

Customer Satisfaction in Health Insurance: Evidence from India

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Abstract: Health care is a universally considered as a merit good sector as most countries either have a universal health care system or a universal insurance system. India has been following a hybrid system where predominantly the health logistics and health care have been provided by the State and Central government. From a fledgling beginning with Employees' State Insurance Corporate (ESIC) (1952) and Central Government health Scheme (CGHS) (1954), India has come a long way where it has witnessed a plethora of health insurance programs. The latest addition has been the Ayushman Bharat Health Insurance Scheme, which promises to cover 10 crore families with an insurance coverage of 5 lakh. This study tries to compare the Customer Satisfaction Index (CSI) of Government Sponsored Health Insurance scheme with Private Health Insurance alternatives. It has studied two cities (Bhubaneswar and Cuttack) of Odisha, by taking a sample of 400. The Composite Satisfaction Index has taken four parameters viz. value for money (VFM), affordability, claim settlement process and claim settlement amount, to have a comparative picture of the overall satisfaction level. The broad findings are that the overall satisfaction level of government sponsored schemes is significantly higher than the private schemes; largely due to the higher cost of the private insurance scheme. The study does not take into account variables like age, number of dependents, education etc. for arriving the satisfaction index. All the same, it shows broad trends as to how due to high cost of premium and processing hassles, the private insurance schemes have not been able to become the preferred option for those below poverty line and low income groups.

Keywords: Merit Goods, ESIC, CGHS, Ayushman Bharat, CSI, Private Health Insurance, Government Health Insurance.

I. INTRODUCTION

Health care is considered a merit goods sector in every welfare oriented economy. Most governments consider provision of universal health care as a fundamental responsibility, cutting across ideology. Health care benefits is given through national health scheme as in UK, Canada and Australia where the government takes the responsibility of building necessary health care infrastructure to provide health care relief to its citizens. The cost of such national health schemes is borne out by universal taxation. The other model, predominantly practiced in the US, is the universal

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insurance model where the government takes the responsibility of paying the health premium, as in case of Obama care for the poor. India has been adapting a hybrid model where predominantly health care is provided by primary health care centres and health care facilities at district, state and central levels. Elite medical institutes like AIIMS, PGIMER Chandigarh, JIPMER Pondicherry have also come up providing quality health care at affordable cost.

After economic liberalization a large number of private health care hospitals have mushroomed which have become the epicenter of patient rush despite the high cost they entail, as the government hospitals do not provide satisfactory health care. Accordingly insurance provides enormous relief to people at large to approach particularly the high cost private hospitals. India's baby step into the health insurance program started in the 1950s, with the launching of Employees State Insurance Scheme (ESIS) (1952) [1] and Central Government Health Scheme (CGHS) (1954) [2].

However, India's health insurance picture has undergone major change during the last decade with the launching of several more health insurance schemes in the country.

The insurance cover has increased from 75 million in 2007 to an estimated 302 million now. It covers 25%, of the population. The flagship initiatives are Rashtriya Swasthya Bima Yojana (RSBY) [3], Rajiv Rajiv Aarogyasri [4] and Kalaingar [5]. The latest scheme viz. Ayushman Bharat Health Insurance Scheme [6] attempts to cover nearly 10 crore poor families in the ambit of insurance cover of Rs.5/-lakh per family.

II. RATIONALE OF THE STUDY

The study seeks to compare customers' satisfaction from the health insurance services provided by Government sponsored Health Insurance schemes (Public Health Insurance) vis-à-vis Commercial Health Insurance schemes (Private Health Insurance). Health Insurance available in India is of two types – (i) Government Sponsored Insurance (GSI) (ii) Commercial Health Insurance (CHI). The three prominent Government sponsored schemes are Employee State Insurance, Rastriya Swastya Bima Yojna and Central Government Insurance Scheme. Besides these central schemes, some of the state governments have also their own Health Insurance schemes. Commercial Health Insurance products are being marketed by a number of companies, both public and private sector. An attempt has been made to find out the outcome of comparative satisfaction by taking up customers on a random basis in the twin city of Bhubaneswar and Cuttack.

III. APPROACH AND METHODOLOGY

This is an exploratory research to compare the level of customer satisfaction between those who have taken Government sponsored Health Insurance vis-à-vis those who have taken Commercial Health Insurance. Quantitative Research method has been used for data collection and percentage table/cross tables will be used for data analysis. A combination of Questionnaire and Interview Schedule has been used to collect data from 400 respondents who have taken either Public or Private health insurance coverage. Many of the respondents, particularly those in BPL segment, may not be literate enough to completely understand the questionnaire and fill them. Hence the need for an Interview schedule. In this case, the Researcher will pose the questions in simple native language to the respondent and based on his/her response; he will fill up the questionnaire.

The sample size is 400 based on the following formula.
 Sample Size = $N / (1 + \sigma^2 N)$; where
 N = Total population of Bhubaneswar and Cuttack municipality area=1500000
 σ = Standard Deviation=0.05
 Sample Size = $1500,000 / [1 + (0.05)^2 \times 1500,000] = 400$.

A composite index of satisfaction has been used to compare the satisfaction level between government sponsored insurance scheme and private service providers. It will have four parameters viz. value for money, affordability, claim processing satisfaction and claim settlement satisfaction. The population has been divided into three economic segment viz. (a) BPL category, (b) people getting salary of less than Rs.21000/- per month and (c) those drawing more than Rs.21000/-.

The questionnaire has been framed keeping in view the following questions.

1. Demographic Questions – Relates to Name, Address, Gender, Age, Education, Gender, Marital Status, Income and Dependents etc. Q17 and Q18 are related to the ownership of four-wheeler and if the respondent has taken Third Party insurance. The idea is to find out when some Insurance is compulsory, what is the general compliance among the people.
2. Health Insurance Questions – Relates to general questions related to Health Insurance – Awareness, Enrolment, Insurer, Reasons if not enrolled etc.
3. Health Insurance Benefit Questions –Relates to various benefits that a customer expects from insurance service.
4. Policy related Questions – Find out public opinion about some important issues which will help in Policy decisions of the Government.
5. Service satisfaction Questions – The following question are used to find out the level of satisfaction of the respondents with respect to their Health Insurance. The weightage each of the parameters has also been indicated.
 - i. Value for Money (30%)
 - ii. Affordability (30%)
 - iii. Claim settlement satisfaction - Process (20%)
 - iv. Claim settlement satisfaction – Amount (20%)

The Customer Satisfaction Index (CSI) will be a weighted average of each of these four parameters.

IV. FINDINGS OF THE STUDY

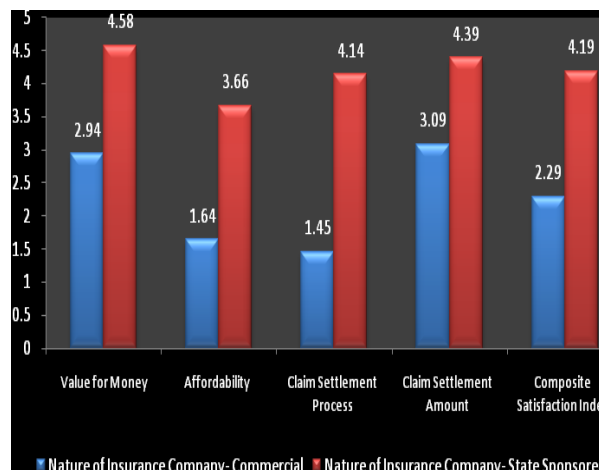
The following table will bring out the various elements of the composite satisfaction index and the score recorded by commercial insurance scheme and state sponsored scheme out of a score of 5, against each parameter.

Table 1: A Comparison of Customer Satisfaction Index (CSI): State Sponsored and Commercial Insurance Company

Parameter	Nature of Insurance Company	
	Commercial	State Sponsored
Value for Money	2.94	4.58
Affordability	1.64	3.66
Claim Settlement Process	1.45	4.14
Claim Settlement Amount	3.09	4.39
Composite Satisfaction Index	2.29	4.19

Source: Based on Primary Survey Data of Author

Figure 1: A Comparison of Customer Satisfaction Index (CSI): State Sponsored and Commercial Insurance Company



Source: Based on Primary Survey Data of Author

It would be seen from the above that while the commercial insurance companies achieved a composite score of 2.29 (46%), the government sponsored schemes like CGHS and ESIC have a satisfaction score of 4.19 (83%), which is almost double that of the commercial insurance schemes. The major area where the satisfaction score is significantly higher is the affordability parameter, where the state and the central government insurance scheme are much cheaper. Surprisingly the claim settlement process of commercial insurance company is very tedious and long drawn compared to the government sponsored programme. Since the private commercial health insurance scheme taken for the study are limited to MMTTC, Reliance JIO, OPTCL, PNB Insurance, the above findings would need to be validated with a larger coverage.



V. THE WAY FORWARD

Since nearly 24% of India's population is in the BPL segment, Government's newly launched Ayushman Bharat Healthcare scheme is in the right direction. But since the financing of the scheme will be done by the Centre and the State in the ratio of 60:40, the involvement of the state is very much necessary. Moreover the administrative arm of the State Governments should ensure the enrolment of the eligible citizens as soon as possible.

All the establishments where more than 20 people have been employed should cover their employees under ESIC. This provides protection not only to the employee but also the family members of the employee. As a section of the establishments have hoodwinked this law, Government must introduce proper methods of monitoring and enforcement. There are plethoras of Health Insurance schemes that are being run by various State governments besides the ECIS, CGHS and RSBY that are run by the Central Government. If Universalization of Healthcare is the way forward, we may think of reducing the Health Insurance Schemes to just one or two as that will be easy to implement and monitor.

While the recently launched Ayushman Bharat scheme will increase the demand for Healthcare particularly in Tier-II and Tier-III towns, there is huge limitation in the supply side of the Healthcare service. So the Government must not only improve the infrastructure in both the public and private sector but also have proper regulation to monitor and control the service providers. Greater awareness for higher adoption of Private Health Insurance is necessary as people are enrolling for Health Insurance with Tax benefit as the main motive. Citizens must be made aware that Health Insurance is the best mode of financing for unforeseen Healthcare cost. The growth of Private Health Insurance is highly linked to the commercial viability. With high Incurred Claim Ratio (ICR), Private Health Insurance are facing a tough time in holding on to their business. With higher Health Insurance market penetration, ICR can be kept under control and only then Insurance Companies will have reasons to operate in this business.

VI. CONCLUDING THOUGHTS

India has been scoring poorly in the Human Development Index (HDI) with a score of 0.63; largely because of high levels of infant mortality rates (44 per thousand) and maternal mortality rates (171 per one lakh) as per Human Development Report (2018) [7]. Despite the promise of improving the primary health care centres significantly where 70% of India's populations stay the health care, the infrastructure and medical services continues to be rickety. The Ayushman Bharat Health Insurance Scheme which promises to cover 10 crore families is, therefore, a step in the right direction. However, this would need to be properly funded and the health care infrastructure needs to be significantly revamped. The predominant finding of the study in the twin city of Bhubaneswar and Cuttack reveal that the private health insurance scheme has not been meeting the satisfaction of the needs, cutting across different income levels. It is predominantly the BPL and the low income category, who due to the low premium charged by the government sponsored schemes find the government schemes far more satisfying. The lesson for the private sector is that

they should look at the cost of the premium and not be driven only by commercial considerations. Prof. John Kenneth Galbraith had observed that "In India there is nationalization of loss and privatization of profits". The private insurance company [8] seems to be following this dictum, because of which the customer satisfaction score is abysmally low. While the study has looked at three parameters viz. value for money, affordability, claim settlement process and satisfaction there are several other factor like age, income, number of dependents and education level which can impact on the overall satisfaction index have not been taken into account. These variables can be fertile areas for future research. We strongly argues that the health infrastructure of primary health care centres must be significantly improved, by increasing the budget allocation from existing 1.3% of GDP to 3% [9] and providing enough allocation to the Ayushman Bharat Health Insurance Scheme to make it viable and sustainable in the long run. The present competition between the private and public sector insurance provides would hopefully benefit the customers and bolster their spread and usage.

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Mr. Amarendra Ku. Pattnaik is an Engineer-MBA with twenty years of experience in industry and more than seven years of experience in teaching. He is a passionate fiction writer and has two books to his credit (1) Shades of Life (2) Quick Whispers.



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Dr. Abhishek Kumar did his MBA & Ph.D. With over 7 years of industry experience he has served companies like Standard Chartered Bank, ICICI Prudential and Tata AIG Life and has been in roles ranging from Manager to Branch Head. Prof. Kumar has got the highest award and acclamation during his tenure in said organizations. For example, Winner of "Superstar of the Company" in ICICI Prudential, recipient of "Hercules Award" in Tata AIG Life for the financial year 2008-2009. He was sent to Dubai for the best performance where he achieved No. 1 position PAN INDIA. Promoted as Branch Head in 2009 Prof. Kumar became the best Branch Head and received the most prestigious award "Hour of Power" thrice during his stint which depicts his dedication towards work. His area of research includes Marketing Management and Monetary Policy. More than a dozen research papers in regional and national seminars are to his credit. Prof. Kumar was awarded with 'Dr. Asha Sablok Memorial Gold Medal' for the best conference research paper. He has authored books like "Central Loans to States and Finance Commission", "Impact of Global Financial Crisis on Indian Economy", "Micro Finance and Rural Development" and "Market Reforms and Inclusive Growth". His edited book "Central Loans to States and Finance Commission" has been released by Dr. Montek Singh Ahuwalia, Deputy Chairman, Planning Commission of India in the 93rd Annual Conference of the Indian Economic Association.



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