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THE INFLUENCE OF HEALTH INSURANCE ON THE ACCESS TO HEALTH CARE AND FINANCIAL RISK PROTECTION OF HOUSEHOLDS IN CALICUT

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Abstract
Realizing the importance of health as a driver of economic prosperity, developing countries are striving to spend a higher percentage of their GDP on healthcare. However, governments of developing countries like India are facing a major challenge in allocating higher percentage of their scarce resources towards the health sector due to increasing competitive sectored demands in liberalized environments. As a result, increasing inequality in health outcomes across socio-economic groups is observed in many developing countries including India. Due to the fear of high healthcare cost and its impoverishing impact, poor people depend more on traditional healers, self-medication and advice of pharmacists or, could avoid treatment .Here it comes the importance of health insurance to protect against the unforeseen financial risk. Thus the present study will look towards the financial risk protection offered by the health insurance sector and also it sees the financial security provided by the health insurance of the government and it also look towards the out of pocket spending pattern of households. From the study it is found that health insurance have an influence on the health care spending and health insurance provides a financial risk protection and it also found that the RSBY scheme is not that much satisfactory and also the amount of coverage is much lower.
***Key Words**: health insurance, out of pocket expenditure, financial risk protection, RSBY*

1. Introduction

The wellness of any community is determined by the health of its population. A minimum acceptable level of health standard is essential for an individual for his survival. An individual will be able to realize the full potential of his life, only if he is healthy. Health is to be treated as foundation of all productive activities. Thus health is necessary for the development of a nation. A healthier community is necessary for a wealthier nation. Thus in order to maintain a healthy status it is required to have access to the health care systems. But now a days health care access is treated as highly expensive sector. Hospitalisation for the major disease will lead to indebtedness and sometimes impoverishment. Because a huge sum of out of pocket expenditure is required for curing that disease .from world bank report reveals that 69 Percent of the health care expenditure in India is still from the out-of-pocket expenditure. The increasing cost of medical treatment and other related services is unattainable to common man. Health is a human right. Providing a secured and affordable health care to the population is the prime goal of a nation. Health insurance will give an adequate financial relief to the individuals.

Naturally, health insurance has been emerged as one of the financing options to overcome issues and problems faced by the health care system. Health insurance is compiled with wide variety of policies. These range from policies that cover the healthcare ,cost of doctors and hospitals/clinics and also includes the cost for paying the long term care also. . Thus the present study will examine the influence of health insurance on the health care access among individuals in Kerala and also this will looks towards the financial risk protection health insurance policies along with the financial risk protection of RSBY policies.

1.1 Research Problem

Health plays an important role in modern economic growth and a healthy work-force is understood as the key to economic growth and sustainable development and health insurance has emerged as one of the better financing mechanism towards achieving equitable healthcare of the population.

From the literatures analysed it is identified that with the help f health insurance it will provides a timely access to health care , it also promotes effective utilisation f health care, and also it will helps to avoid the catastrophic expenditure irrespective of different sections f the society. one of the other study reveals that health insurance has not been able to provide enough financial protection but it increased the problem moral hazard , that means unnecessary access of health insurance services, problem of choosing the more expensive option for their health care, particularly deals with private health care providers. The above said studies were contradictory in nature ,thus here it arises a new problem that whether the health insurance will have an influence on the access of health care or not as well as it arise an another question that does the health insurance provides financial risk protection to its holders or not ?. Thus the present study will tries analyse about the influence of health insurance on the health care access and also studies abut the financial risk protection of the health insurance sector.

1.2 Objectives of the Study

The main objectives of the study are;

- To analyze about the health service utilization behavior and the impact of health insurance among the households in Calicut district.
- To examine the out of pocket expenditure and the impact of health insurance.
- To evaluate the effectiveness of public health insurance schemes (RSBY) and other health insurance schemes on the financial risk protection of households.
- To understand about the health status and the health care expenditure of different socio-economic groups in Calicut .

1.3 Significance of the Study

India has been enjoying a considerable progress in public health since independence. Even it is experiencing a tremendous growth in the health insurance sector. It has been noted that , India's health expenditure is primarily from out of pocket expenditure . It has been identified about 24 percentage of the population had some medical insurance that will includes public , private sector commercial insurance , central scheme for the weaker sections of the society , employer based scheme and community health insurance.

The increasing cost of medical expense is actually far beyond the reach f a common man. The escalating cost of medical treatment today is beyond the reach of a common man. If in case 0f emergency there have to spent a huge sum of money . it can be collected in the form of room rent, doctor's fee, medicines and related services. Thus it won't be acceptable for a common lay man. Here it comes the importance of a health insurance. If there exist any health expenditure it will helps to have financial relief . In case of a

medical emergency, cost of hospital room rent, the doctor's fees, medicines and related health services involves a sizeable amount. Therefore, health insurance provides the adequate financial relief. It can be treated as a tool for the financial protection. Health issues creates the greatest threat to their lives with the non- availability of financial resources. .

In this context, Indian insurance market needs evolution of newer models that integrate delivery and financing of health care that meets the changing requirements of different market segments and different socio economic groups. Especially in a state like Kerala where human development index is in par with the western countries awareness of people on health insurance is comparatively low due to many reasons. Therefore the present study will wish to examine the influence of health insurance on the access to health insurance as well as it also will look towards the financial risk protection among the households.

1.4 Methodology and Data Base

The study used a descriptive research approach based on both primary and secondary data. The primary data necessary for the study has been collected from 80 health insurance holders from the Kozhikode district by employing Simple Random Sampling Method. Out of the respondents 40 are having health insurance promoted by several private companies as well as some government companies an the rest of the 40 is purely from the RSBY holders. Secondary data were collected from the reports, books, journals, websites etc.

2.Health Insurance

Health insurance is a mechanism of pooling resources and sharing risks and uncertainties among many people (Bhat, 2004). It is a programme that determines the extent to which it an act as an effective tool for developing and financing health services within the constraints of a given country's costs and coverage (Patric,2008).The priority of health insurance must be to cover health events which may lead to large financial losses. The ILO defines health insurance as" the reduction or elimination of the uncertain risk of loss for the individual or household by combining a larger number of similarly exposed individuals or households who are included in a common fund that makes good the loss caused to any one member"(ILO, 1996). To put it more simply, in a health insurance programme, people who have the risk of a certain event contribute a small amount (premium) towards a health insurance fund. This fund is then used to treat patients who experience that particular event (e.g. hospitalisation)(Devadasan, 2006).It guarantees some form of equity in the health care sector and the focus is on contributory arrangements to tackle the risk. A recent study on health care expenditure shows that private health care expenditure has grown at a rate of 12.84 percent per annum and for each one percent increase in per capita income private health expenditure has increased by 1.47 percent (Bhat, 1996). In order to meet the excess burden of private health expenditure, health insurance is a viable alternative. Based on the ownership of the scheme, health insurance can be categorised as follows: state based system, market based system, member organisation based system and private household based system. Social health insurance scheme is organised by the state or public bodies, public resources or the taxes levied from workers which is its major source of funding. Under private insurance system both individuals and groups can have voluntary coverage and here also insurance premium is the major source of finance. Under community based

insurance, the expenditure is covered by the community or by community organisation or NGOs. In a competitive health insurance market, the equilibrium is the function of market forces. However, due to some demand and supply side imperfections, there are inherent problems in health insurance market. The important constraints on insurance contracts are moral hazards, adverse selection, covariate risks and information problems. According to Arrow (1963) and Pauly (1968), moral hazard is a major constraint in the medical insurance market. In medical care market the policy holders do not consider the insurers costs and tend to demand more(consumer moral hazard) while the providers in the unregulated health care market have an incentive to render more services than what is medically appropriate(providers moral hazard). The measures used to contain this problem by insurance companies may ultimately burden the policy holder The objective of any insurance is to protect people from risk. In majority of the situations, the insurance protects policy holders from certain unique health risks and it is expected that these risks are not related to others in the insurance pool. However, under covariate or collective risk, as the same problem affects everyone in the insurance pool, there won't be any gain from the insurance contract to the insurer. The stronger the degree of positive covariance, the higher will be the cost whereas negatively correlated risks will have the effect reducing the total cost of risk bearing. Information asymmetry is now a major cause for the failure of many insurance contracts as information has a significant bearing on insurance contracts. The severity of moral hazard problems and adverse selection depends on the differences in the availability of information between the insurer and policy holders.

2.1.Health Care Financing

Financing is the most critical of all determinants of health system (Rao, 2005).The effectiveness of health care is determined by the way the financing of health care systems is structured and organised (Bhat, 2004). In recent times health care has become almost unaffordable and has given rise to serious equity issues in different countries since health care is a justifiable right. In financing health care services, a country may choose between public funding through general taxation or private finance through health insurance (Ahuja, 2004). The scope of the applications of health financing policies needs to be examined from the perspective of the public finance functions such as revenue collections, pooling resources, and supplying

services. These functions are required to be evaluated for the capacity of the country to improve health outcomes .The outcomes must be achieved in such a way as to realise the principle of equity, efficiency and financial sustainability. As different countries operate within different economic, cultural, demographic and epidemiological frame work, the development of a suitable health care financing system depend on the contextual, historical as well as various factors dominating the political economy of the country (Upadhyay,2006).

2.2Health Insurance in India.

Unlike other countries, the health care financing in India depends on government funding through budgetary allocations and private financing (Bhat,2004). The role of the latter has increased significantly in recent years and most of it is constituted by the private out of pocket expenditure. In the absence of an effective regulation of private health services, health care costs are inevitably high and it is the people belonging to the lower income classes who suffer the most. Owing to the abnormal growth of private sector, the health care has now become almost unaffordable and has given rise to serious equity issues.

Hence it is imperative to find an alternative mechanism to finance the health care needs of the people especially the poor. Health insurance is one such alternative. Social Security for medical emergencies is not new to the Indian ethos as villagers follow the common practice of taking collections to support a household with a sick patient. However, as a social ecurity measure health insurance was introduced in the country in 1912 when the first insurance act was passed (Devadasan,2004). Later the current version of Insurance Act was introduced in 1938. In 1972 the insurance industry of the country was nationalised and GIC (General Insurance Corporation) came into being by amalgamating 107 private insurance companies in the country. In 1999 as follow up to new economic policy, the government of India enacted Insurance Regulatory and Development Act(IRDA) in 1999 which allowed private as well as foreign entrepreneures in the Indian insurance market. Though many insurance companies are present in the Indian market, the penetration of health insurance is low in the country. It is estimated that only about 3 to 5 percent of Indians are covered under any form of health insurance (Rao, 2005). In terms of market share, the size of the commercial insurance is about 1 percent of the total health spending in the country. A few reasons are attributed for low penetration of health insurance in rural as well as urban areas of India such as low awareness and inability to comprehend the benefits of health insurance coverage, unavailability of the schemes addressing individualized needs, no mechanism available to the beneficiaries allowing for a systematic appraisal of the quality of services provided, lack of insurer efforts to promote health insurance and negligible number of providers in rural areas for availing the benefits of insurance. The Indian health insurance sector is a mix of mandatory Social Health Insurance (SHI), voluntary private health insurance including mediclaims, community based health insurance(CBHI) and employer based schemes. Health insurance thus plays an unimportant role in the Indian health ecosystem. The existing mandatory health insurance schemes in India such as Employees State Insurance Scheme(ESIS) and the Central Government Health Scheme(CGHS) were started in 1948 and1954 respectively an in the year 2003 RSBY health insurance were also introduced as a social health security for the poor population.

2.3 Out of Pocket Expenditure

An estimation of Out of Pocket Expenditure on health is very essential to understand the reach of any health system. Many times the World Health Organization reiterated the importance of reducing high OOP spending on health, and that the ultimate responsibility for the overall performance of a country's health system rested with the government. In fact low OOP spending and high government health expenditure is a sign of a functional health system. WHO's global health expenditure data base reveals that India's ranking worsened from 2004 to 2011 and the country is now behind Kenya, Ghana, and Bangladesh in both OOP health expenditure and government expenditure (Srikant, 2014).The private sector dominates the Indian health care system both in health provision and financing. India is now one among the developing countries where households spend a disproportionate share of their consumption expenditure on health care, with the government's contribution being minimal. According to NSSO,2005 an average Indian household spends about 5 to 6 percent of their total consumption expenditure on health and nearly 11 percent of all non- food consumption expenditure. A state wise analysis (of only 15 major states in India) reveals that though Kerala is a leading state in terms of health indicators it accounts for the highest household spending in India, with a little over Rs 17000 per annum. This is followed by Haryana and Punjab with an annual household spending of Rs 10000 per year (Rao, 2005). It is also found that the excessive OOP in these three states is in the midst of comparatively higher public spending on health care.

Although Tamil Nadu's public expenditure on health is high,its household spending is among the lowest compared to other states. India is now in the midst of a dual disease burden of communicable and non communicable diseases. This will get compounded with high drug and diagnostic cost. Consequently, around 24 percent of all people hospitalized in India fall below poverty line (World bank,2002). Out of pocket medical costs alone may push 2.2 percent of the population below the poverty line in one year.

3 .Results and Discussion

3.1 Correlation

i. There is no significant relationship between the sector of health care service utilization and type of health insurance policy possess among the households in Calicut .

Table no: 3.1.1 Correlations

		sector	type of health insurance
sector	Pearson Correlation	1	.037
	Sig. (2-tailed)		.822
	N	40	40
type of health insurance	Pearson Correlation	.037	1
	Sig. (2-tailed)	.822	
	N	40	40

Source : primary data, level of significance 5%

The above table shows that the calculated value is .822 is greater than .05 , therefore we accept the null hypothesis. That is there is no relationship between the sector of health care service utilisation and the type of health insurance policy possessed by insurance holders.

ii. There is no significant difference between the monthly income and premium paid by the household.

Table no : 3.1.2 Correlations

		MONTHLY INCOME	premium
MONTHLY INCOME	Pearson Correlation	1	-.285
	Sig. (2-tailed)		.045
	N	40	40
Premium	Pearson Correlation	-.285	1
	Sig. (2-tailed)	.045	
	N	40	40

The above table reveals that the calculated value .045 is less than the table value .05 ,therefore we can reject the null hypothesis that is there exist a relationship between the monthly income and premium paid by the households. Thus it conclude that monthly income have an influence on the premium payment.

iii. There is no association between occupation and premium paid by the household.

Correlations

		premium	family members
premium	Pearson Correlation	1	.120
	Sig. (2-tailed)		.0461
	N	40	40
family members	Pearson Correlation	.120	1
	Sig. (2-tailed)	.0461	
	N	40	80

Source : primary data , level of significance 5%

The present study shows that the calculated value .0461 is less than the table value, thus we can reject the null hypothesis, that is there exist a significant relationship between the occupation and the premium amount paid by the households.

iv. There is no relation between the ownership of the house and the sector of health care service utilization among the households.

Table no : 3.1.3 Correlations

		ownership of house	sector
ownership of house	Pearson Correlation	1	-.181
	Sig. (2-tailed)		.264
	N	40	40
Sector	Pearson Correlation	-.181	1
	Sig. (2-tailed)	.264	
	N	40	40

Source : primary data , level of significance 5%

The table shows that the calculated value .264 is greater than the table value .05 , there fore we can accept the null hypothesis , that is there is no relationship between the ownership of the house and the sector of health care service utilisation.

v. There is no relationship between the out of pocket expenditure and the type health insurance policy possess

Table no : 3.1.4 Correlations

		oop exp	type of health insurance
oop exp	Pearson Correlation	1	.328*
	Sig. (2-tailed)		.039
	N	80	40
type of health insurance	Pearson Correlation	.328*	1
	Sig. (2-tailed)	.039	
	N	40	40

*. Correlation is significant at the 0.05 level (2-tailed).

From the table it is found that the calculated value .039 is less than table value .05 , thus the null hypothesis can be rejected. That means there exist a relationship between the type of health insurance possessed ad the out of pocket spending made b the household.

vi. There is no relationship between the monthly income and type of policy possess

Table no : 3.1.5 Correlations

		MONTHLY INCOME	type of health insurance
MONTHLY INCOME	Pearson Correlation	1	-.088
	Sig. (2-tailed)		.048
	N	40	40
type of health insurance	Pearson Correlation	-.088	1
	Sig. (2-tailed)	.048	
	N	40	40

Source : primary data , level of significance 5%

From the above table it is found that the calculated value .048 is less than table .05. thus we can reject the null hypothesis. That means there exist a relationship between the monthly income and the type of health insurance policy possess.

3.2 Anova

a) There is no association between the type of health insurance and the influence of health insurance on policy holders.

3.2.1 ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Presents	Between Groups	1.671	1	1.671	4.727	.036
	Within Groups	13.429	38	.353		
	Total	15.100	39			
pvt sec hospital	Between Groups	.045	1	.045	.033	.856
	Within Groups	51.555	38	1.357		
	Total	51.600	39			
health insurance wont influenced	Between Groups	2.318	1	2.318	1.189	.282
	Within Groups	74.082	38	1.950		
	Total	76.400	39			

Source : primary data .level of significance 5%

The above table shows that , from the first row shows that a calculated value .036, it is less than the table value .05 . Thus we can reject the null hypothesis. That is there exist a relationship between the type of health insurance policy possess and the presents of health insurance on approaching hospital for treatment. That means health insurance policy have an influence on treating disease.

From the second row it found that the calculated value .856 is greater than the table value .05 , so we can accept the null hypothesis , that is there is no relationship between the type of health insurance policy possess and approaching of private sector hospital for treating disease.

From the third row, it is found that the calculated value .282 is greater than table value .05, thus we can accept the null hypothesis , that is there is no relation between the type of health insurance policy possess and the health insurance's influence of health care spending.

b) There is no association between premium paid and source of payment of medicare.

Table no : 3.2.2 ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
current income	Between Groups	.064	3	.021	.218	.883
	Within Groups	3.536	36	.098		
	Total	3.600	39			
Savings	Between Groups	1.043	3	.348	1.413	.255
	Within Groups	8.857	36	.246		
	Total	9.900	39			
borrowings from banks	Between Groups	.757	3	.252	.994	.407
	Within Groups	9.143	36	.254		
	Total	9.900	39			
borrowings from friends	Between Groups	.296	3	.099	.368	.777
	Within Groups	9.679	36	.269		
	Total	9.975	39			
sale of asset	Between Groups	.243	3	.081	.600	.619
	Within Groups	4.857	36	.135		
	Total	5.100	39			
health insurance	Between Groups	.918	3	.306	1.244	.308
	Within Groups	8.857	36	.246		
	Total	9.775	39			

Source : primary data

From the table, it is found that all calaculated values are greater than table value , since we can accept the null hypothesis , that is there is no relationship between the premium paid and source of payment of medicare.

c) There is no relation between the out of pocket expenditure and the evaluation of the RSBY system.

Table no : 3.2.3 ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
usefulness of RSBY	Between Groups	1.936	5	.387	.549	.738
	Within Groups	23.964	34	.705		
	Total	25.900	39			
Benefit due to RSBY	Between Groups	.878	5	.176	.212	.955
	Within Groups	28.097	34	.826		
	Total	28.975	39			
amt of coverage is less	Between Groups	3.269	5	.654	.419	.832
	Within Groups	53.106	34	1.562		
	Total	56.375	39			
inclusion of life saving surgery	Between Groups	1.408	5	.282	.448	.812
	Within Groups	21.367	34	.628		
	Total	22.775	39			
Inclusion of OP facility	Between Groups	5.911	5	1.182	.854	.522
	Within Groups	47.064	34	1.384		
	Total	52.975	39			

Source : primary data , level of significance 5%

The above table reveals that the calculated values like .738 , .955 ,.832 , .812 , .522 etc. are greater than the table value .05 , therefore we can accept the null hypothesis there is no relationship between the out of pocket expenditure and the analysis about RSBY.

3.3 t-test

- There is no relation between health insurance policy usage and the financial risk protection.

From the study it is found that there exist a relationship between the health insurance and meeting unexpected expenditure and there is no relation between health insurance use and the timely availability of health insurance , thus it reveals that health won't get on time. Third hypothesis is that health expenditure are mainly paid through health insurance, in the present study the calculated value is greater than null hypothesis, since we can reject the null hypothesis. The next hypothesis reveals that the health insurance policy will protect from uncertain financial crisis, from the study it is found that the calculated value is less than the table value , we can reject the null hypothesis, that means health insurance was giving a protection to health insurance holders.

4. FINDINGS

From the study it is found that majority of the health insurance holders possess private sector health insurance policies. It also identified that there exist a relationship between the health insurance and meeting of unexpected expenditure. That means the health insurance have an influence on meeting the unforeseen expenditure and also it reveals that the health insurance will helps to meet the uncertain financial crisis. From the study it is found that there is no relation between the RSBY and out of pocket spending. That means it can be identified that RSBY doesn't have an influence on the out of pocket spending. It also been identified that there is a relation between the premium and monthly income of the households. On the basis of monthly income they chosen the amount of premium. It also found that there exist a relation between premium and occupation, that means on the basis of their occupation they have chosen the premium amount. It identified that ownership of house won't have an influence on the type of hospital chosen.

5 .CONCLUSION

Now a days Health insurance plays an important role in the health care sector. The government authority also given much more importance to the health care sector. Because undoubtedly we can say that health is the main factor , a healthier person can produce much more than that of an unhealthier person. Thus we can say that health plays an important role in a person's life. In the present study it was attempted to analyze about the influence of health insurance on the health care access and financial risk protection. From the current study it also given much more importance to the RSBY Rashtriya Swashtya Bhima Yojana schemes too. From the current study it had been found that the health insurance policies were provided a financial risk protection to the policy holders. But the RSBY was not that much satisfactory among the RSBY holders , as per their opinion the amount of coverage under this policy are much lower. And also from the study we can identify that the policy holders chooses the premium amount is based on their income levels. Thus it means that socio-economic elements are also have an influence. It also understood that RSBY is not having that much effect on the out of pocket spending of household. Thus govt should have to take much care towards the health insurance field.

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