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Rural Nilgiris-A Potential Market for Health Insurance Companies

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Abstract

Today, life has become vulnerable to various risks. The one most important is facing a medical adversity. These medical adversities have a direct relationship with poverty. The below poverty line group constitutes the major population of the Nilgiris. The reasons may be many, but one among them is meeting medical emergencies. The percentage of middle class and upper middle class are very low because the district is not an industrial area. Health insurance can be used as a tool to overcome the middle income group's medical emergencies. This paper presents their awareness and willingness to pay for health insurance and also attempts to identify whether the Nilgiris is a potential market for health insurance companies.

Keywords:

Medical adversities
out-of-pocket expenses
medical insurance
universal coverage
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The biggest enemy of health in the developing world is poverty" said the former UN Secretary General Kofi Annan. Globally, there is a direct relationship between poverty and poor health. Poverty creates hunger, which in turn leaves people vulnerable to disease. Poverty denies people access to reliable health services and affordable medicines and causes children to miss out on routine vaccinations. Poverty creates illiteracy, leaving people poorly informed about health risks and forces into dangerous jobs that harm their health. So, to be healthy is very important. To have access to proper health care is all the more important. Health security is also very vital and hence it becomes one of the important objectives of independent India to give coverage to its masses which would enhance its economy indirectly. For the rural poor, accessibility to quality health care service has become a threat to their income. To rescue its population from this threat, the central government and many state governments have introduced various government

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funded health insurance schemes. Apart from that there are various other private health insurance schemes in India.

"Health is a fundamental right" –was declared by World Health Organization (WHO) in 1948 and the ALMA declares "Health for All"- if health is the fundamental right, isn't it the duty of the policy holders to lay down policies accordingly. In the current health Insurance scenario, there are a lot of challenges and barriers in implementing the so called "Universal Coverage"- in almost all the countries worldwide. Even though each country is coming out with its own scheme, not one country has achieved proper financing for health insurance. In India around 26% of the people are living below the poverty line and the illiteracy rate is also very low. In this scenario, Universal Coverage is a challenge for the policy makers.

The central government and also various state governments have come out with different schemes which would finance the health needs of people. For the policy makers, the challenge is to find ways to improve upon the existing situation in the health sector and to make equitable, affordable and quality health care accessible to the population especially the poor and the vulnerable section of the society.

In the year 2016, NSSO released its 71st report which says about 80% of the Indian population is not covered under any health Insurance and only 18% is covered and in this 18% in Urban India 12% is covered under government funded schemes and in rural India 13% is covered under government funded schemes.

In 2018 budget, the Finance Minister of India Arun Jatley announced a health Insurance Scheme for the poor. As per the scheme, in the next 3 years around 100 million people will be benefiting from the scheme.

HEALTH INSURANCE-NEED OF EVERY INDIVIDUAL:

India is a country with a huge population and about two-third of its population live in rural areas. The 2012 World Health Organization survey states that among 250 million Indians who are under poverty line, 200 million are from rural India. The rural people are pushed below poverty line because of many reasons. An in-depth scrutiny of the problem reveals that one of the reasons is that they are not able to meet the medical emergencies. Health insurance would be the best possible solution for this, but 85% of the rural people are not health insured. The statistics of WHO states that hospital admission of 31% of the urban households and 47% of the rural households are financed by borrowings from friends or relatives, loans with high rate of interest or from selling assets. Additionally, about 3.2 % of the Indians fall prey to poverty because they are unable to meet the medical adversities. Medical emergency may be an unwelcomed guest and it comes in the most unwanted time unannounced, but when it enters the house it has to be treated. At these times of adversities, one needs to get good medical facilities without feeling the pressure of financial burden, for this health insurance is a need for every individual.

HEALTH INSURANCE SCENARIO IN THE NILGIRIS DISTRICT:

The Niligiris District has a population of around 10 lakhs with six taluks. It is a place of tourist interest because of its pleasant climate and greenery. Added, it has become an abode for rich during the summer season. It has also become a hub for the retired. This forms the upper class of the district and they do not seek their medical care inside the district. The below-poverty line group includes people who work as coolies in the tea fields or some unorganized sectors. The BPL population also includes the schedule castes or the schedule tribes. These people either do their traditional occupation like agriculture, honey collection, knitting, pottery, gracing animals, etc or work in unorganized sectors as there is no sufficient income in their

traditional occupation. The percentage of middle class and upper middle class are very low because it is not an industrial area. This sector of the society seeks their medical care within the district but largely is covered under the state government's or central government's health insurance schemes. The middle class constitutes government employees, private employees, business people, small estate owners etc. Among them, the ratio of government employees is considerable low. Whether this segment of the society seeks its medical care inside the district or outside, the expenses are met from out-of pocket.

STATEMENT OF PROBLEM:

The middle class and the upper middle class of the district are pushed below the poverty line when they face medical adversities. The government- sponsored health insurance scheme can be availed by people whose income is below Rs.72, 000 per annum and hence the middle and upper middle income group cannot avail this scheme. The problem identified here is how the medical expenses of these groups can be covered with. Medical insurance can be a clear-cut solution, but are the people aware of these companies and what type of medical insurance policies have potential market in this district.

LITERATURE REVIEW:

B. Reshmi, Sreekumaran Nair, K.M. Sabu, and K.M. UnniKrishnan in their paper "**Awareness of Health Insurance in South Indian Population- A Community-Based Study"** made an analysis as to whether people are aware of health insurance in Mangalore city. The research concluded that the middle and low income groups are a potential market as they are ready to pay premium for health insurance. *Mrs. A Priya and Dr. R. Srinivasan* in their research paper "**A Study of Customer Awareness towards Health Insurance with special reference to Coimbatore City**" studied the awareness of the general public towards health insurance companies. The researchers conclude that the only way to finance healthcare in a country like India with the rising cost of medicine is through Health insurance mechanism. In *Sonal Kala and Dr.Premila Jain's* research paper "**Awareness of Health Insurance Among People-With Special Reference To Rajasthan (India)"** concludes that around 55% of the people are not aware about health insurance. *Desai Bhavesh, Desai Ravi, AlgotarGaurang, Desai Kanan T., and Bansal RK* in their research paper "**Health Insurance Effects and Awareness"** says that general public has a positive attitude towards health insurance. L*.M. Manjula, .G. Viswantha , Kanchana Nagendra'* s research article " **Health Insurance Coverage And Its Awareness Among Population In The Rural Field Practice Area Of Adichunchanagiri Institure Of Medical Sciences , B G Nagara, Karnataka"** is a cross-sectional study which was carried out among 295 households and the outcome was that most of the respondents were covered by health insurance policies and majority of them were not aware of available insurance schemes, risks and benefits.

RESEARCH GAP:

A review of the research work done by different researchers at different point of time reveals that there had been no study to find whether the Nilgiris' middle income group is a potential market for health insurance or not. The district is a hill station where healthcare facilities are low; an attempt is made to study the need of health insurance in the Nilgiris.

SAMPLING:

The rural middle income class of the Nilgiris district is the population of this study. The sample respondents were selected from three villages in the Nilgiris district based on the community of the residents

(Kodamalai, a badaga village, Kovil medu a village where a mixed community of people dwell and Bettu Manthu, (a tribal village). From these villages, care was taken to select people whose income is above 72,000 per annum and who are not covered under the government-sponsored health insurance. This criterion was identified by checking their ration card and by asking direct questions to the respondents. Among them, 50 respondents were selected at convenient sampling method. Interview schedule was prepared and one-on-one direct interviews as well as telephone interviews were conducted with these respondents in the native language to get accurate answers. It was taken care that all the respondents belong to the age group 25 to 60 keeping with the ability to purchase health insurance.

RESEARCH METHODOLOGY: Simple percentage analysis and chi-square test are the statistical tools used. These tests were performed with the help of SPSS 20.0.

OBJECTIVES:

1. To study the awareness of Health Insurance among the rural middle income group of the Nilgiris.
2. To study the percentage of rural middle income group people of the Nilgiris district who are covered under public and private health insurance schemes.
3. To study the willing to pay for medical insurance among the rural middle income section of the Nilgiris district.
4. To identify the potential market for health insurance products in the rural Nilgiris.

ANALYSIS AND INTERPRETATION:

Demographic Profile: The demographic profile of the rural middle income class of the Nilgiris was studied as the first step. Among the respondents male (58%) were more than female (42%). A majority of the respondents were above 55(42%), from 45 to 55 there were 32% of respondents, 35 to 45, there were 22% and from 25 to 35 only 4% of the respondents. A vast majority of respondents (83%) were married against unmarried (17%). Majority of the respondents (76%) had only school level education, 12% of the respondents were post graduates, 8% were graduates and only 4% had professional degree. Percentage on their occupation revealed that a majority of the respondents were agriculturists (48%), private employees 22%, government employees 18% , business 10% and there were only 4% professionals. About 56% of the respondents income were in between 5, 00,000 and 10, 00,000; 36% earned 4 to 5 lakhs, 4% earned between 2 to 4 lakhs and another 4% earned in between 72,000 to 2 lakhs.

Awareness and Potential Market for Health Insurance:

As a way to derive the answer for the framed objectives, the following null hypotheses were formulated.

H1: There is no significant association between the different demographic profiles studied and awareness of health insurance among the rural middle income group of the Nilgiris district.

H2: There is no significant association between awareness of health insurance and the people covered under health insurance among the rural middle income group of the Nilgiris district.

H3: There is no significant association between the people who are covered under health insurance and the willingness to pay premium for health insurance among the rural middle income group of the Nilgiris district.

Chi-square test was used to study the association between the demographic profile and awareness first. The outcome is presented in table 1.

Relation between socio demographic variables and awareness of health insurance

Table 1.

Variables	*Aware*	*Not aware*	*Total*	*Chi-square*	*P value*
Gender					
Male	*20*	*9*	*29*	*.030*	*.863(<.05)*
Female	*14*	*7*	*21*		
Age					
25-35	*2*	*0*	*2*	*6.665*	*.083(<.05)*
35-45	*5*	*6*	*11*		
45-55	*14*	*2*	*16*		
Above 55	*13*	*8*	*21*		
Marital Status					
Married	*26*	*16*	*32*	*4.482*	*.034(>.05)*
Unmarried	*8*	*0*	*8*		
occupation					
Agriculture	*10*	*14*	*24*	*15.839*	*.003(>.05)*
Govt.employee	*9*	*0*	*9*		
Business	*5*	*0*	*5*		
Professional	*2*	*0*	*2*		
Private employee	*8*	*2*	*10*		
Income					
72,000-2,00,000	*0*	*2*	*2*	*21.040*	*.000(>.05)*
2,00,000-4,00,000	*0*	*2*	*2*		
4,00,000-5,00,000	*8*	*10*	*18*		
5,00,000-10,00,000	*26*	*2*	*28*		
Education					
UG	*4*	*0*	*4*	*7.430*	*.059(<.05)*
PG	*6*	*0*	*6*		
Professional degree	*2*	*0*	*2*		
School	*22*	*16*	*38*		

The chi square test of independence depicts that marital status; occupation and income of the respondent have significant association with the awareness about health insurance whereas the other demographics like gender, age and education did not have significant association with awareness of health insurance.

Hypothesis 2 and Hypothesis 3 were tested using chi square test, the results are as under:

	Chi	*P value*

	square	
Awareness about health insurance and whether the person is covered under health insurance.	*6.637*	*.010*
Covered under health insurance and willingness to pay for health insurance.	*2.686*	*.101*

Hypothesis 2 was rejected which indicated that awareness about health insurance has significant association with the number of respondents who are covered under health insurance (chi square value: 6.637 and P value: .010). On the other hand hypothesis 3 was accepted inferring the number of respondents covered under health insurance has no direct association with willingness to pay for health insurance (chi square value 2.686 with a P value of .101) thereby giving the answer that the respondents who are not covered under health insurance are willing to pay for health insurance.

CONCLUSION: Among the 50 respondents selected, demographics like gender, age or education did not have significant association with awareness of health insurance whereas occupation, marital status and income of the respondents had. The study shows that there is a significant association between awareness of health insurance and respondent covered under any health insurance inferring that majority of the people who are aware of health insurance were covered under health insurance. Test of association between respondents covered under health insurance and willing to pay for health insurance is negative indicating the respondents who are not covered under health insurance are willing to pay for health insurance. It is clear that who are aware but are not covered under health insurance are the potential customer whom the health insurance company have to focus. The rural middle income section of the Nilgiris thinks that health insurance can be used to overcome the crisis due to medical emergencies.

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