

A Paradigm Shift in The Need of Health Insurance in India.

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Abstract

Globalization, Technological advancements, Urbanization, Disintermediation are some of the major factors that have changed the Socio- Cultural aspects of India. Changes like large united families becoming solitary families, diminishment of house hold health remedies, telemedicine, medical retail transformation etc., have been phenomenal in the past one or two decades. On the other hand, Governments at various levels have been consistently concentrating on different health improving points like hygiene of the society, supply of drinking water, health centers in villages, hospitals in small towns, super specialty hospitals and medical colleges in bigger cities. Additionally, availability of advanced medical facilities across the length and breadth of India gave better and easy access of health care industry to all the citizens by private hospitals. Explosion of middle-class economy improved the affordability of general public. These factors combinedly would have been the major reasons for the improvement of life - span of average Indian male from that of 32 years in 1947 to 70 years in 2023. Age related health problems, Stress induced health issues, Life style triggered health abnormalities have been on the raise which resulted in the increased visits to the hospitals for either outpatient consultation or hospital admissions. An automatic increase in the costs of health care have been felt by the public. Privatization of health insurance gave a fillip about the awareness of different health insurance schemes and the explosion of middle-class economy increased the affordability. The above-mentioned reasons paved the way for a paradigm shift in the need of health insurance in India. An attempt has been made in this research article to throw a light on those needs. Findings of the work would be useful for the industry to improve their services and to make their schemes user friendly.

Keywords: Urbanization, Stress induced health problems, life style related health issues and privatization of health insurance companies.

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I. Introduction:

Globalization of families (especially youngsters), urbanization of elders, upsurge of solitary families with different members of the family staying in different places in India and abroad can be quoted as some of the major indications of the paradigm shifts in the social factors of India. "Explosion of middle-class economy" has changed the life styles, perceptions, attitude and the spending patterns of an average Indian.

When someone looks at the earlier pattern of health care management in India it mostly revolved around the elders of the family offering in-house treatments to most of the ailments and the family Doctor system for other major problems. Hospitalization was a rare phenomenon and hence the need for health insurance was not felt by an average Indian earlier.

However, the phenomenal changes in the social factors of India coupled with the changed spending patterns have shown an impact on health care management as well. The need for health insurance is recognized by most of Indians due to other major reasons like increased life span, urbanization and stress induces health problems, new health issues triggered due to life styles changes. Privatization of health insurance sector has changed the total picture of the sector itself. These changes brought a paradigm shift in the need for health insurance in India.

II. Review of Literature:

The study is based on secondary data. Data is collected from sources like working papers, journals, articles and internet. Literature review:

- 1) Harinder Singh Gill and Pooja Kansra analyzed the growth of health insurance in India, effect of number of policies on number of claims, State wise claims and disease wise claims using statistical tools.
- 2) Ramaiah Itumalla ,G.V.R.K.Acharayalu and L.Kalyan Vishwanath Reddy examined trends in health

insurance and presented the statistics on types of health insurance business, persons covered and claim ratio.

3) J. Anita studied the health insurance products in India and implications of privatization of Health insurance in India

Major changes in Health Insurance:

Increased life – expectancy, Rapid urbanization, Stress induced health issues, Privatization of health insurance sector and some other major changes about health insurance have been identifies as the major reasons for the same. They are discussed as under --

1) **Increased life- expectancy:** phenomenal improvement in the life expectancy has been observed from 1947 to 2023 and it is presented below-

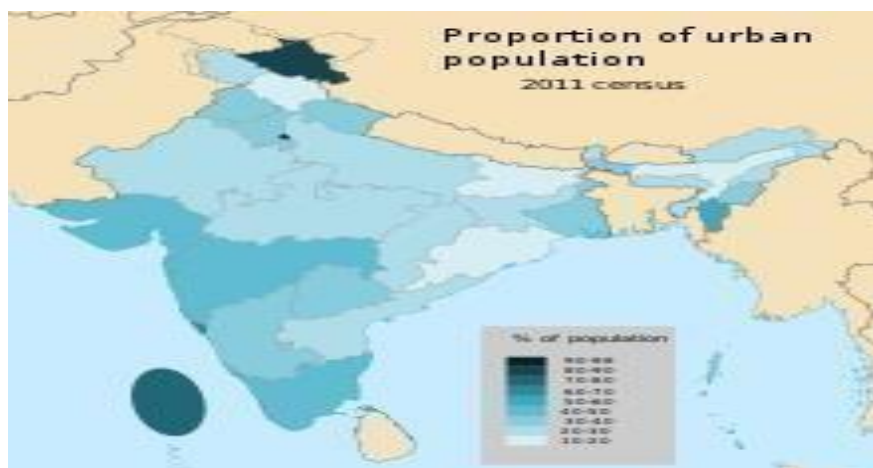
Life -expectancy of India -Male(Times of India, 13th June 2022)

Sl.no	Year	Average life
1	1947	32.00
2	1957	39.27
3	1967	45.47
4	1977	51.88
5	1987	56.33
6	1997	61.00
7	2007	65.12
8	2017	68.97
9	2023(estm)	70.42

The article mentions that the above improvements are due to the combined efforts of Governments at all levels be it Local, State and Central to improve the general hygiene of the society, to provide easy access to all the medical facilities whether primary care or even super specialization care. Efforts of several private and NGOs also added to the efforts to the Government and the general public have responded positively and enthusiastically.

The increase in the life span has automatically increased the advanced age-related health problems and the need for health insurance.

2) **Urbanization and Life style changes:** The population residing in urban areas in India, according to the 1901 census, was 11.4%, increasing to 28.53% by the 2001 census, and is now currently at 34%. This resulted in the tilt of rural and urban population which can be understood with the help of the following census data of 2021



Urbanization trends in India

Rapid urbanization brought changes in the life styles of the general public much more rapidly. Mechanical gadgets have replaced the manual ones in all walks of life. This over dependence brought new problems and obesity is one of them. Urbanization also has changed the family picture of India from that of a large united family to solitary families.

3) **Stress induced new health issues:** Stress is a normal and healthy response to life's challenges, but too much can cause problems. Long-term stress can cause stress-induced sickness, including a heart attack or heart failure. Stress induced hypertension, diabetes, anxiety, depression, heart problem etc., have been on the rise. These issues increased the need for hospitalization, increased cost of medical treatment and hence the need for health insurance.

4) **Privatization of health insurance:** Under the banner of General health insurance Government was offering health insurance earlier. United India Insurance, Oriental health insurance, New India assurance etc., Health insurance was one of their products along with insurance coverage for various other things like theft, damages due to natural calamities, fire and so on. Exclusive promotional activities for health insurance product were not done by them. Several flagship companies have entered the field after the privatization of this health insurance sector and started promoting health insurance products in a big way. HDFC ERGO, TATA AIG, BAJAJ ALLIANZ, ICICI Lombard, CARE Health Insurance, Star health insurance etc., are some of the major companies from private sector offering health insurance coverage in India.

5) **Other major reasons:**

a. Private companies have also introduced different packages to suit the different needs of people of advanced age, urban population, stress induced problems as well. A mention can be made that the Share of Voice has increased which led to the increased awareness of general public about health insurance.

b. On the other hand, Indian per capita income has also increased significantly which led to increased affordability.

The data of the per capita income of India as published in Business Standard 2022 is presented here for better appreciation of the paradigm shift.

Data of Per Capita in India

Date	GDP Per Capita (US \$)	Annual Growth Rate(%)
31-12-1960	82.1886	
31-12-1961	85.3543	3.85
31-12-1962	89.8818	5.3
31-12-1963	101.1264	12.51
31-12-1964	115.5375	14.25
31-12-1965	119.3189	3.27
31-12-1966	89.9973	-24.57
31-12-1967	96.3391	7.05
31-12-1968	99.876	3.67
31-12-1969	107.6223	7.76
31-12-1970	112.4345	4.47

31-12-1971	118.6032	5.49
31-12-1972	122.9819	3.69
31-12-1973	143.7787	16.91
31-12-1974	163.4781	13.7
31-12-1975	158.0362	-3.33
31-12-1976	161.0921	1.93
31-12-1977	186.2135	15.59
31-12-1978	205.6934	10.46
31-12-1979	224.001	8.9
31-12-1980	266.5779	19.01
31-12-1981	270.4706	1.46

31-12-1982	274.1113		1.35
31-12-1983	291.2381		6.25
31-12-1984	276.668	-5	
31-12-1985	296.4352		7.14
31-12-1986	310.4659		4.73
31-12-1987	340.4168		9.65
31-12-1988	354.1492		4.03
31-12-1989	346.1129		-2.27
31-12-1990	367.5566	6.2	
31-12-1991	303.0556		-17.55
31-12-1992	316.9539		4.59
31-12-1993	301.159		-4.98
31-12-1994	346.103		14.92
31-12-1995	373.7665		7.99
31-12-1996	399.9501		7.01
31-12-1997	415.4938		3.89

31-12-1998	413.2989		-0.53
31-12-1999	441.9988		6.94
31-12-2000	443.3142		0.3
31-12-2001	451.573		1.86
31-12-2002	470.9868		4.3
31-12-2003	546.7266		16.08
31-12-2004	627.7742		14.82
31-12-2005	714.861		13.87
31-12-2006	806.7533		12.85
31-12-2007	1028.335		27.47
31-12-2008	998.5223		-2.9
31-12-2009	1101.961		10.36
31-12-2010	1357.564		23.2
31-12-2011	1458.104		7.41
31-12-2012	1443.882		-0.98
31-12-2013	1449.611		0.4
31-12-2014	1573.886		8.57
31-12-2015	1605.605		2.02
31-12-2016	1732.554		7.91
31-12-2017	1980.667		14.32
31-12-2018	1998.259		0.89
31-12-2019	2072.245		3.7
31-12-2020	1933.101		-6.71
31-12-2021	2277.434		17.81

C) Positive response from public:

Overall response from an average Indian about health insurance has positively changed. business standard. A little over two-fifths, or 41 per cent, of households in India have at least one individual covered by a health insurance plan or health scheme, according to the recently released National Family Health Survey-5 (NFHS-5). The fifth edition of the survey, the data of which pertains to 2019-21, shows a significant improvement in

health insurance coverage in the country.

III. Conclusions:

1. Health problems are likely to be caused by an increased life expectancy like person's genetic make-up, lifestyle behaviors (ex smoking), exposure to toxic substances (ex asbestos) or other reasons. With multiple health problems, one illness or its treatment might lead to another. From your 60s on, your health risks generally increase. But in today's scenario people are facing health risks at the age of 40s only.

2. Most of the people are probably using gadgets, constant exposure to digital devices can be harmful to our human life for example Digital eye strain, back pains, causing joint pains which changes our entire life and it might also affect their health are most commonly reported symptoms of too much screen time. All the age groups were affected by it.

3. Stress may lead to common health issues like hypertension, diabetes, depressions and other anxiety issues. Hence the need for health insurance has increased.

4. Privatization has increased the awareness of general insurance policies, life insurance policies and designing the customer friendly plans which attracts the individuals and not wasting the money of the individuals, private sectors are taking the responsibility and providing the best health care services.

We may conclude that due to the above reasons the need for health insurance has taken a paradigm shift.

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