Advancing Cashless Treatment In Indian Healthcare Insurance: Benefits, Data Insights, And Strategic Steps

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Abstract
The Indian healthcare sector is experiencing a major shift, largely driven by progress in health insurance, especially in the area of cashless treatment options. This review article delves into the current landscape of health insurance in India, examines the advantages of cashless treatment, and outlines strategic measures to accelerate its adoption. Data from the fiscal year 2024 reveal a notable increase in insurance penetration and highlight the significant role of private sector participation. The article also presents a case study of Pristyn Care's efforts to reduce claim ratios, curb fraud, and extend services to underserved areas. These findings emphasize the ongoing need for enhancements in healthcare accessibility and efficiency through cashless treatment models.
Keywords: Cashless treatment, health insurance, India, Pristyn Care, healthcare accessibility, insurance claims, digital health

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I.   Introduction

The Indian healthcare system is a diverse and complex network comprising both public and private sectors, catering to the medical needs of over 1.4 billion people. It is rapidly evolving with an increasing focus on enhancing accessibility and efficiency.[1] One significant development in this landscape is the rise of cashless treatment options, where patients can receive medical care without making upfront payments. This approach has become a preferred method for insurance settlements, simplifying processes and alleviating financial burdens on patients. This review explores the current state of healthcare insurance in India, highlighting the benefits of cashless treatment and outlining strategic measures to further advance its adoption.

Health Insurance Premium Growth and Customer Reach

India's health insurance market has seen substantial growth, with total premiums reaching ₹1,00,000 crore, reflecting a 20% increase from financial year (FY) 2023. The top-line contribution of health insurance stands at 37.5%, underscoring its significant role in the insurance sector. With 500 million customers and an insurance penetration rate of 38% (up from 37% in FY23), health insurance is making a notable impact on healthcare accessibility in India. The increase in penetration indicates a positive trend towards wider adoption of health insurance, which is anticipated to drive further improvements in healthcare access and affordability (table 1).[2]

Health Insurance Premium Growth		
Total Premiums: ₹1,00,000 crore	**Growth:** +20% from FY23	**Top-Line Contribution:** 37.5%
Customer Reach & Impact of Health Insurance		
Customers: 500 million	**Penetration:** 38% (up from 37% in FY23)	**Impact:** Significant positive change anticipated
Empanelling and Claim Settlement Data		
Volume Ratio (Private Sector): 98.02% (down from 98.64% in FY23)	**Value Ratio:** 93.80% (down from 94.69% in FY23)	**Empanelled Hospital Network:** 40,000

Table 1: Healthcare Insurance Scenario FY 24 (Source: The New Indian Express. June 3, 2024.)[2]

Empanelling and Claim Settlement Data

The private sector plays a pivotal role in the healthcare insurance landscape, with a volume ratio of 98.02% and a value ratio of 93.80% in FY24, slightly declining from FY23. The network of empanelled hospitals has expanded to 40,000, enhancing access to cashless treatment options across the country.[2] In FY23, health insurance claims were primarily settled through two approaches: reimbursement and cashless treatment. Cashless treatment accounted for 56% of all claims, according to the Insurance Regulatory and Development Authority of India (IRDAI), highlighting a shift towards cashless options due to their convenience and efficiency.[3]

Key Benefits of Cashless Treatment

1. **Immediate Access to Care**: Cashless treatment enables patients to receive immediate medical care, which is crucial during emergencies such as heart attacks or strokes. With over 42.1 million hospital admissions annually under the Ayushman Bharat Pradhan Mantri-Jan Arogya Yojana, the system ensures financial arrangements are in place, allowing for prompt medical attention when needed.[4]
2. **Reduction in Financial Burden**: Unexpected medical expenses can impose a significant financial burden. With a health insurance penetration rate of 37%, cashless treatment alleviates the need for substantial upfront payments, reducing financial stress and making healthcare services more accessible to a broader population.[2]
3. **Simplified Administrative Processes**: Traditional insurance claims often involve extensive paperwork and delays. Currently, around 49% of Indian hospitals offer cashless settlements, streamlining administrative processes by facilitating direct financial transactions between insurers and hospitals, thus speeding up treatment and minimizing claim processing errors.[5]
4. **Increased Trust and Utilization of Healthcare Services**: Cashless treatment builds patient confidence in seeking timely medical care, knowing that insurance will cover the costs directly. This increased trust encourages higher utilization of healthcare services, leading to improved health outcomes and operational efficiency for hospitals.[6]

Case Study: Pristyn Care's Role in Advancing Cashless Treatment[7]

Pristyn Care has emerged as a pivotal player in the expansion of cashless treatment options in India, particularly focusing on Tier 2 and Tier 3 cities. Their comprehensive approach to reducing claim ratios, minimizing fraud, and extending cashless services to underserved regions exemplifies effective strategies for advancing healthcare accessibility.

1. **Reducing Claim Ratio**:[7]
○ **Pre-authorization Processes**: Pristyn Care employs stringent pre-authorization procedures that validate the necessity and eligibility of claims. This proactive approach helps in filtering out unnecessary claims, thereby maintaining a manageable claim ratio.
○ **Standardized Treatment Protocols**: By adhering to standardized treatment protocols across its network, Pristyn Care ensures uniformity in billing and treatment, which contributes to predictable and controlled claim ratios.
○ **Real-time Monitoring**: Leveraging advanced data analytics, Pristyn Care monitors treatment and claim trends in real-time. This allows for the early detection of irregularities and the swift implementation of corrective measures, preventing potential issues that could inflate claim ratios.

2. **Minimizing Fraud**:[7]
○ **Technology Integration**: The integration of cutting-edge technologies, such as blockchain and artificial intelligence, secures patient data and treatment records. This technological framework not only enhances the accuracy of records but also significantly reduces the risk of fraudulent claims.
○ **Stringent Verification**: Pristyn Care emphasizes meticulous documentation and verification at each step of the patient journey. Biometric authentication and digital record-keeping further bolster the security of the process, ensuring that every claim is legitimate and traceable.
○ **Collaboration with Insurers**: Close collaboration with insurance companies enhances transparency and trust in the system. By working together, Pristyn Care and insurers can align their objectives, streamline claim processes, and reduce instances of fraud.

3. **Expanding to Tier 2 and Tier 3 Cities**:[7]
○ **Partnerships with Local Hospitals**: Pristyn Care has established partnerships with hospitals in Tier 2 and Tier 3 cities, expanding the reach of cashless treatment facilities. This network extension allows patients in smaller cities to access the same level of care as those in urban centers.
○ **Awareness Campaigns**: Through targeted educational campaigns, Pristyn Care informs patients about the availability and advantages of cashless treatment options. These initiatives aim to prepare patients for emergencies and enhance their understanding of the benefits of cashless healthcare.

○ **Infrastructure Investment**: Pristyn Care invests in local healthcare infrastructure by providing necessary technology and training to hospitals. This investment ensures that hospitals are well-equipped to manage cashless treatments efficiently, contributing to the overall improvement of healthcare services in these regions.

○ **Collaboration with Local Insurers**: By partnering with local insurance providers, Pristyn Care tailors cashless facilities to meet the specific needs of populations in Tier 2 and Tier 3 cities, thereby enhancing the relevance and effectiveness of their services.

Strategic Steps to Further Expedite Cashless Treatment

1. **Streamlining Insurance Verification**: Implementing real-time verification systems between insurers and hospitals could significantly reduce waiting times, ensuring instant coverage confirmation and faster treatment initiation. A recent study supports this by confirming the accuracy of electronic health record (EHR) insurance information for low-income pediatric patients at Oregon community health centers, demonstrating high alignment with Medicaid and reimbursement data despite some variability in specificity and predictive values.[8]

2. **Expanding the Network of Empaneled Hospitals**: Expanding the network of empaneled hospitals, especially in underserved regions, could improve access to cashless treatment and mitigate significant inter-district disparities in hospital availability and service utilization. A study investigating these disparities under the Chief Minister's Comprehensive Health Insurance Scheme found that while low-developed districts had the highest enrollment, they also had the lowest availability and utilization of hospitals, underscoring the need for increased empanelment in these areas to enhance equity in health service delivery.[9]

3. **Improving Awareness Among Policyholders**: Educating policyholders about the benefits and procedures of health insurance policies facilitates quicker decision-making during emergencies, ensuring patients are well-prepared. For instance, a study of adolescent and young adult (AYA) cancer patients revealed that having more knowledge about insurance, such as the appeals process, would have been beneficial, with participants endorsing content on insurance policies, legal protections, and legislative impacts on health care costs.[10]

4. **Enhancing Collaboration Between Stakeholders:** Effective collaboration among insurance companies, third-party administrators (TPAs), and hospitals is essential to reducing delays in claim processing. Recently, over 33 major health insurers have joined the government's centralized claims-related information exchange, designed to speed up claims processing and enhance transparency by providing real-time status updates through the Insurance Regulatory Development Authority of India (IRDAI). This system also allows citizens to track their insurance claim status on their mobile devices, further improving accessibility and efficiency.[11]

5. **Leveraging Digital Platforms**: Implementing digital platforms for claims processing and approvals can further expedite cashless treatment, boosting transparency and user-friendliness through automation and technology-driven solutions. According to a study, Digital Health Technology (DHT) significantly reduced claim rejection rates for health insurance in Ghana, achieving a 1.31 percentage point decrease compared to paper-based systems. The findings indicated that expanding the use of DHT for claims submission could lower denied claims costs and improve the sustainability of healthcare services.[12]

II.   Conclusion

As India modernizes its healthcare infrastructure, expanding and refining cashless treatment options is crucial for improving accessibility, efficiency, and equity in healthcare delivery. Companies like Pristyn Care are leading the way by focusing on reducing claim ratios, minimizing fraud, and extending services to underserved areas. These strategic steps and innovations are vital for achieving a healthcare system that provides better care for all, promoting a healthier and more financially secure future for the Indian population.

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