriers of consumer awareness about health insurance plans

Barriers in the awareness of health insurance plans: There are number of reasons which act as barriers in the awareness of health insurance plans. All these reasons/barriers were taken in the form of variables and respondents who are having health insurance were asked to give their response on five point Likert scales ranging from strongly agree to strongly disagree. Where 5 signifies strongly agree, 4 signifies agree, 3 signifies indifferent, 2 signifies disagree and 1 signifies strongly disagree. Thereafter factor analysis was run in order to condense these variables. All these variables along with their description are shown in the table 4.

Statistical tests used:

Factor Analysis: Before the application of factor analysis the reliability of scale items were tested by applying cronbach's alpha. The value of chronbach's alpha was found 0.718 indicated the scale is reliable. Further to test the sampling, Kaiser-Meyer-Olin measure of sampling adequacy is computed which is found to be 0.689. It indicates that sample is good enough for sampling. The factor analysis with rotated principal components and varimax rotation is done to extract the factors responsible as barriers of consumer awareness about the health insurance plans. All this provided that we can proceed with factor analysis and the result of factor analysis over 20 variables shown that there are 4 key factors, which was determined by clubbing the similar variables.

The four key factors are:

Factor-1: Agent problem

Factor-2: Plan/policy difficulty

Factor-3: Consumer Constraint

Factor-4: Accessibility problem

Table 4 List of variables along with their description

Variable	Description
V1	Inadequacy of knowledge of the agents
V2	Lack of clarity in communication by the agents
V3	The language and jargons used in the policy/plan is not easy to understand
V4	The descriptions of the plans are not simple.
V5	More time required to understand the plans in detail.
V6	No prior consultation before going through the plans in detail to avoid negative word of mouth.
V7	Plan Not also self- explanatory etc.
V8	Lack of understanding capabilities of the consumer
V9	Lack of comprehensive coverage in the plans
V10	Lack of reliability and flexibility of the agents
V11	Difficulty to approach insurance agents
V12	Inadequacy of essential information in the plans
V13	Behaviour of insurance agents is not satisfactory
V14	Officials of the insurance companies are not easily accessible
V15	Difficulty in availing services from the insurance companies regarding the clarity about the plans.
V16	The agent is in a hurry mode to sale the policy
V17	Influence of close relative and friends
V18	Paying less attention by the consumer to the policy details as applicable
V19	More important things not revealed during the policy selling by the agent
V20	Careless attitudes of the consumer.

Objective-3: To examine the relationship of demographic characteristics with awareness level of consumers about health insurance plans.

Statistical tests used:

Chi-square: The Chi-square statistics is used to test the statistical significance of the observed association in a cross-tabulation. It assists us in determining whether a systematic association exists between two variables. The null hypothesis is that there is no relationship between the variables. The alternate hypothesis is that there exists a relationship between the variables. The relationship between the demographic variables (Gender, age, marital status, educational qualification, occupation and income) and the awareness level of the respondents about the health insurance plans are tested according to the hypotheses drawn to meet the objective of the study. The test of independence in Chi-square is conducted and it has been observed that the educational qualification of the respondent is associated with the level of awareness, as the p-value of Pearson chi-square value is less than 0.005 and we reject the null hypothesis and accept the alternate hypothesis. The graduates and post graduates are more aware about the health insurance plans than those are less qualified. The

other demographic variables have not shown statistically significant association with the awareness level of the respondents and the p-value is higher than 0.005, so we accept the null hypothesis that there is no relation exists between the demographic variables viz. age, gender, marital status, income and occupation with the awareness level of the consumer about the health insurance plans.

Table 5 List of Variable with factor loading

Factor	Variable	Description	Factor Loading
Factor-1 (Agent Problem)	V1	Inadequacy of knowledge of the agents	0.798
	V2	Lack of clarity in communication by the agents	0.876
	V10	Lack of reliability and flexibility of the agents	0.811
	V13	Behaviour of insurance agent is not satisfactory	0.754
	V16	The agent is in a hurry mode to sale the policy	0.744
	V19	More important things not revealed during the policy selling by the agent	0.679
Factor-2 (Plan/policy difficulty)	V3	The language and jargons used in the policy/plan is not easy to understand	0.834
	V4	The descriptions of the plans are not simple	0.825
	V7	Plan Not also self-explanatory etc.	0.772
	V9	Lack of comprehensive coverage in the plans	0.761
	V12	Inadequacy of essential information in the plans	0.721
Factor-3 (Consumer constraints)	V5	More time required to understand the plans in detail	0.659
	V6	No prior consultation before going through the plans in detail to avoid negative word of mouth	0.644
	V8	Lack of understanding capabilities of the consumer	0.602
	V17	Influence of close relatives and friends	0.597
	V18	Paying less attention by the consumer to the policy details as	0.588

		applicable	
	V20	Careless attitudes of the consumer.	0.584
Factor-4 (Accessibility problem)	V11	Difficulty to approach insurance agent	0.871
	V14	Officials of the insurance companies are not easily accessible	0.865
	V15	Difficulty in availing services from the insurance companies regarding the clarity about the plans.	0.763

Summary and Conclusion:

As the consumer awareness is the key to success of any business associated directly with consumers, health insurance business cannot be successful without the enhancement of consumer awareness. This study has made an attempt to know the awareness level of the consumers who already have health insurance plans, the sources of consumer awareness about health insurance plans are also highlighted in the paper. The association of demographic variables (gender, age, marital status, education, occupation and income) with the awareness level has been examined in the paper and it has been observed that only educational qualification has association with the awareness level of the consumer and other demographic variables are not showing statistically significant association with consumer awareness level. The barriers of consumer awareness about health insurance from the consumer point of view has been deliberated upon and four factors are emerged namely; Factor-1: Agent problem, Factor-2: Plan/policy difficulty, Factor-3: Consumer Constraint, Factor-4: Accessibility problem , which are the four factors responsible as barriers of consumer awareness about health insurance plans. By overcoming these barriers the consumer awareness about health insurance plan can be successful. This study is limited to the Delhi and NCR region and a limited sample size and also the respondents are health insurance policy holders. Further study can be done by considering other factors such as rural and urban population and also the non-insured persons. Further study can also be carried out in other parts of the country for generalization of the awareness level of the consumers about health insurance plans.

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