

A STUDY ON VARIOUS FACTORS AFFECTING BUYING DECISION FOR HEALTH INSURANCE WITH SPECIAL REFERENCE TO RURAL AREAS

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Abstract: Health related issues in India, as anywhere in the world, are subject to vagaries of nature. Health insurance is one mean to protect insuree against risk due to disease. Health insurance has several advantages. An attempt has been made in this paper to evaluate the factors influencing the respondents to take health

insurance under different schemes. The study is based on a sample survey of 120 respondents of Gurgaon district in Haryana. Garrett ranking analysis, with the help of scale and score values, has been employed to draw results and conclusions.

I. INTRODUCTION

Health insurance is insurance against the risk of incurring medical expenses among individuals. By estimating the overall risk of health care expenses among a targeted group, an insurer can develop a routine finance structure, such as a monthly premium or payroll tax, to ensure that money is available to pay for the health care benefits specified in the insurance agreement. The benefit is administered by a central organization such as a government agency, private business, or not-for-profit entity. Health insurance policy in more specified manner is a contract between an insurance provider (e.g. an insurance company or a government) and an individual or his sponsor (e.g. an employer or a community organization). The contract can be renewable (e.g. annually, monthly) or lifelong in the case of private insurance, or be mandatory for all citizens in the case of national plans. Public sector ownership is divided between central and state governments, municipal and Panchayat local governments. Public health facilities include teaching hospitals, secondary level hospitals, first-level referral hospitals (CHCs or rural hospitals), dispensaries; primary health centres (PHCs), sub-centres, and health posts. Also included are public facilities for selected occupational groups like organized work force (ESI), defence, government employees (CGHS), railways, post and telegraph and mines among others. The private sector (for profit and not for profit) is the dominant sector.

Health insurance in a narrow sense would be an individual or group purchasing health care coverage in advance by paying a fee called premium. In its broader sense, it would be any arrangement that helps to defer, delay, reduce or altogether avoid payment for health care incurred by individuals and households. Given the appropriateness of this definition in the Indian context, this is the definition, we would adopt. The health insurance market in India is very limited covering about 10% of the total population.

There are many factors which contribute for someone to choose any health insurance plan, which can be (i) diseases covered (ii) premium to be paid (iii) recommendation by friends, etc.

So keeping all these views in mind we can easily consider that it is quite wide area affected by many sort of factors.

II. LITERATURE REVIEW

Robin Pearson (2002), article surveys recent research on insurance history with the aim of placing these developments in their long-run context. Three areas were examined for evidence of continuities and discontinuities with the past: namely, the impact of technology, the interaction between markets and organizational change, and the globalization of insurance and its relationship to economic growth. Menno Fenger (2010), article tries to fill this gap. It sets out to assess the impact of increasing knowledge about social risks on modern welfare states. It focuses on developments in the fields of pensions, health insurances, and unemployment insurances. Walter L.

Ellis (2003), study examined urban and rural coverage for children of divorce. John Comer (1999), study indicates that incremental policy approaches may not deal adequately with the fundamental problems that result in increases in the number of uninsured Americans and caring for their health care needs. Phillip A. Lewis (2009), Results show that hospital emergency departments attract a greater share of ambulatory care visits by uninsured patients than by patients with either Medicaid or private insurance. Results also show that hospital outpatient departments attract a greater share of visits by uninsured patients or patients with Medicaid than by patients with private insurance. William S. Cartwrighta (1992), found that higher levels of coverage are associated with increased expenditures through higher probabilities of incurring a medical expense and increased levels of expenditures. Those with poor health had a smaller likelihood of having insurance than those with better health status, contrary to the notion of adverse selection. Ricardo Henríquez Höfter (2006), paper analyses the choice of private health insurance in Chile and how this relates to the utilization of health services. The results show the importance of some demographics on the insurance decision, particularly age, gender and marital status. Socio-economic factors such as education, income, employment status and zone of residence, all influence the probability of purchasing private insurance. Joachim De Weerdta (2011), In a panel survey of an informal insurance network in Tanzania found none of the tell-tale signs that insurance transfers follow reciprocal risk sharing arrangements among self-interested individuals: insurance remittances do not occur through informal loans; transfers are not regressive; and they do not fall when shocks are repeated over time. Aradhna Aggarwal (2011), This article analyses equity in enrolment, renewal of enrolment, and utilisation of community-based health insurance with special reference to the Yeshasvini health care programme.

III. OBJECTIVE AND METHODOLOGY OF THE STUDY

differences in the provision of health insurance

To identify the factors which are influencing in rural area for health insurance under different schemes and to find out the problems faced regarding health insurance schemes are the major objectives of the study. This study is an empirical research based on the survey method. In Gurgaon district, there are more than 270 villages out of them, by considering the nearby area Farukhnagar, Chandu, Dhankot, Sultanpur have been selected purposively.

The study is largely based on primary data collected by interviewing the sample respondents personally. A detailed questionnaire embracing the objectives was designed and canvassed to the sample respondents personally. The first-hand information from the sample respondents with the help of an interview schedule was collected. It is decided to use convenient sampling method. Originally, it was planned to collect the data from 120 sample respondents. Due to incompleteness and contradictory information provided it was possible to have only 100 sample respondents as final sample size.

The collected data were tabulated to make it suitable for further statistical analysis. As the respondents come from scattered area with different socio-economic background, there are different factors to different respondents. These factors experienced by the respondents are identified through preliminary investigation. In the study the factors influencing the respondents for availing the health insurance like, diseases covered coverage, attractive schemes, reasonable premium, recommendation of friends/relatives are given in the interview schedule. This section analyses the factors influenced by the sample respondents to insure their health.

To find out the most significant factors influencing the respondents, a list of nine statements relating to the health insurance has been collected from various previous studies and consulting with experts. Garrett's ranking technique has been used. As per this method, respondents have been asked to give rank to various factors and such ranking have been converted into score value shown in Table 1.

Table1: Scale and Score Value for Factors Influencing the Respondents: Garrett's Ranking Analysis

Factors	Rank Scale Value	I 81	II 69	III 62	IV 56	V 50	VI 44	VII 38	VIII 31	IX 19	Total Score	Mean Score	Ranks
Hospitals Empanelled	<i>f</i>	16	14	16	18	12	4	4	12	4	100	56.38	II
	<i>fx</i>	1296	966	992	1008	600	176	152	372	76	5638		
Diseases Covered	<i>f</i>	22	16	12	14	10	14	4	4	4	100	58.44	I
	<i>fx</i>	1782	966	744	784	600	616	152	124	76	5844		

Settlement of claims	<i>f</i>	14	8	6	6	18	18	10	16	4	100	50.38	IV
	<i>fx</i>	1134	552	372	112	900	792	380	496	76	5038		
Tax Saving	<i>f</i>	8	8	8	2	12	2	14	24	22	100	41.9	IX
	<i>fx</i>	648	552	496	112	600	88	532	744	418	4190		
Reasonable Premium	<i>f</i>	16	4	12	6	12	6	14	10	20	100	47.38	VII
	<i>fx</i>	1296	276	744	336	600	264	532	310	380	4738		
Company Reputation	<i>f</i>	10	12	4	4	8	26	6	6	24	100	45.24	VIII
	<i>fx</i>	810	828	248	224	400	1144	228	186	456	4524		
Attractive Schemes	<i>f</i>	4	10	18	18	2	16	12	10	10	100	48.98	VI
	<i>fx</i>	324	690	1116	1008	100	704	456	310	190	4898		
Cash-less Facility	<i>f</i>	2	10	12	22	22	4	16	4	8	100	49.88	V
	<i>fx</i>	162	690	744	1232	1100	176	608	124	152	4988		
Recommendation Of Friends/ Relatives	<i>f</i>	8	18	12	10	4	10	20	14	4	100	51.04	III
	<i>fx</i>	648	1242	744	560	200	440	760	434	76	51074		

Note: x = Scale Value f = Number of respondents fx = Score value

Analysis:

Now we proceed to analyse the finding of the survey. The score and factors values influencing respondents are presented in Table 1.

Table 1 exhibits the factors influencing the respondents to insure their health. The respondents are ranked from I to IX according to their views. It is seen the disease coverage is considered as the major constraint by the respondents with the highest mean value of 58.44 occupying the first place. Hospital Empanelled with mean score of 56.38 is ranked as the second highest. Recommendation Of Friends/Relatives with mean score of 51.04 is ranked as third, Settlement of claims with mean score of 50.38 as fourth, Cash-less Facility with mean score of 49.88 as fifth, Attractive Schemes with mean score of 48.98 as sixth, Reasonable Premium with mean score of 47.38 as seventh, Company Reputation with mean score of 45.24 as eighth and Tax Saving with mean score of 41.90 as ninth are listed in that order. Hence, it can safely be concluded that the disease coverage is the most important factor influencing the respondents to insure their health.

IV. PROBLEMS FACED BY THE RESPONDENTS REGARDING HEALTH INSURANCE

The health insurance faces the problems like Services of hospitals empanelled, Mode of Payment of Premium, Settlement of Claim, etc. However, health insurance is important to safeguard the interest and welfare of the farming community for a variety of reasons. Health is very crucial factor for anyone especially when it costs both in terms of monetarily and physically. If head of any family or any other members of family is having health insurance it helps them a lot in terms of physical as well psychological assurance. In the present study, the problems like Diseases covered, Mode of Payment of Premium, Settlement of Claim, Customer Care Services, Lock-In Period, Services of hospitals empanelled, Cash-Less Claim Facility, Family coverage are provided in the interview schedule. To rank the problems, lists of eight statements relating to the health insurance have been drawn in interview schedule. The sample respondents were asked to rank these statements. To find out the problems faced by the respondents towards health insurance. Garrett's ranking technique was used in compiling the information. Findings are shown in Table 2.

Table 2: Scale and Score Values for Problems: Garrett's Ranking Analysis

Factors	Rank Scale Value	I 79	II 68	III 59	IV 53	V 47	VI 32	VII 20	VIII 31	Total Score	Mean Score	Ranks
Diseases covered	<i>f</i>	22	20	14	20	6	6	8	4	100	58.42	I
	<i>fx</i>	1738	1360	826	1060	282	240	256	80	5842		
Mode of Payment of Premium	<i>f</i>	10	22	20	12	22	6	4	4	100	55.84	II
	<i>fx</i>	790	1496	1180	636	1034	240	128	80	5584		
Settlement of Claim	<i>f</i>	12	4	8	6	4	46	14	6	100	46.06	VI
	<i>fx</i>	948	272	472	318	188	1840	448	120	4606		
Customer Care Services	<i>f</i>	10	8	4	8	6	4	12	48	100	37.8	VIII
	<i>fx</i>	790	544	236	424	282	160	384	960	3780		
Lock-In Period	<i>f</i>	4	10	12	8	20	18	8	20	100	44.44	VII
	<i>fx</i>	316	680	708	424	940	720	256	400	4444		

Services of hospitals empanelled	f	26	18	6	4	6	12	18	10	100	53.82	III
	fx	2054	1224	354	212	282	480	576	200	5382		
Cash-Less Claim Facility	f	8	4	20	26	28	4	6	4	100	52.1	IV
	fx	632	272	1180	1378	160	192	80	5210	100		
Family coverage	f	8	14	16	16	8	4	30	4	100	49.52	V
	fx	632	952	944	848	376	160	960	80	4952		

Note: x = Scale Value

f = Number of respondents

fx = Score value

Table 2 provides the list of the problems faced by the respondents towards health insurance. The respondents are ranked from I to VIII according to their opinion. It is seen that Diseases covered is considered as the major constraint by the respondents with the mean value of 58.42, and Mode of Payment of Premium with mean score of 55.84 is ranked as the second next. Further, not satisfied with Services of hospitals empanelled with mean score of 53.82 as third, Cash-Less Claim Facility with mean score of 52.10 as fourth, Family coverage with mean score of 49.52 as fifth, settlement of claim with mean score of 46.06 as sixth, Lock-In Period with mean score of 44.44 as seventh, and Customer Care Services with mean score of 37.80 as eight are the problems in that order of ranking in health insurance. Hence, it can be concluded that Diseases covered is a significant criteria enlisted by the respondents towards health insurance.

V. CONCLUSION AND SUGGESTIONS

In the present study, it is found that majority of the sample respondents opined that the factor of Diseases covered as a very important factor to insure their health. Hence, it is suggested that insurance companies and government have to undertake effective steps to enlighten the respondents about the significance of health insurance. Similarly a majority of the sample respondents opined that the Mode of Payment of Premium has also been ranked as most significant problem. Hence, it is suggested that proper steps to be taken by insurance companies to

provide flexible payment options. Technicalities and the procedures with regards to claims should be simplified. Coverage of disease should be increased and premium rates collected from the customers should be at least to reach the no profit, no loss stage. As the insurance sector is opened up for private sector, it would be more appropriate to allow the insurance companies to participate actively by taking a lead role at the earliest within the effective regulation and supervision of insurance regulatory and development authority (IRDA). Moreover they should be provided better services from empanelled hospitals as well.

VI. REFERENCES

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