



DAILY EDITORIAL ANALYSIS

TOPIC

**RISE AND RISKS OF HEALTH
INSURANCE IN INDIA**

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RISE AND RISKS OF HEALTH INSURANCE IN INDIA

Context

- Over the past decade, India's health insurance coverage has surged, largely due to government schemes seen as progress toward **Universal Health Coverage (UHC)**. However, critics argue that insurance alone cannot replace strong public health infrastructure.

UHC in India & Expansion of Health Insurance

- Universal Health Care (UHC), as defined by the **Bhore Committee in 1946**, calls for **quality health care for all, irrespective of ability to pay**.
 - However, India remains far from this vision after nearly eight decades.
- Instead, an illusion has been created that expanding **health insurance schemes** such as **Pradhan Mantri Jan Arogya Yojana (PM-JAY)** and **State Health Insurance Programmes (SHIPs)** will deliver UHC.

Expansion of Health Insurance

- Over the past decade, India has witnessed rapid growth in State-sponsored health insurance:
 - PMJAY**: Covers 58.8 crore individuals, with an annual budget of 12,000 crore.
 - SHIPs**: Cover a similar number, costing around 16,000 crore.
 - Combined Spending**: About 28,000 crore in 2023–24, still a small share of overall health expenditure but rising steadily.
- They fall short of establishing a sustainable UHC framework, while these schemes provide short-term relief to patients.

Major Fault Lines in Health Insurance

- Underinvestment in Public Health**: India's reliance on insurance reflects decades of neglect of public health infrastructure.
 - In 2022, **public expenditure on health was just 1.3% of GDP**, far below the world average of 6.1%.
- Promotion of For-Profit Medicine**: Two-thirds of PMJAY's funds flow to private hospitals, reinforcing profit-driven care.
 - Poor regulation of private providers exacerbates this imbalance, with little impact on hospitalisation rates but higher reliance on private hospitals.
- Bias Towards Hospitalisation**: Insurance schemes cover **only in-patient care, neglecting primary and outpatient services**, which are crucial for preventive and accessible health care.
 - With an ageing population, costly tertiary care risks consuming most of the health budget while primary needs remain unmet.
- Low Utilisation Despite High Coverage**: Although official figures suggest 80% population coverage, utilisation is weak.
 - Only about **35% of insured hospital patients** were able to use insurance in 2022–23.
 - Lack of awareness, procedural hurdles, and resistance from private hospitals contribute to this gap.
- Discrimination in Treatment**: Private hospitals often prefer uninsured patients, who pay higher rates, while public hospitals may prioritise insured patients for revenue.
 - It fosters **discriminatory treatment** and pressure to enrol patients on the spot.
- Provider Dissatisfaction and Delays**: Hospitals face **low reimbursements** and **delayed payments**.
 - Pending dues under PMJAY alone exceeded 12,000 crore in 2023, leading to hospital withdrawals and service suspensions.
- Corruption and Fraud**: Fraudulent practices are rampant, including denial of care, inflated billing, and unnecessary procedures.

- ♦ Thousands of hospitals have faced action under PMJAY, but transparency remains weak, with little evidence of effective audits.

Learning from Global Experiences

- Countries like **Canada and Thailand** use social health insurance within a robust public health system. Key differences include:
 - ♦ **Universal coverage;**
 - ♦ **Focus on non-profit providers;**
 - ♦ **Strong regulation and accountability**
- India's insurance schemes lack these safeguards, making them ill-suited to deliver true UHC.
 - ♦ Earlier, IRDAI has announced a goal **to make health insurance universal by 2047**, aligning with India's centennial independence milestone.

Conclusion

- India's path to Universal Health Care (UHC) cannot rest on insurance schemes alone, as they promote profit-driven hospitalisation, suffer from low utilisation, and remain vulnerable to corruption.
 - ♦ It needs to be grounded in accessible, quality care for all.
- There is a need to:
 - ♦ **Increased public investment** in health (above the current 1.3% of GDP).
 - ♦ **Strengthening of primary and public health facilities.**
 - ♦ **Effective regulation of private providers.**

Source: TH

Daily Mains Practice Question

- Q. Critically examine the role of health insurance in improving healthcare accessibility and equity in India. What challenges hinder its effectiveness, and how can policy reforms address them?