
HEALTH INSURANCE IN INDIA - STUDY OF CHALLENGES AND PROSPECTUS

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ABSTRACT

Health Insurance is a mechanism that protects people from unexpected financial burdens arising from unforeseen illness or injuries. It prevents out-of-pocket payments in obtaining health care services. The research paper discusses the Constitutional provisions that protect the Right to Health and prescribes an obligation on State to provide adequate health facilities. The Paper elaborates on the existing regulatory framework that governs the public health insurance sector in India. It also throws light on the current government schemes for public health policies and Schemes. It examines the contemporary challenges that prevent practical implementations of Public health facilities. It explores the concept of Universal Health Coverage and tries to find out limitations creating problems in the effective implementation of UHC. Paper provides suggestions or methods for better performance of schemes and to eliminate existing ones.

HEALTH INSURANCE IN INDIA: INTRODUCTION

"A tremendous amount of needless pain and suffering can be eliminated by ensuring that health insurance is universally available."

-Daniel Akaka

Health insurance is a kind of insurance by which essential medical expenses are covered. It helps protect the expenditure related to illness, pay for medical expenses related to surgeries, drugs and medicine prescription, reimbursement against treatment for any injury. Health insurance is a mechanism by which financial expenditure or risks are covered. It protects people from catastrophic and unforeseen financial hardship or burden due to sudden illness or injury.

The Indian healthcare system has been developed and modernized since independence. The availability of advanced health care facilities and efficient medical personnel has been improved to some extent.¹ Nevertheless, there is a constant struggle between urban-rural disparities, i.e., health care facilities are primarily available in urban areas only, and there is a severe lack of medical infrastructure and health services in rural areas.

Moreover, the current existing healthcare system is not fully equipped to afford health facilities by the public, financial resources, quality of services, effective utilization of existing resources, etc. In India, most people seek treatment from private hospitals instead of going to public health facilities or government-run hospitals.²

People spend household money on healthcare services, and unexpected health financing is usually settled by out-of-pocket payments. The advancement of technology and a gradual increase in medical expenditure led to high health care costs. Health insurance can be an ideal solution to such kinds of financial expenses.

¹ Mr. SHIJITH V.P. & Dr. T.V. SEKHER, *Who Gets Health Insurance Coverage In India? : New Findings from Nation-Wide Surveys*, (May 29, 2021, 8:29 PM), http://iussp.org/sites/default/files/event_call_for_papers/shijith_health_insurance.pdf.

² A Sheeba & Dr. A. Seilan, *Health Insurance Sector in India : Growth and Future Prospects*, International Journal of Applied Management research, 507-511, (2010).

There are three types of health insurance plans³, i.e., Private health insurance; Social or public health insurance, community-based insurance plans, or micro-insurance.

- Private companies sell their health insurance policies that are risk-related offers to cover healthcare costs in private health insurance.
- Social or public insurance schemes are not risk-related government-sponsored or managed health schemes that provide healthcare treatments and services; they are generally given to underprivileged groups in a society.
- In community-based insurance plans or microfinance insurance plans, insurance schemes are managed by NGOs and microfinance institutions where they form self-help groups to provide health care facilities and services.

Government plays a significant role in improving the healthcare system; it regulates the private players in the insurance sector, brings new public health schemes or community-based insurance policies, and provides feasible solutions to the complications existing in the system.

In India, the Health Insurance sector has an inadequate coverage of the population. A majority of people do not voluntarily buy health insurance policies.⁴ Such a low range may be a lack of awareness about the benefits of health insurance in people; a high amount of monetary resources and cost is involved in private insurance schemes. Therefore, it cannot be easily affordable by most people.

As mentioned above, in India, the primary source of healthcare financing is out-of-pocket private payments, and an increase in healthcare costs proliferated the requirement of health financing. This type of undesirable private expenditure causes catastrophic implications on the overall growth and development of a country. Health insurance is a valuable solution to this problem, especially in a country like India, where there is low per capita income, and a substantial amount of the population lives below the poverty line.

A practical and well-functioning health insurance sector is required to cover risks related to healthcare services and protect the people's interests and well-being. There are three types of healthcare services, first is a primary care facility that includes diagnostic and testing, second

³ *Id at 7.*

⁴ Shivany M Vinoth, *Awareness, Challenges and Opportunities of Health Insurance in India*, 5, *Journal of Management Research and Analysis*, 89-98, (2018).

is hospital care that requires surgery and medical treatment, third is the supply of medicines or medical equipment or both.

Various forms of health protection schemes and insurances help establish a robust health insurance sector. However, before discussing the existing insurance schemes, there is a need to discuss the constitutional provisions related to the Right to health, then fundamental laws or regulatory framework that governs India's insurance sector.

The Health Insurance market or industry has the following key stakeholders: IRDA (Insurance Regulatory and Development Authority), central government-funded schemes or insurance policies, Employee's State Insurance Schemes, Public health insurance schemes, private health insurance policies, insurance companies, etc.

RIGHT TO HEALTH AND INDIAN CONSTITUTION

The health sector is a fundamental requirement in the social and economic development of any country. To achieve and maintain economic growth, India as a developing country requires a robust healthcare system. The Right to health is not given explicitly in the Indian Constitution; however, it has been recognized as part of the constitution in various landmark judgments delivered by the Indian Supreme Court.

Supreme Court recognized the Right to health care and protection under Article 21 of the Indian Constitution as a fundamental right. Right to health is an inherent component of 'Right to life.' In this section, the Indian Constitutional Scheme related to the Right to health care and protection is discussed in the following manner.

Right to Health and Fundamental Rights

Part III of the Indian Constitution provides for fundamental rights, and they are enforceable in a court of law. Article 21 provides for the protection of life and personal liberty, which says that no person can be deprived of their personal liberty except according to procedure established law.⁵ Right to life cannot be restricted to mere animal existence. It includes more

⁵ India Const. art. 21.

than just physical survival, such as the Right to live with dignity, Right to Food, Right to livelihood, Right to health, Right to have a pollution-free environment, etc.⁶

In numerous decisions, Supreme Court has expanded the scope of Article 21 by judicial interpretation. Due to such understanding, the Right to life includes the Right to health care and protection.

- In *Paschim Banga Khet Mazdoor Samity & others vs. State of West Bengal & others*,⁷ Supreme Court held that Article 21 imposes an obligation on State to safeguard the Right to life of every person as it is of paramount importance. Court held that it is a primary obligation of the government to provide adequate medical care and facilities to its people in a welfare state.

Thus, both government hospitals run by the government and medical officers employed under those hospitals are duty-bound to extend appropriate medical assistance to a needy person. Otherwise, failing to provide adequate, timely medical treatment results in violation of the Right to life under Article 21. In this case, Supreme Court has also given further directions regarding the treatment of severe medical issues, adequate facilities at public health centers, availability of beds & ambulances in emergencies, etc.

- In another landmark judgment, *State of Punjab & others vs. Ram Lubhaya Bagga, etc.*⁸ Supreme Court held that it is the foremost duty of State and its authorities to prioritize the health of its citizens. Improvement of public health and providing medical facilities are paramount and sacred obligations of the State under Article 21 read with Article 47. The State cannot deny its obligation to provide medical facilities; otherwise, it would be ex facie violation of article 21.

In this case, the Court upheld the new State policy for a government employee to get treatment in private hospitals in India. The Court justified the state government's approach to fixing scale or rate prices for reimbursement in case employee gets medical treatment in private hospitals.

⁶ Francis Coralie vs. Union Territory of Delhi, 1981 SCR (2) 516 (India).

⁷ Paschim Banga Khet Mazdoor Samity & others vs. State of West Bengal & others, (1996) 4 SCC 37 (India).

⁸ State of Punjab & others vs. Ram Lubhaya Bagga etc., (1998) 1 SCR 1120 (India).

- In *Consumer Education & Research Centre and others vs. Union of India & others*,⁹ Court held that the Right to health and medical care is a fundamental right under Article 21 read with articles 39(c), 41, and 43 of the Indian Constitution. The Court upheld that State (either Union or State government) or any industry (private and public) is encouraged to take any measures to promote the health and strength of a workman during his service and after retirement to live his life with health and happiness.

Therefore, Court held that the Right to health and medical aid that protects health and vigor while remaining in service and post-retirement is a fundamental right under article 21.

Right to Health and Directive Principle of State Policy

Directive principles of state policies, commonly known as DPSPs, are given under part IV of the Indian constitution. These principles are non-enforceable in the Court of law. These directives cast obligations on State to improve health care facilities to achieve social order to promote the welfare state. However, Supreme Court read these principles along with fundamental rights to provide purposive constitutional interpretation.

It is the State's duty to raise the level of nutrition and the standard of living and improve public health.¹⁰ The State shall also direct its policies towards securing workers' health and strength and give children opportunities to develop healthily,¹¹ providing maternity relief.¹²

Right to Health and Preamble

Indian constitution aims to achieve the goals of the welfare state along with a socialistic pattern. Preamble reflects the aims of Constitution makers as it provides for social and economic justice to the people of India. Principles of social justice improve conditions living conditions of people and advance the health care system in the country.

Right to Health and Local Government

Not only union or state governments are responsible for improving the health care system in the country, but also the local government, i.e., Panchayat and Municipalities, owns a

⁹ *Consumer Education & Research Centre and others vs. Union of India & others*, 1995 SCC (3) 42 (India).

¹⁰ India Const. art. 47.

¹¹ India Const. art. 39, cl. (f).

¹² India Const. art. 42.

responsibility towards public health. They are responsible for maintaining the following matters concerning the protection of public health, matters such as¹³ drinking water; health and sanitation including hospitals, primary health centers, and dispensaries; family welfare; women and child development; public health, sanitation conservancy, and solid waste management; water supply for domestic, industrial and commercial purposes, etc.

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

In the Constitution of India, Insurance is a subject covered under the Union list, i.e., the Central government has the authority to make law on this subject. The government of India nationalized life insurance in 1956 and general insurance in 1973.¹⁴ In 1999, an act of parliament established the Insurance Regulatory and Development Authority (IRDA), following the recommendation of the Malhotra Committee report and by which entry of private companies in the Indian health insurance sector is allowed, and IRDA becomes the regulatory body governing the insurance market in India.¹⁵

IRDA regulates and supervises life insurance companies and public insurance companies that are carrying out their business in India. The main objective of IRDA is to control the insurance sector or industry and to protect the policyholder's interest.¹⁶

IRDA performs several functions,¹⁷ such as supervisory role, issuing rules and regulations to insurance companies to operate their policies; advisory and guiding role towards insurance industry; make changes in or control the rate or charges of insurance schemes; promote the insurance sector and help them to become efficient organizations.

IRDA also grants registration certificates to the insurance companies, and it has the power to renew, modify, cancel and withdraw those registrations if any violation occurs. IRDA also issues rules and regulations regarding business conduct, and it has the power to inspect,

¹³ India Const. art. 243G, Schedule 11.

¹⁴ Arjun Bhattacharya & O'Neil Rane, *Nationalisation of Insurance in India*, Centre for Civil Society, the Indian Economy.

¹⁵ History of insurance in India, Insurance Regulatory and Development Authority of India, (June 05, 2021, 8:20 PM), https://www.irdai.gov.in/ADMINCMS/cms/NormalData_Layout.aspx?page=PageNo4&mid=2

¹⁶ Understanding the Role of IRDA in Indian Insurance Sector, 2020, (June 4, 2021, 7:45 PM), <https://www.acko.com/insurance/what-is-irda/>

¹⁷ What is IRDA (Insurance Regulatory and Development Authority)? (June 5, 2021, 7:30 PM), <https://www.godigit.com/guides/what-is-irda.>

investigate, audit, or call for information of any registered insurance companies or any other institution related to them. It also specifies the fees or charges that are levied by it for the performance of its functions under the IRDA act.

Important Role of IRDA

An essential role of IRDA in the Indian insurance sector includes the following aspects;

1. IRDA protects the interest of the policyholders and helps them in getting fair treatment from insurance companies.
2. IRDA helps the insurance sector grow its business efficiently so that it can protect the public interest and perform its functions transparently.
3. IRDA ensures that insurance claims are to be settled and recovered expeditiously. It also monitors the claims so that no policyholder's shares will be rejected or denied unnecessarily.
4. IRDA ensures that any malpractices and frauds should not be performed over policyholders. It has also established a grievance redressal mechanism for the same.
5. IRDA ensures that the insurance companies should implement the self-regulatory mechanism fairly and systematically. Insurance companies should maintain higher standards of financial stability in the market system.
6. IRDA is responsible for taking adequate actions against the violators. It promotes the standards related to integrity and impartiality.

EMPLOYEES' STATE INSURANCE ACT 1948

The Act is labor welfare legislation, aims to bring social and economic justice to the poor labor class of our country. The purpose of this Act is to provide security to industrial workers by introducing social insurance policy. Under social insurance, several benefits such as health care facilities and cash are given to employees in sickness, maternity, and employment injury, including death or occupational diseases.

The Act provides insurance for all the employees working in the factories, employing ten or more persons or establishments/ shops employing 20 or more persons.¹⁸ Employees are entitled to get medical treatments and other health benefits from the day they entered into insurable employment. Compensation to dependent family members is given if the insured employee dies during the course of employment.

In addition, the Act provides for the establishment of Employees' State Insurance Corporation to look after the administration and implementation of the insurance scheme given under this Act.¹⁹ Moreover, the corporation can take measures for the improvement of the health and welfare of insured persons, and it can promote measures to provide rehabilitation and re-employment to disabled and injured persons, etc.

This Act provides that the central government will constitute a 'Medical Benefit Council',²⁰ which will advise corporations on the administration and implementation of medical benefits.

PUBLIC HEALTH INSURANCE POLICIES

To overcome the hurdles related to financial expenses spend over medical services involving high-cost treatment facilities. In order to help the underprivileged families in availing the costly healthcare services, Central Government has introduced various healthcare financing schemes that are designed to provide financial help to those sections of society who cannot afford these healthcare facilities. The two most important and recently established government-sponsored Scheme are discussed below;

1. Rashtriya Swasthya Bima Yojana

Rashtriya Swasthya Bima Yojna (RSBY), also known as National Insurance Programme, is a government-sponsored scheme made for the citizens of India, who are covered under the BPL category, i.e., below the poverty line and to those citizens who belong to low-income strata group.²¹ This Scheme was launched on April 1, 2008, as a project under the Ministry of labor

¹⁸ Employees' State Insurance Corporation, Ministry of labour & Employment, Government of India, (June 5, 2021, 7:15 PM), <https://www.esic.in/web/esic/introduction-act>.

¹⁹ The Employees' State Insurance Act, 1948, §3.

²⁰ The Employees' State Insurance Act, 1948, §10.

²¹ Rashtriya Swasthya Bima Yojana, National Portal of India, (June 4, 2021, 8:10 PM), <https://www.india.gov.in/spotlight/rashtriya-swasthya-bima-yojana>.

and employment, the government of India. In October 2014, the government revamped this Scheme and handed over this Scheme to the Ministry of health and family welfare.²²

In this program, the policyholder and his family can claim insurance benefits. It covers more benefits than any commercial plan. It covers the following services, such as expenses related to hospitalization, cost related to pre-hospitalization (medicines and diagnostic tests) and post-hospitalization (surgeries, operations), transportations fees, costs associated with dental treatments, surgical procedures, or day-care treatments, maternity benefits, etc.

Essential features of RSBY include²³ a low premium offer as the fees will be paid by the government jointly, i.e., State and central government both; it provides guaranteed treatment to poor people; there is no age limit to get enrolled under this scheme commercial health plans. The Scheme benefits policyholders and their families and other stakeholders involved in providing health services, such as NGOs and microfinance institutions.

There are other advantages of RSBY such as it covers the policyholder as well as his family, certain insured sum up to which a person can claim expenses, there is no waiting period provided to avail the benefits of this Scheme, it also covers pre-existing diseases of the policyholder, and there is no waiting period for it as well. Now, this RSBY scheme is available under Ayushman Bharat Yojana.²⁴

2. Ayushman Bharat: National Health Protection Scheme

Ayushman Bharat is a National Health Protection Scheme brought by the NDA-ruled Modi government. In this Scheme, the government aims to provide free access to healthcare facilities, and it will cover ten crore poor people, around 50 crore people from vulnerable families and groups. This Scheme is also known as Ayushman Bharat Pradhan Mantri Jan Arogya Yojna (AB PM-JAY). This Scheme was launched on September 23, 2018, and comes under the Ministry of health and family welfare.

Ayushman Bharat Scheme will be subsumed the ongoing central government schemes related to health protection, and they are Rashtriya Swasthya Bima Yojana (RSBY). Another one is

²² Rashtriya Swasthya Bima Yojana, (June 4, 2021, 8:12 PM), <https://vikaspedia.in/social-welfare/unorganised-sector-1/schemes-unorganised-sector/rashtriya-swasthya-bima-yojana>.

²³ Rashtriya Swasthya Bima Yojana, National Portal of India, (June 4, 2021, 8:13 PM), <https://www.india.gov.in/spotlight/rashtriya-swasthya-bima-yojana>.

²⁴ About Pradhan Mantri Jan Arogya Yojana (PM-JAY), Ayushman Bharat, (June 4, 2021, 8:22 PM), <https://pmjay.gov.in/about/pmjay>.

the Senior Citizen Health Insurance Scheme (SCHIS).²⁵ Ayushman Bharat's mission is available and rolled out to the people covered as beneficiaries in all the districts of all the States and the Union Territories in India.

There is a defined financial benefit limit in this health scheme, and it covers the amount of Rs. 5 lakh that is available per family in a year, and there is no restriction on coverage benefits whatsoever in the family size.²⁶ By this Scheme, health benefits will be provided across the country. Any beneficiary covered under this health protection scheme will be allowed to obtain cashless healthcare services from any private or public-run hospitals available across the country.

One of the vital core principles on which the Ayushman Bharat Scheme runs is co-operative federalism, where states are provided complete flexibility to implement this Scheme. A beneficiary can avail of health care treatments from any impaneled hospitals, i.e., either public health facilities or private health facilities. This Scheme does not have limitations for enrolling as a beneficiary in terms of family size, age, or gender.

Health protection schemes will cover all kinds of diseases, and they will cover pre-existing conditions that are unlikely covered under private health insurance schemes. Under this Scheme, wellness centers will also be established where healthcare services such as detection and diagnosis of diseases would be carried out, especially cardiovascular diseases. The screening will be done for common cancers, mental health care services, etc. These wellness centers will also provide maternal and child health care services, mental health protection, and vaccination procedures for certain infectious diseases.

The government will make payment for treatment or availing other healthcare benefits. A specialized body is proposed to be established at the apex level whose chairperson will be the Union Minister under the Ministry of Health and family welfare, the government of India. This body will be called as Ayushman Bharat National Health Protection Mission Council, i.e., AB-NHPMC. It will give policy direction and helps in fostering better coordination between Centre and state governments to implement the Ayushman Bharat Mission.

²⁵ Ayushman Bharat -National Health Protection Mission, National Portal of India, (June 4, 2021, 8:42 PM), <https://www.india.gov.in/spotlight/ayushman-bharat-national-health-protection-mission>.

²⁶ About Pradhan Mantri Jan Arogya Yojana (PM-JAY), Ayushman Bharat, (June 4, 2021, 8:23 PM), <https://pmjay.gov.in/about/pmjay>.

State Health Agency (SHA)

While implementing this Scheme, states are needed to State Health Agency (SHA), work with NGOs, self-help groups, not-for-profit companies, any existing trust or society, or other state nodal agencies. It depends upon States to choose the implementation process, and they can either opt for SHA or take help from insurance companies. They can make an integrated working model structure for the same.

They will ensure whether funds are reached on time or not, whether the transfer of funds is carried out successfully under Ayushman Bharat's mission by the central government to state health agencies, or whether benefits are received by the beneficiary or not.

Impacts of Ayushman Bharat mission

There are several substantial impacts of the Ayushman Bharat mission in the Indian healthcare system. One of the significant impacts would be it will reduce the financial burden on people's savings, i.e., it will reduce the out-of-pocket expenditure that used to be spent on sudden illness or injuries. This Scheme covers almost 40 percent of the Indian population, mainly comprising of poor and vulnerable families, especially the classes deprived of healthcare facilities.

The data to identify the categories that are needed to be covered under this health protection scheme will be SECC data, i.e., Socio-Economic Caste Census.²⁷ This health protection scheme covers health facilities coming under the categories of secondary and tertiary hospitalizations and will include healthcare expenses for pre-hospitalization and post-hospitalization processes.

The objective of Ayushman Bharat's mission is to increase access to health services and medical facilities. This will prevent causing financial hardship on the families that does not have the capacity to take health insurance plans from private companies. The health protection scheme aims to provide financial assistance and timely treatment of the beneficiary.

This will ultimately help in achieving the target of universal health coverage by the Indian government as this public policy will improve the health outcomes and led to better satisfaction with the medical treatment given to beneficiaries. In the end, it will lead to the advancement in the standard of living as well as the quality of life.

²⁷ Ayushman Bharat -National Health Protection Mission, National Portal of India, (June 4, 2021, 8:45 PM), <https://www.india.gov.in/spotlight/ayushman-bharat-national-health-protection-mission>.

UNIVERSAL HEALTH COVERAGE

United National Sustainable Development Goals (SDGs) are specific targets adopted by nations of the world in 2015.²⁸ Universal Health Coverage is one of the targeted goals set by all nations or countries and decided that this goal must be achieved by the year 2030 by all of them.²⁹ India is also a party to this. Universal health coverage means health care facilities and services are provided to all communities and individuals without causing any suffering regarding financial hardship.

UHC includes essential health services such as prevention, treatment, and rehabilitation. UHC also focuses upon the quality of health care services provided to people to improve their health and prevent them from any disease or death. UHC will deter people from going back to poverty due to financial hardship caused by expensive health care services. It reduces out-of-pocket expenses over health services and protects an individual's life savings and assets.

India is also putting great efforts into providing an affordable healthcare system to achieve the UHC target and pull low-income families out of their poverty. If India manages to achieve this target, it will help in India's growth and economic development in the long run. However, there are specific problems in India's healthcare sector that may cause hindrance to achieve the same.

Challenges in UHC Implementation

Problems such as colossal population; lack of healthcare infrastructure like unavailability of hospitals, doctors, medical staff; lack of financial resources; expensive private treatment facilities; Urban-Rural disparity in healthcare resources; less fund allocation on healthcare services by government, etc.

Even if these problems are taken into consideration, there are various other challenges that affect the proper implementation of universal health coverage.³⁰ Challenges like identification of diseases or facilities that can be categorized as universal, amount of financial protection need to be covered for health services, filtering the individuals or families that required financial

²⁸ What are the Sustainable Development Goals? United Nations Development Programme, (June 5, 2021, 9:33 PM), <https://www.undp.org/sustainable-development-goals>.

²⁹ Universal health coverage (UHC), World Health organization, (June 5, 2021, 9:43 PM), [https://www.who.int/news-room/fact-sheets/detail/universal-health-coverage-\(uhc\)](https://www.who.int/news-room/fact-sheets/detail/universal-health-coverage-(uhc)).

³⁰ Piyush Jain, *India's challenges with Universal Health Coverage*, The Economics Times, (June 5, 2021, 9:50 PM), <https://health.economicstimes.indiatimes.com/news/industry/indias-challenges-with-universal-health-coverage/65515072>.

protection as services could not be distributed uniformly amongst all, as it will call for a massive mobilization of resources.

Moreover, even if government classifies and prioritizes poor and vulnerable groups for healthcare services for an initial period due to shortage of money and leaving other groups to be covered later, this idea will not be helping in achieving the universality aim.

Recommendations

Various solutions can help the health sector of our country in achieving the UHC target, such as

- Increasing public financing on health infrastructure by government in their budget allocations; government should recognize and invest in primary healthcare services;
- Along with primary care, authorities should also focus upon advanced healthcare system and emergency lifesaving health services;
- Healthcare infrastructure, i.e., hospital, doctors, nurses, other medical staff, medical equipment, should be improved; strengthen health facilities in rural areas;
- Provide rural areas adequate medical infrastructure as well as financial resources; include free supplies of essential drugs and medical diagnostics to people;
- Commonly required medical treatments and surgeries should also be included in UHC.

All these solutions and suggestions may help our country achieve the UHC target, but still, a lot of work needs to be done to reach this long way of UHC.

ISSUES AND CHALLENGES IN THE HEALTH INSURANCE SECTOR

1. Rising Cost of Healthcare Services

The cost of medical treatment and services is rising day by day. Healthcare products have become expensive due to advancements in technology, and the production of new drugs and medicines have also influenced the health insurance sector to increase its policy values. High cost reduces the accessibility of health insurance policies for middle-income groups or low-income families. High premium cost requirements in insurance policies are narrowing down the scope of affording the health insurance plans.³¹

2. Claims and Settlement Complications

There arise various difficulties arising at the time of settling the insurance claims, especially in private health insurance companies.³² Unclear terms and conditions provided in health insurance policies and lack of adequate education amongst Indian people cause problems in gaining back the reimbursement against utilized medical services and its related expenses. Moreover, the high claim ratio of policyholders over insurance policies makes this sector unprofitable, resulting in lowering down the financial investment in this sector.

3. Lack of Healthcare Infrastructure

There is no adequate amount of medical facilities available in the country. The shortage of professional doctors, specialists or experts, nurses, and other medical staff is clearly visible. There is non-availability of hospitals, specialized medical equipment to treat diseases, diagnostics machines, primary healthcare resources, etc. The non-availability of essential drugs and medicines at cheaper rates and the expensive nature of advanced medical treatment make it inaccessible to low-income families.³³ The lower quality of services provided in government or public hospitals makes people reluctant to avail the benefits of the public healthcare system.

4. Health Insurance Coverage is low

³¹ Binny & Dr. Meenu Gupta, *Health Insurance in India – Opportunities and Challenges*, 6, International Journal of Latest Technology in Engineering, Management & Applied Science, (2017).

³² Dr. Ramaiah Itumalla & Dr. G. V. R. K. Acharyulu and Dr. L. Kalyan Viswanath Reddy, *Health Insurance in India: Issues and Challenges*, 8, International Journal of Current Research, 26815-26817, (2016).

³³ R. Srinivisan, *Health Care in India - Vision 2020, Issues and Prospects*, (June 5, 2021, 8:54 PM), https://niti.gov.in/planningcommission.gov.in/docs/reports/genrep/bkrap2020/26_bg2020.pdf.

A significant part of the Indian population is not covered under the Insurance policies system,³⁴ which means they are protected neither by public-funded health protection schemes nor by the existing private health insurance policies or strategies. There is an uneven distribution of health insurance schemes in advanced states like Maharashtra, Karnataka, Tamil Nadu, Delhi, Gujarat, etc. In contrast, backward Indian states such as Bihar, Chhattisgarh, north-eastern states do not have better and effective implementation of schemes to cover the majority of their population.

The reason for such low coverage is lack of awareness, education, or low literacy rate amongst people. Low per capita income groups cannot be afforded the high premium required health insurance schemes, poor implementation of centrally-run health protection schemes by states, etc.

5. *Urban-Rural Disparity*

There is a considerable gap in the availability of the medical infrastructure in rural areas compared to urban areas. People have better access to medical treatments and services in urban areas in comparison to rural areas, as the rural community does not even possess a sufficient amount of primary health care services. It is a massive challenge for the government to bring adequate and affordable medical facilities to rural areas mainly comprising of villages.

The disparity in urban and rural areas also exists in terms of the health insurance coverage of people. Insurance coverage in rural areas is lower than the health insurance coverage in the urban sector. Generally, the people belonging to the urban areas are mostly covered under insurance policies, but due to a lack of awareness about the significance of health insurance, villagers are reluctant to invest their money in contingent risk-based health insurance policies.

6. *Public Funded schemes lack Diversity*

³⁴ Dr. Ramaiah Itumalla & Dr. G. V. R. K. Acharyulu and Dr. L. Kalyan Viswanath Reddy, *Health Insurance in India: Issues and Challenges*, 8, International Journal of Current Research, 26815-26817, (2016).

There is a more significant challenge in achieving the higher rate of health insurance coverage amongst people in terms of public-funded or government-sponsored schemes, as it can be located in various government running health protection schemes that only covered the low-income families or vulnerable or underprivileged classes. The rate of per capita income is too low in India that it excludes a large amount of the population from the poor categories and those excluded categories. Families coming under middle-income groups do not possess enough financial resources to bear health care services.

Public-funded schemes are focussed around the poor strata of society. In order to achieve the goals like universal health coverage, government schemes require diverse approaches in providing health benefits to the beneficiaries. It includes poor and vulnerable classes and the middle-income group's people who cannot afford medical treatments and require financial assistance.

7. *Unknown diseases*

Due to the increase in the number of life-threatening diseases that do not have proper curable treatments & procedures are not generally covered under health insurance schemes, especially in private insurance policies. Unidentified diseases patterns that are newly discovered or still in discovery processes are excluded from health policies terms. This causes problems to health insurance consumers to afford treatments or recover their expenses from the insurance sector and in protecting themselves from sudden or unexpected financial burden.

8. *Insufficient Consumers Awareness*

There is a severe lack of consumer awareness in relation to the health insurance sector.³⁵ People are not aware of the importance of health insurance in their day-to-day life. A large number of people still cover their medical bills from out of their pockets and savings. Lack of education amongst the lower strata of society prevents them from investing in insurance

³⁵ Binny & Dr. Meenu Gupta, *Health Insurance in India – Opportunities and Challenges*, 6, International Journal of Latest Technology in Engineering, Management & Applied Science, (2017).

plans due to the risky and contingent nature of health private health insurance plans. Moreover, the challenge in relation to public-funded schemes is that the people are not aware of their privileges and rights in order to obtain the benefits or avail of the health services from government-sponsored health schemes.

9. *Inadequate Financial Resources*

This is the most concerning challenge in achieving universal health coverage in terms of availing the healthcare facilities. A healthcare system can only become efficient if there is a substantial amount of financial resources allocation and those allocations are utilized productively. The government does not allocate a sufficient amount of financial resources in their budgets in the health sector, ultimately creating problems like lack of medical infrastructure, more minor consumer awareness programs, inadequate allocation of resources in the rural sector, and increased healthcare costs, etc.

CONCLUSION & RECOMMENDATIONS

The Right to health is a constitutionally recognized fundamental right. In order to achieve the constitutional goals, State authorities must fulfill their responsibility in establishing and maintaining a proper healthcare system in the country. To improve the standard of living and protect the people in poverty because of the financial hardship or burden resulting from the treatment of illness or injury and out-of-pocket expenses on those medical treatments.

Government must look toward a feasible solution in order to maintain an effective health care system, which is equally responsible for the economic growth and development of our country. Health insurance is an appropriate solution for maintaining an efficient healthcare system. Various types of health insurance plans are available to people in India. Central government-sponsored or public-funded health protection schemes, private health insurance policies system, community-based insurance schemes, NGOs and self-help group's insurance coverage, etc.

All these healthcare solutions help India achieve its SDGs target of Health Coverage. The country aims to provide affordable health care solutions to all individuals and communities to prevent them from facing financial hardship due to medical treatments. Universal Health Coverage is a goal of the current NDA-led Modi government, which can facilitate our country's economic development and growth, and this goal can be achieved by improving healthcare facilities and services.

The government has proposed various health insurance policies that are publically funded or health protection schemes substantially sponsored by the central government and state government. Rashtriya Swasthya Bima Yojana and Ayushman Bharat Mission are the most essential and primarily implemented public insurance schemes covering a large amount of the Indian population. With the help of these schemes, the government covers those groups who cannot access medical care and benefits.

These two schemes play a significant role in attaining the universal health coverage goal. However, there are various challenges in implementing these schemes and other health insurance sector goals. Considerable problems are inadequate public health facilities, low insurance coverage, competition in private healthcare markets, high cost of health services, etc. These challenges can be overcome if the government and regulatory bodies governing health insurance sectors adopt various policy measures.

Measures such as government should increase the amount of financial resources allocation in annual government budgets at both central government and state government level; government should improve the conditions of public health facilities or health services at public hospitals, upgrade the healthcare infrastructure; bring more people under government-funded health protection schemes; remove or reduce the urban-rural disparity in terms of health facilities and insurance coverage; spread awareness regarding the benefits of obtaining health insurance policies, etc.

Apart from these measures, the insurance regulatory body, i.e., IRDA, should bring stricter regulation for expeditious settlement of health insurance claims. IRDA should also impose more stringent penalties for whosoever violates consumer rights and maintain transparency and fair working structure in their health insurance policies.