HEALTH INSURANCE AND THIRD PARTY ADMINISTRATORS IN INDIA:

AWARENESS AND PERCEPTION OF POLICY HOLDERS

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INTRODUCTION

- **The *ILO* defines *Health Insurance* as "the reduction or elimination of the uncertain risk of loss for the individual or household by combining a larger number of similarly exposed individuals or households who are included in a common fund that makes good the loss caused to any one member" (ILO, 1996).**

- **Third party administrators was introduced through the notification on *TPA Health Services Regulation 2001* by *IRDA (Insurance Regulatory and Development Authority of India)***



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NEED FOR HEALTH INSURANCE IN INDIA

- Increase in communicable and non communicable diseases,
- Low public spending on health care,
- High out of pocket expenses,
- Poor public health institutes infrastructure,
- Shortage of drugs and equipment supply in public healthcare setup,
- Advent of corporate hospitals,
- Costly line of treatment in private hospitals due to highly qualified and highly paid doctors

- Most of the population cannot afford spending a ransom on getting themselves treated in case of an accident or disease, in one go.

- Hence the concept of health insurance offers relief to community at large by pooling in risks and funds among similarly exposed people , thereby protecting them from severe indebtation at the time of illness or accident.

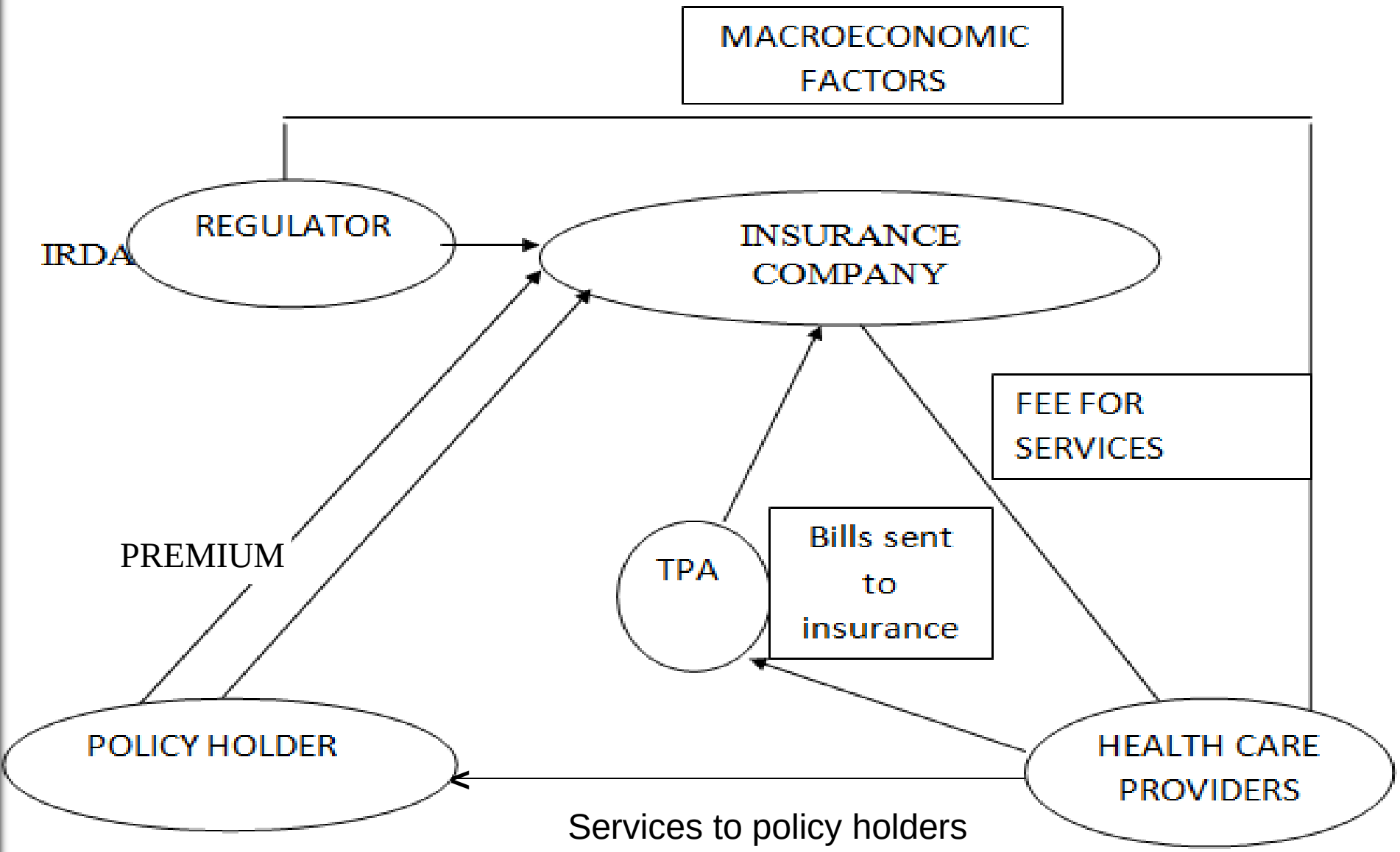
GOVERNMENT SPENDING ON HEALTH

- The World Health Organisation has recommended that governments must spend at least 5 per cent of GDP on the health sector.
- India spends 6 per cent of its GDP on health. Out of that the share of government is less than 2 percent.
- Government allocations in health sector have been declining over the years from 1.3 per cent of GDP in 1990 to 0.9 per cent in 1999 according to National Health Policy, 2001.
- Current health expenditure in India is estimated to be around Rs 1,030 billion.
- Though the demand for healthcare is increasing owing to population pressure, the government is finding it very difficult to maintain its health facilities.

THIRD PARTY ADMINISTRATOR

- The **Insurance Regulatory and Development Authority of India (IRDA)** defines **TPA** as a Third Party Administrator who, for the time being, is licensed by the Authority, and is engaged, for a fee or remuneration, in the agreement with an insurance company, for the provision of health services.
- A **Third Party Administrator** is an organization which processes claims or provides cashless facilities as a separate entity. It is seen as an outsourcing of claim processing.
- Their basic role is to function as an intermediary between insured and insurer and facilitate the cashless service of the insurance.
- For this service they are paid a fixed 5.5 % of insurance premiums.

- An insurance company hires TPA to manage its claims processing.
- While some TPA operates as units of insurance companies, most are often independent.
- Handling healthcare or employee benefit claims requires using a specialized set of manpower and technology, therefore hiring a TPA for the same is a more cost effective method.
- It has the expertise and capability to administer all or a portion of the claims process.
- The services include claims processing, premium collection, enrollment and cashless processing, handling employee benefit plans such as processing retirement plans.


MACROECONOMIC FACTORS
REGULATOR
IRDA
INSURANCE COMPANY
FEE FOR SERVICES
PREMIUM
TPA
Bills sent to insurance
POLICY HOLDER
HEALTH CARE PROVIDERS
Services to policy holders

ROLE OF TPA

ROLE PLAYED BY TPA'S

Records of medical insurance policies of an insurer will be transferred to the TPA once the insurance company has given the business to a TPA.

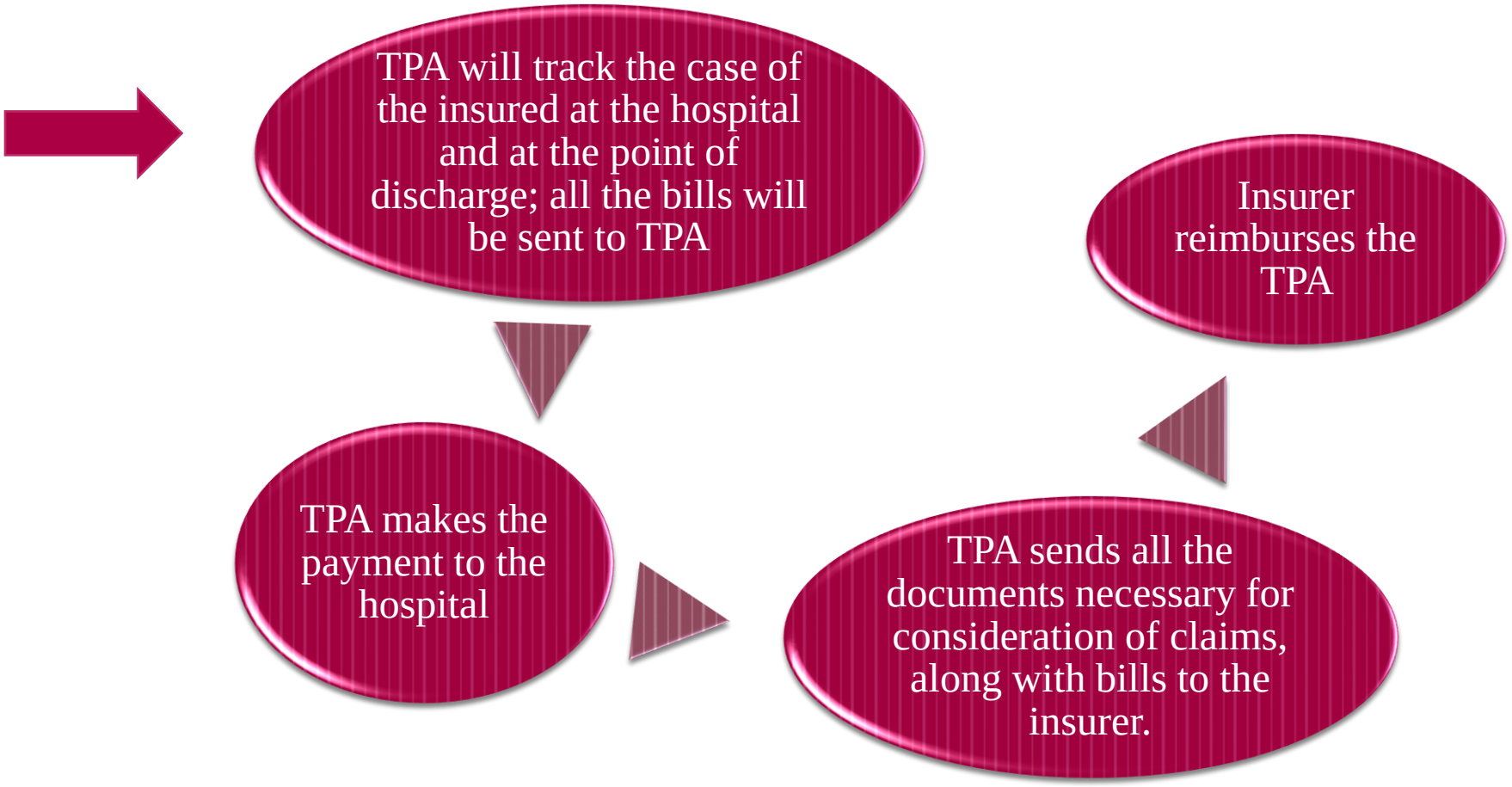
The TPA will issue identity cards to all policyholders, which they have to show to the hospital authorities before availing any hospitalization services

In case of a claim, policy holder has to inform the TPA on a 24-hour toll-free line provided by the latter.

On informing the TPA, policyholder will be directed to a hospital where the TPA has a tied up arrangement (cashless) or join any other hospital of their choice (reimbursement)

TPA issues an authorization letter to the hospital for treatment, and will pay for the treatment.

ROLE PLAYED BY TPA'S (CONTD…)



BENEFITS OF TPA

- TPAs are kind of *single window service* for all planes of pre and post hospitalization
- Admission to network hospital is beneficial because one gets cashless insurance and chances of overcharging by hospital gets diminished.
- TPAs verify treatment ensuring that patient don't receive any unnecessary services and that the hospital charges are correct and at negotiated rates
- TPAs are advantageous to the health insurance companies because they manage down the claims as a result of vigilant administration.
- TPAs scrutinize all claims before settlement and can guide the patient for availing a particular treatment as there are a number of doctors among the employees of TPA.

CONDITIONS DEFINED BY IRDA FOR TPAS

- Share capital 1 crore and registered under the Companies Act, 1956
- At least one of the directors of company should be a qualified doctor, registered under MCI.
- License from the Authority in Form TPA-1 and accompanied with a fees of Rs. 20000.
- The Authority may issue a license, if satisfied, in Form **TPA-2 for 3 years** unless the Authority decides, either to revoke or cancel it earlier.
- TPA approved by the Authority shall pay a further sum of Rs. 30,000 as license fee before the license is granted to it.

CONDITIONS DEFINED BY IRDA FOR TPAS

- Once the application is rejected, it can be entertained only after two years gap
- A copy of the agreement between the TPA and the insurance company, shall be filed, within 15 days of its execution.
- Every TPA shall appoint from its directors or senior employees, a Chief Administrative Officer (CAO)/Chief Executive Officer (CEO) who shall be responsible for the proper day to day administration
- A license granted to a TPA may be renewed for a further period of three years on submission of the prescribed renewal application in Form **TPA-3** along with a renewal fee of Rs. 30,000/- at least thirty days prior to the date of expiry of the license.

PARITY BETWEEN ROLE DEFINED BY IRDA AND ROLE IN PRACTICE PLAYED BY TPAs

EXPECTED BENEFITS OF TPAs

- Providers of services as and when needed
- Streamline and simplifies the claim process
- Automatic development of information system
- Ensured services of qualified registered medical professional
- Value added services
- No extra burden on insured

DEVIATION FROM EXPECTATIONS

- Failure to meet the service responsibility
- Lack of knowledge about coverage and exclusion in policies
- Failure to meet the expectations of parties involved
- Delay in settlement of claims
- Indirect cost to consumer
- Cost of healthcare increase
- Cost of management increases

PURPOSE OF THIS STUDY



- This study focuses on analyzing whether policy holders find health insurance beneficial.
- The aim of the study is to check the level of awareness among health insurance policy holders and their perception about the services provided by the TPAs in claim settling and facilitation of the utilization of health insurance services(CASHLESS) by the hospital when they visit the hospital for treatment.
- Thus, in short, it determines which areas of health insurance and TPAs require attention and improvement.

METHODOLOGY

STUDY DESIGN

SURVEY TYPE

SAMPLE SIZE

N= 100

AREA OF SAMPLE COLLECTION

FORTIS ESCORTS HOSPITAL, AMRITSAR

TOOLS FOR EVALUATION:

- ❖CONSENT FORM
- ❖WELL STRUCTURED CLOSE ENDED QUESTIONNAIRE

SAMPLING TECHNIQUE:

- ❖RANDOMLY SELECTED PATIENTS

- ***PROCEDURE FOR DATA COLLECTION***

- Explanation of questionnaire and purpose of the study to subjects
- Filling of consent form
- Recording feedback
- Analysis of questionnaires filled

INCLUSION CRITERIA

1. Patients visiting Fortis Escorts Hospital Amritsar.
2. Health insurance Policy holders empanelled with Fortis Escorts Hospital Amritsar
3. Age more than 18 years

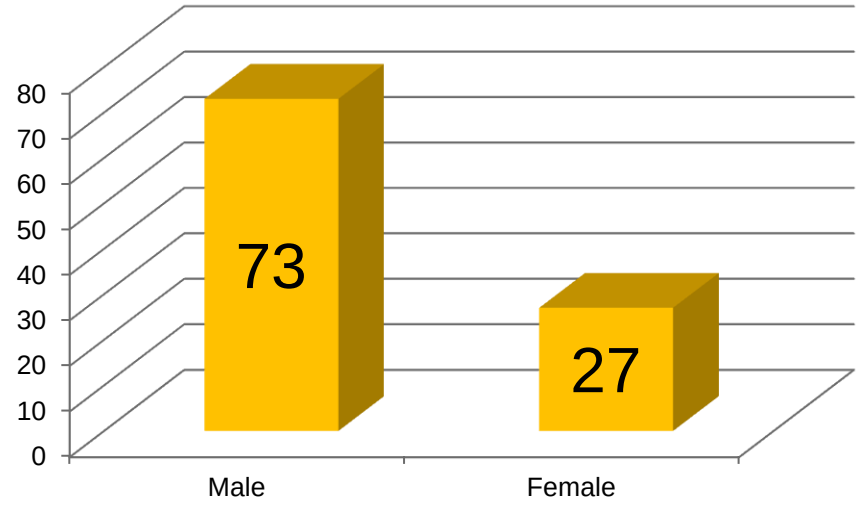
EXCLUSION CRITERIA

- Policy holders age less than 18 years
- Policy holders suffering from neurological disorders or mental retardation are totally excluded from the survey.

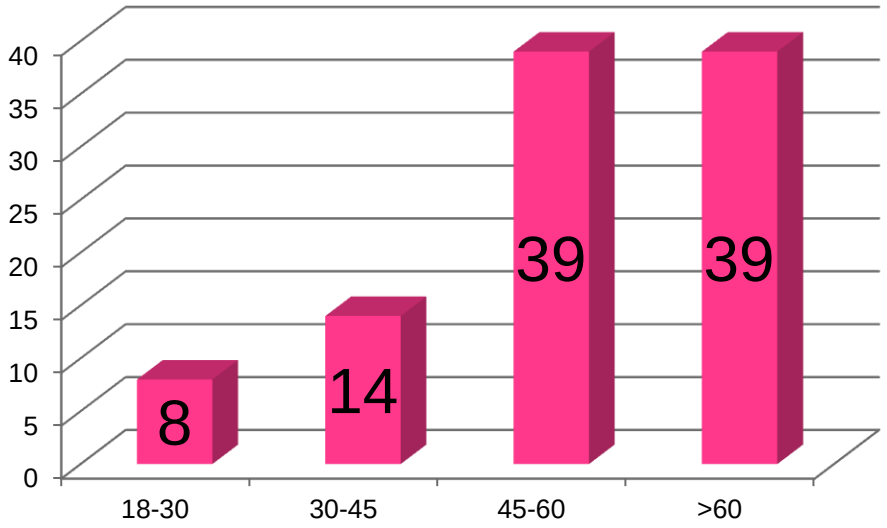
RESULTS



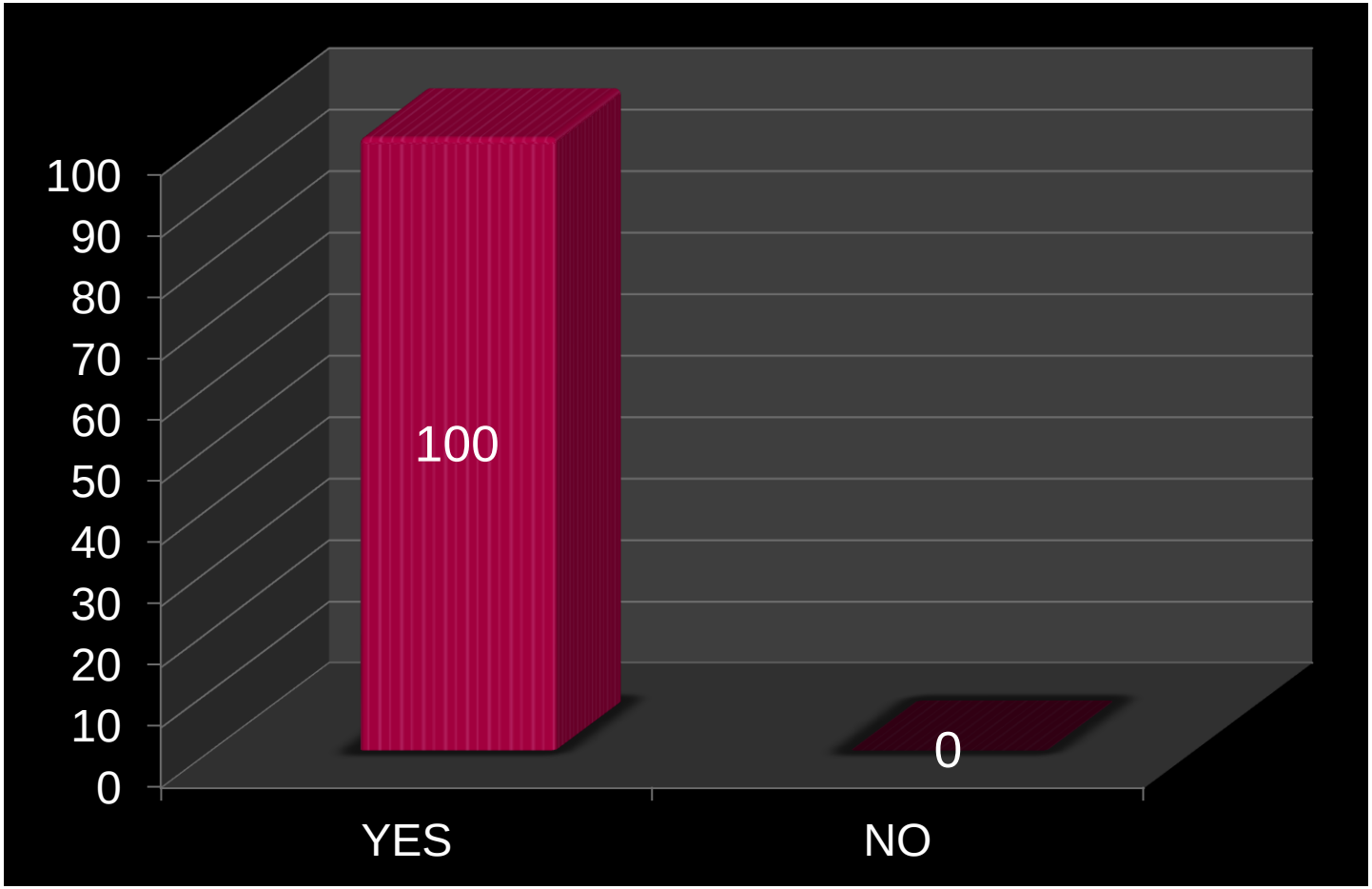
GENDER DISTRIBUTION



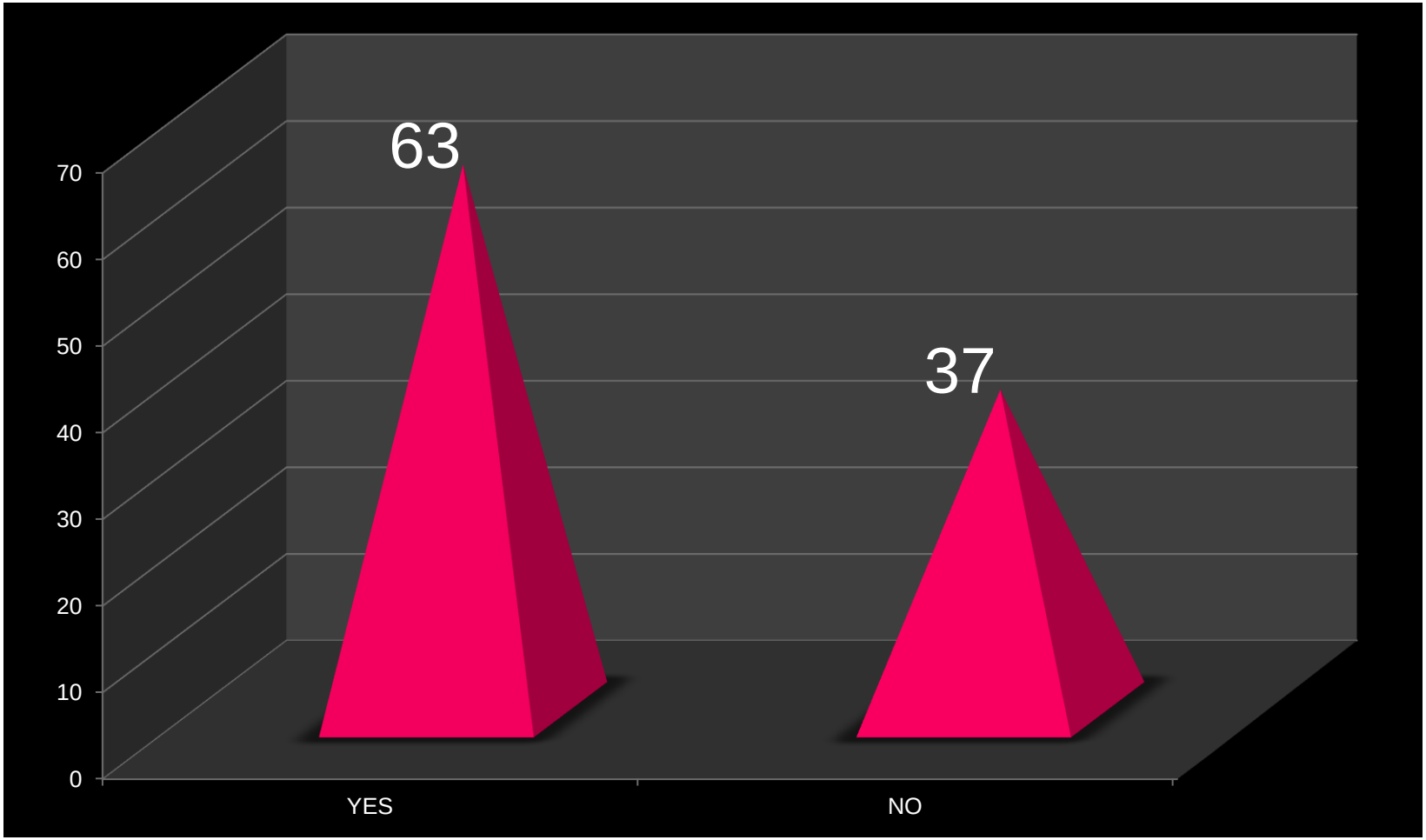
AGE DISTRIBUTION



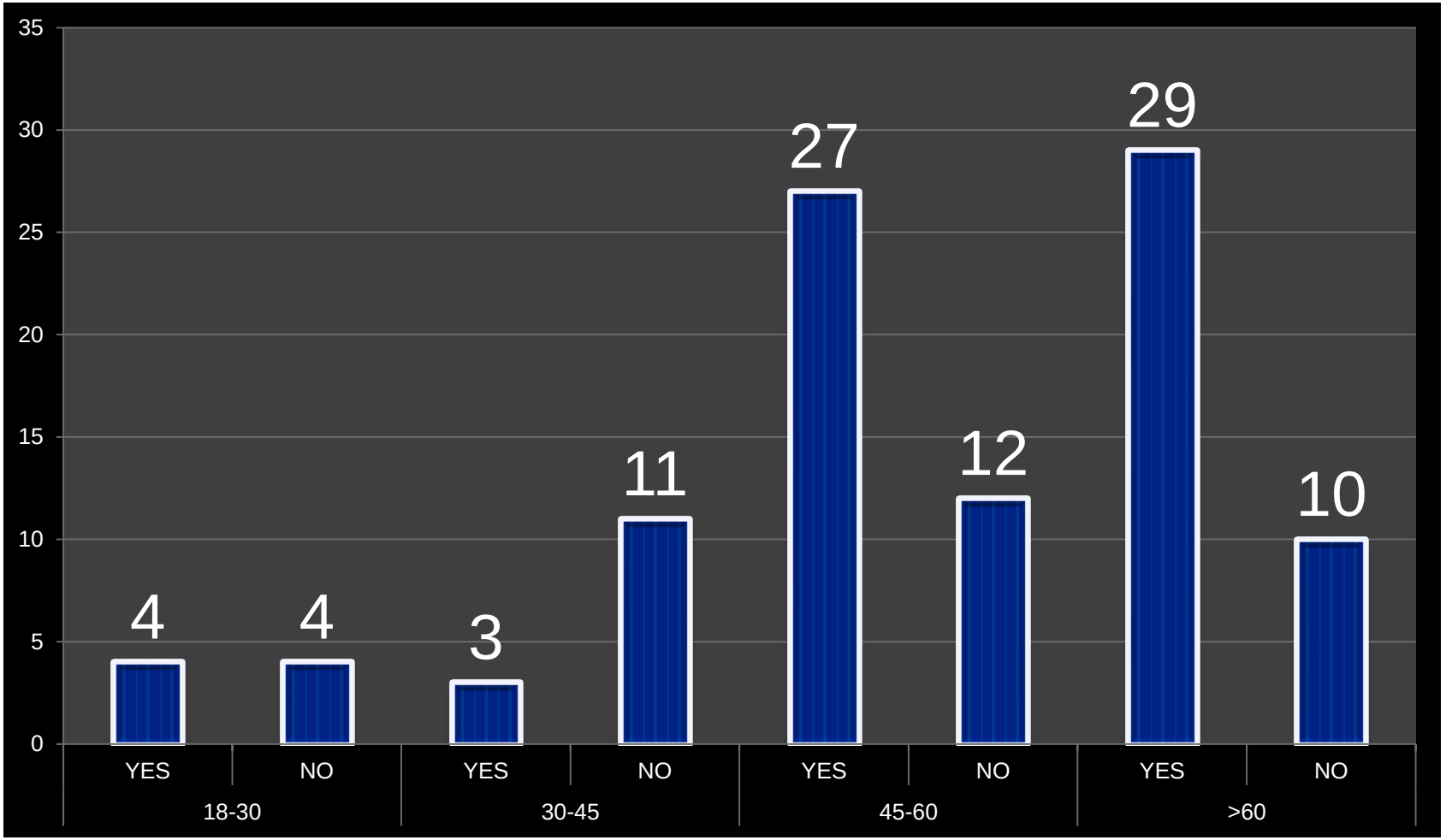
100% patients had to pay security at the time of admission of charges even though the treatment is claimed to be cashless.



Overall 63% patients felt that health insurance is beneficial to them.

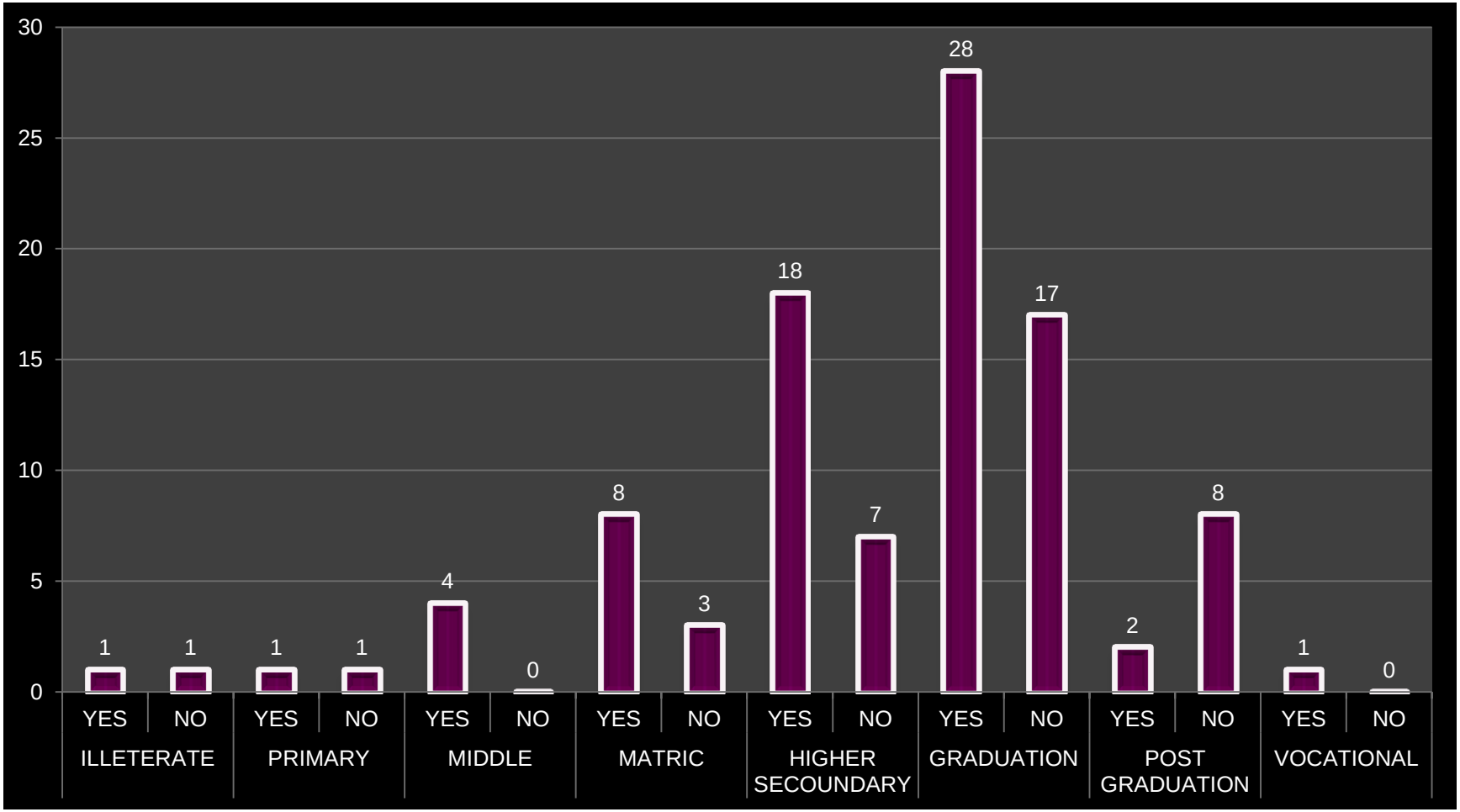


Benefits of health insurance were felt more in the age groups more than 45 years which can be due to increased illness episodes, future risk coverage, etc.

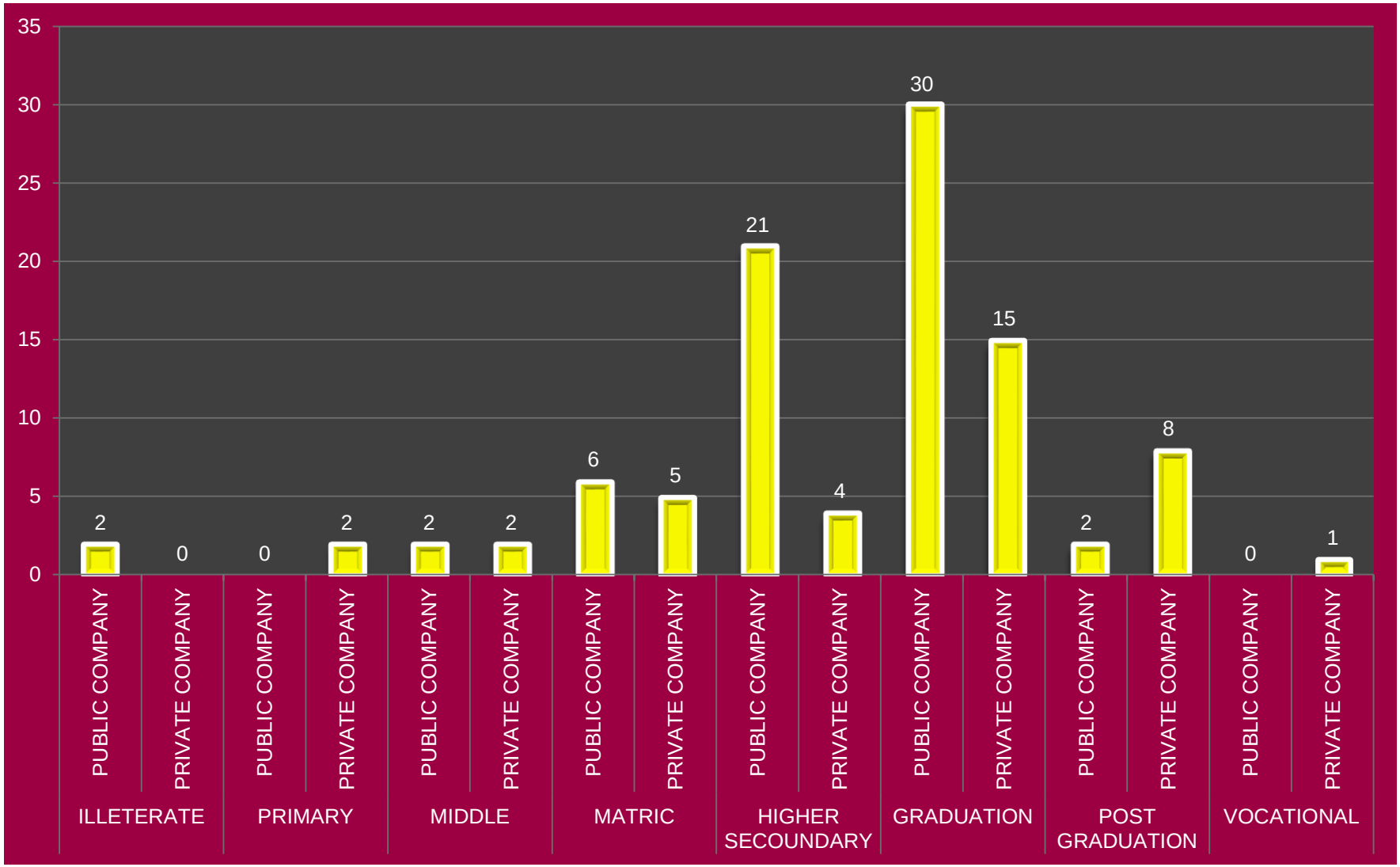


Maximum number of sample from higher education levels found health insurance to be beneficial.

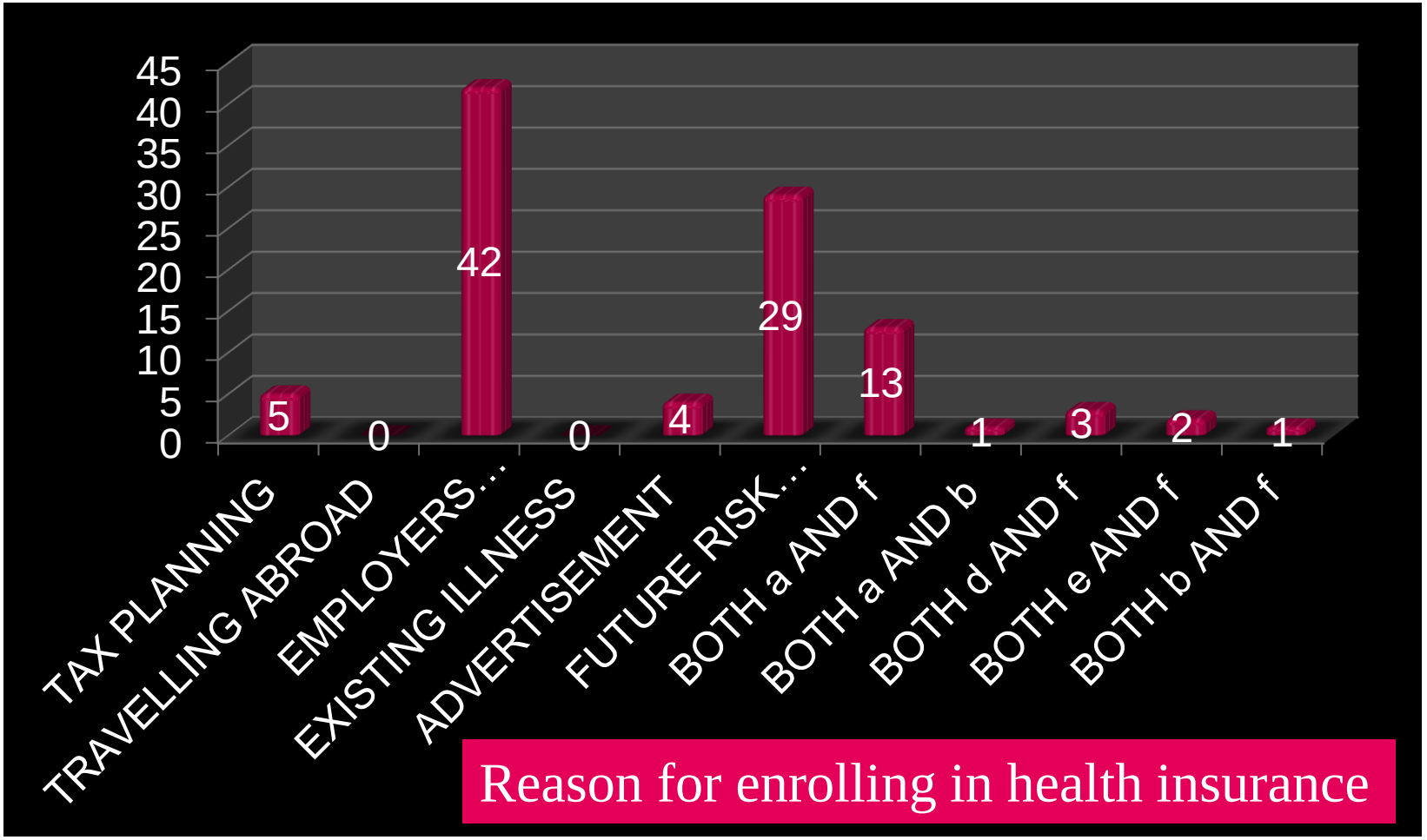
Here, sample with lesser education or the ones having bad experience in claim settling, found it to be an additional financial burden.



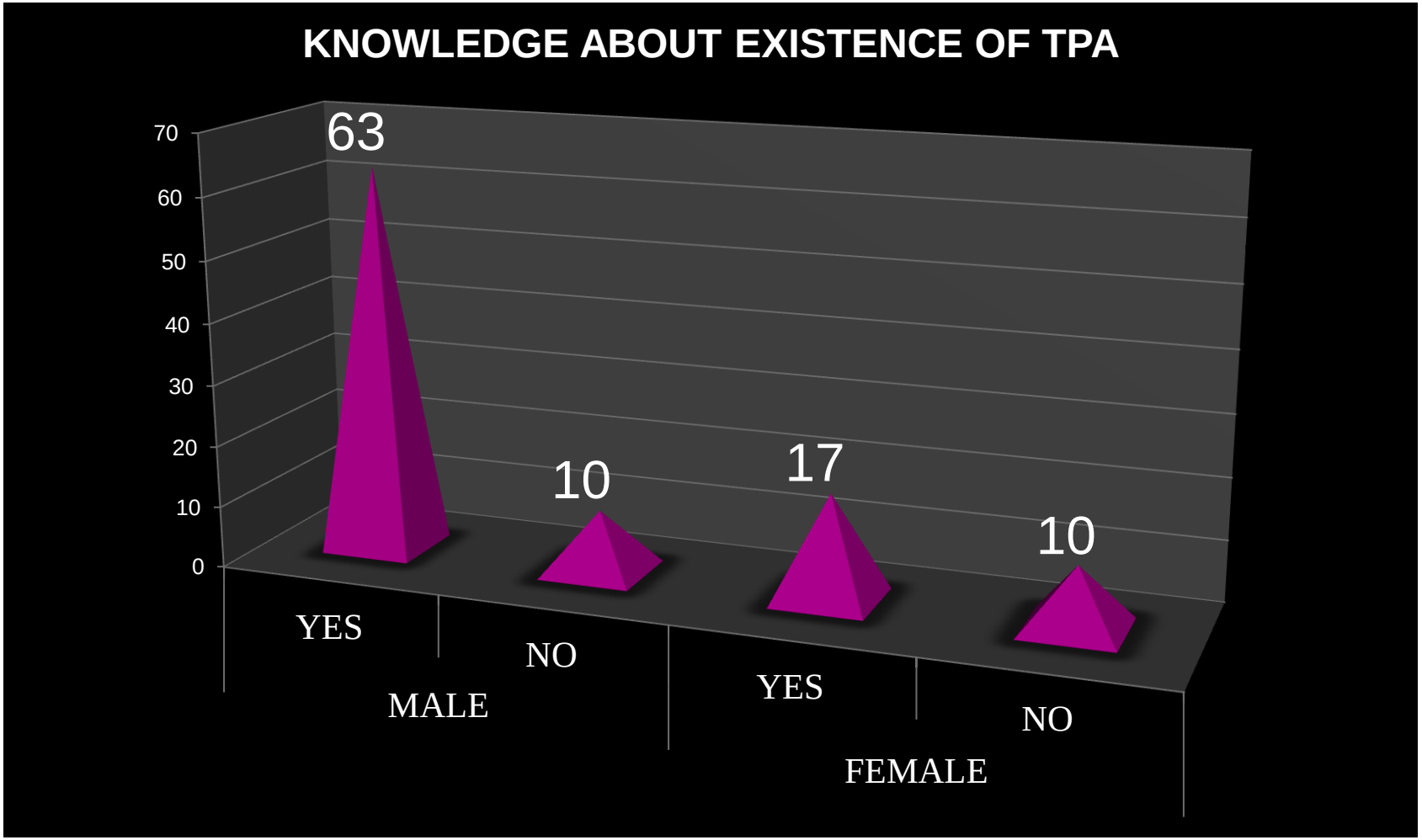
Majority of sample had insurance from public company owing to perception that private companies have more hidden clauses or terms and conditions



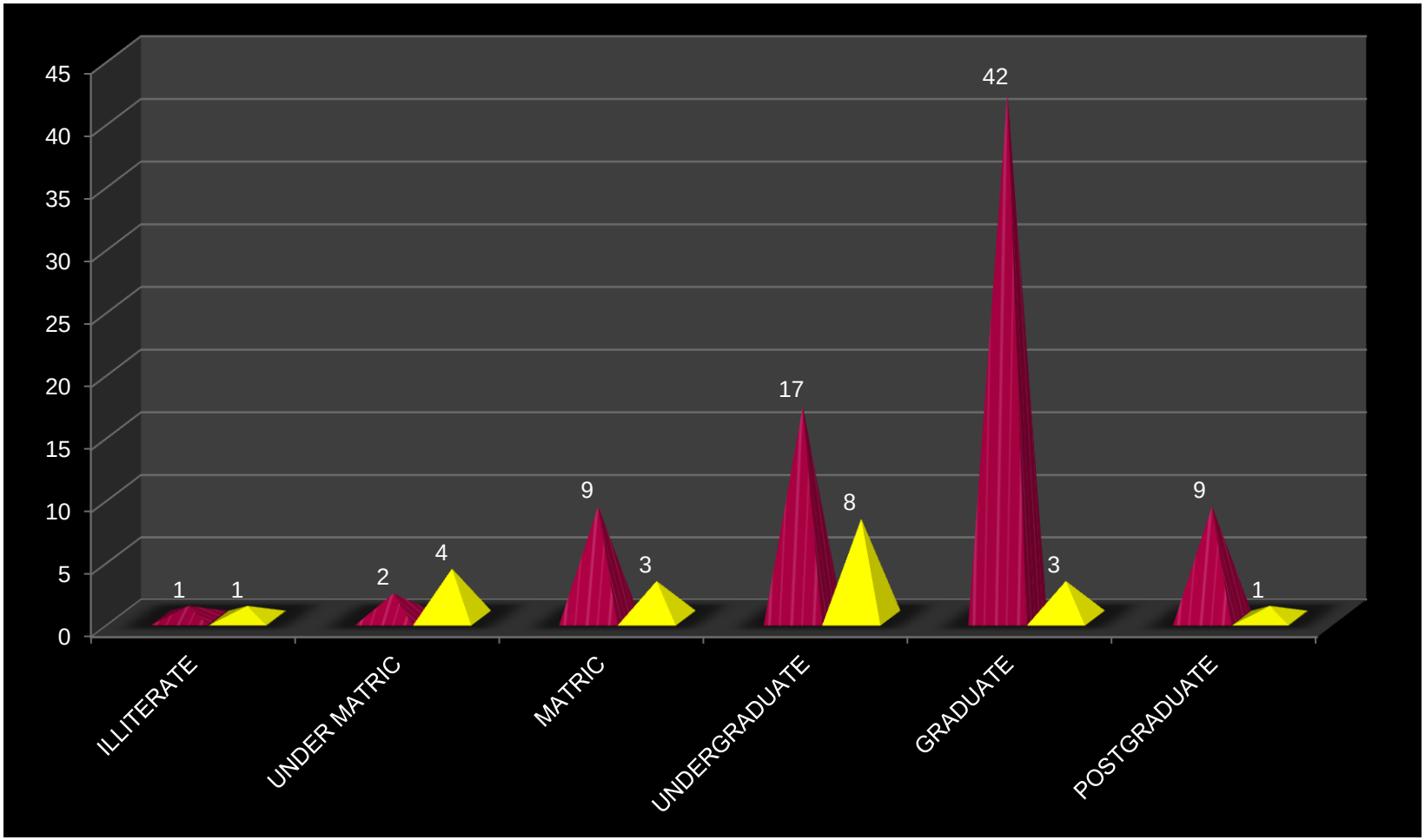
A major chunk of sample were covered under health insurance due to employers contribution as a compulsory insurance or the others had it done for future risk coverage.



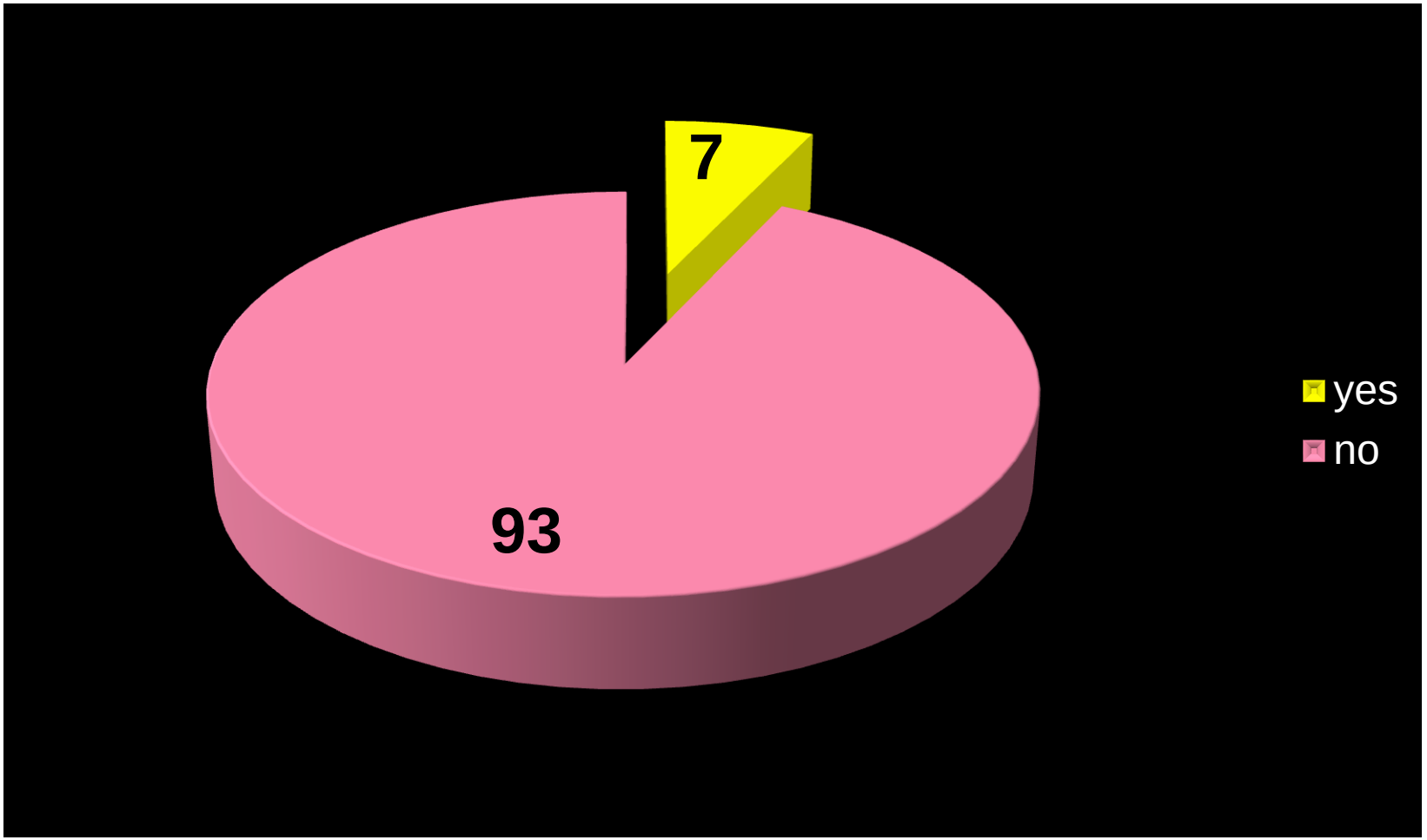
Around 80% sample knew about the existence of TPAs out of which 63% is male sample and a meager 17% of females knew the same.



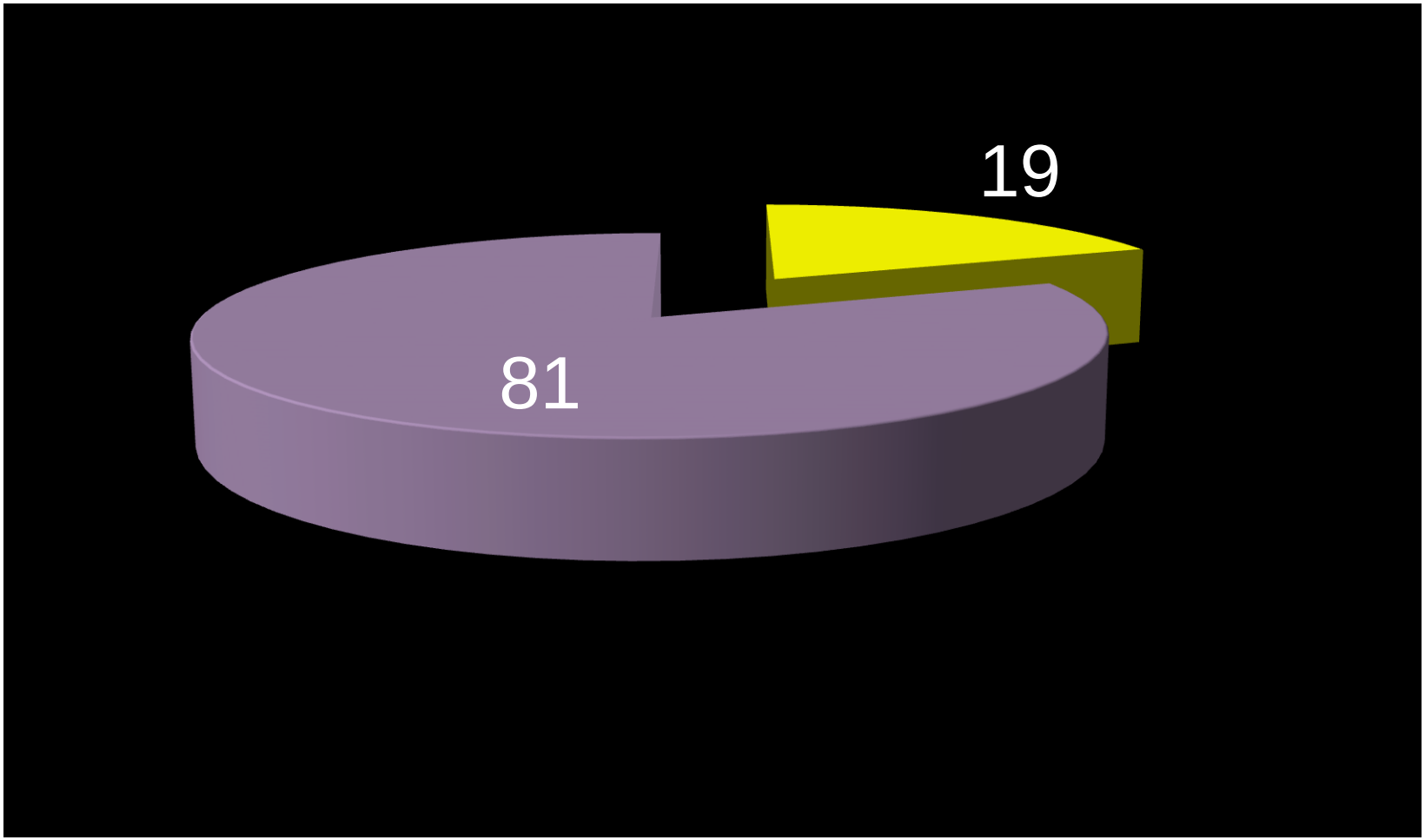
Knowledge about existence of TPAs on the basis of education- maximum in graduates



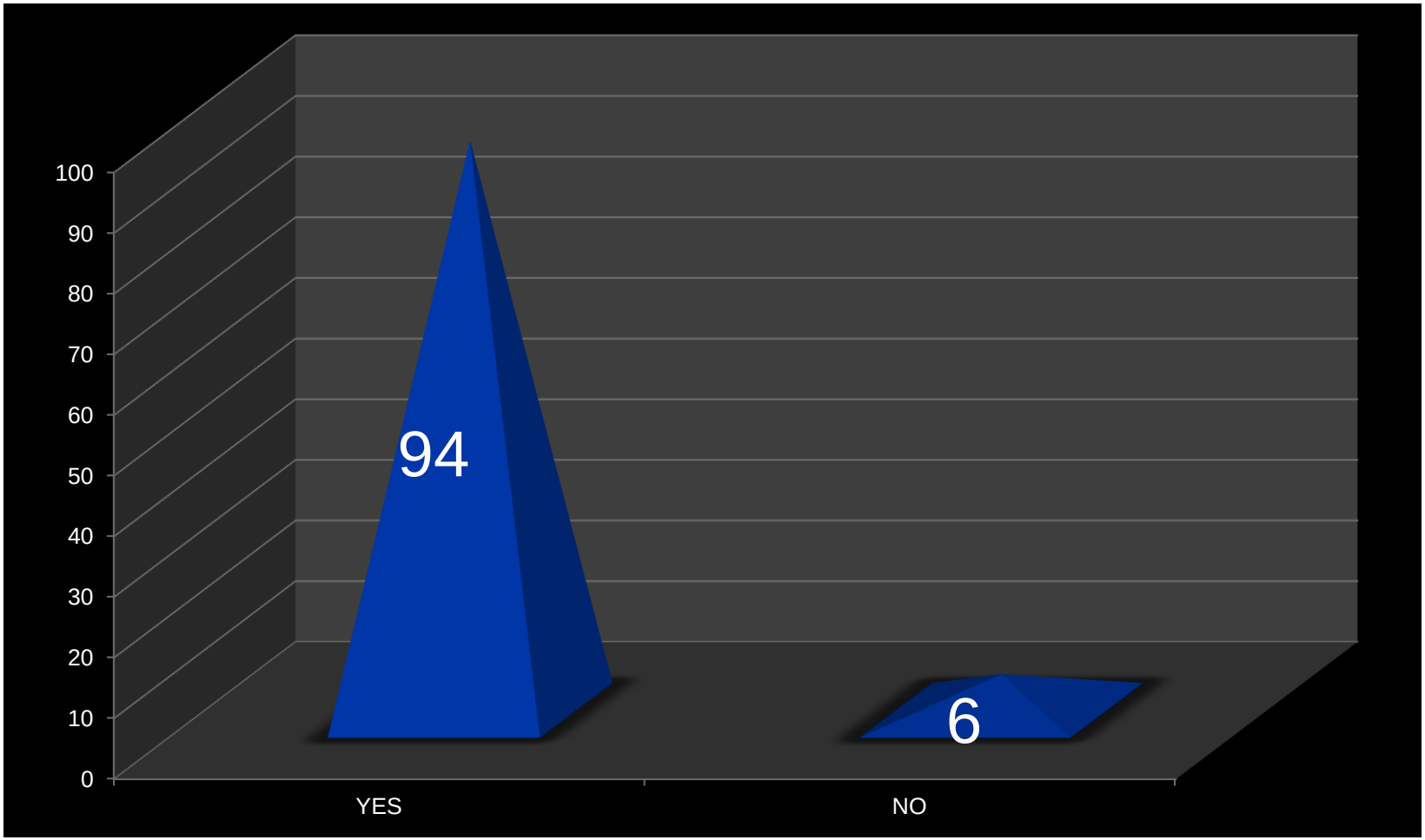
Around 93% of patients denied having knowledge of hidden clauses.



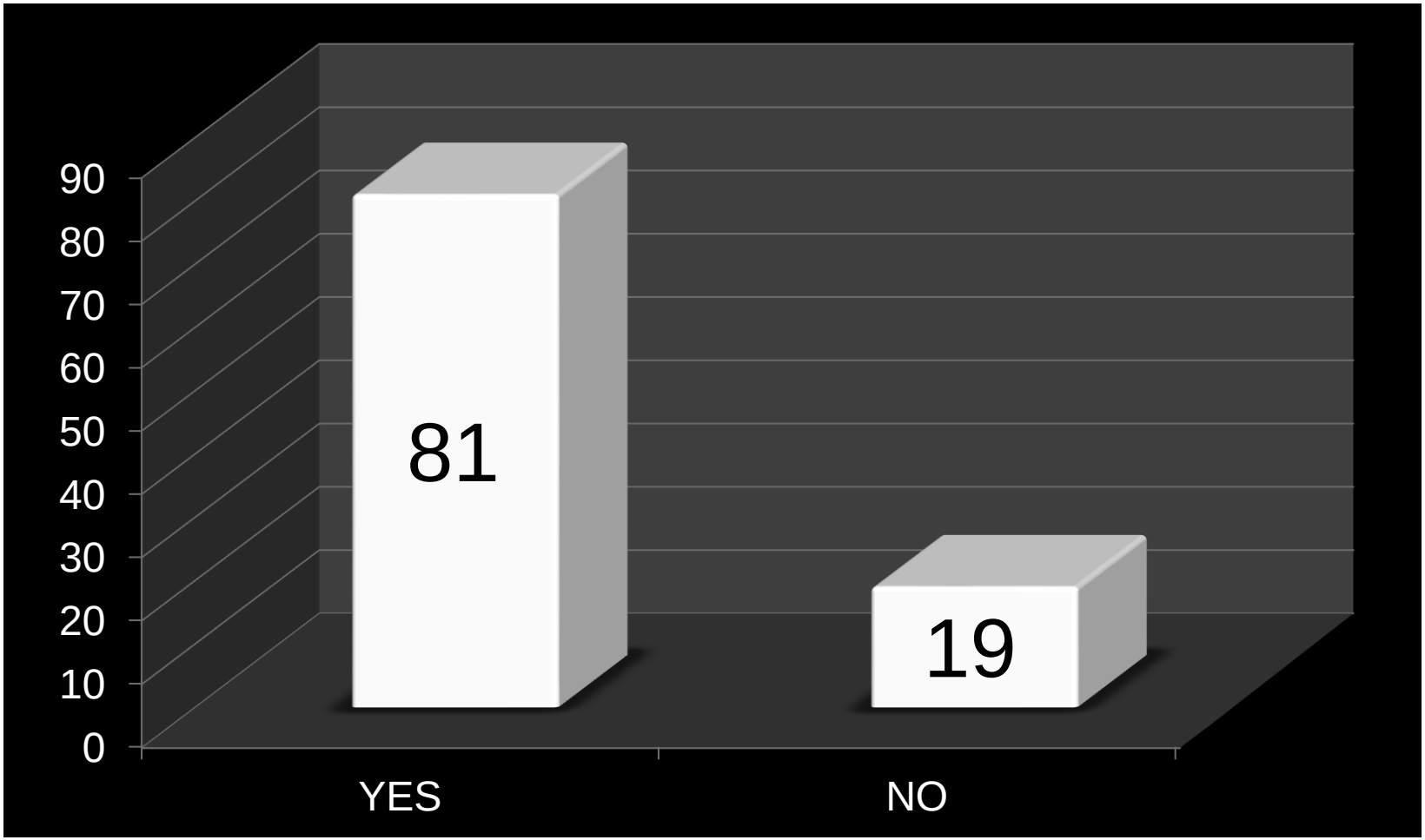
81% of sample did not know the included and excluded illnesses. Only a 19% population read the document of insurance that enumerated diseases



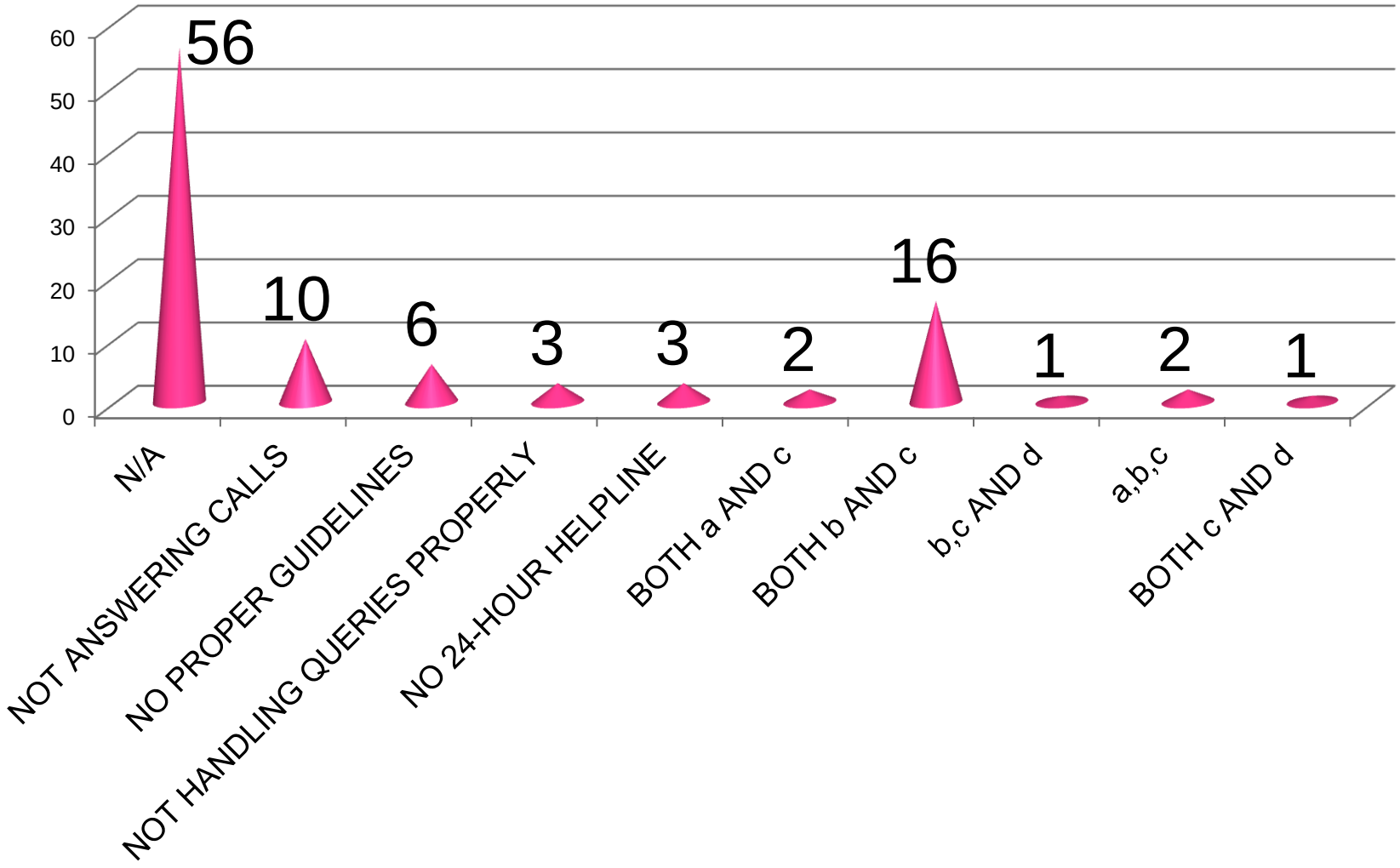
Are you aware of the list of hospitals empanelled with your insurance company?



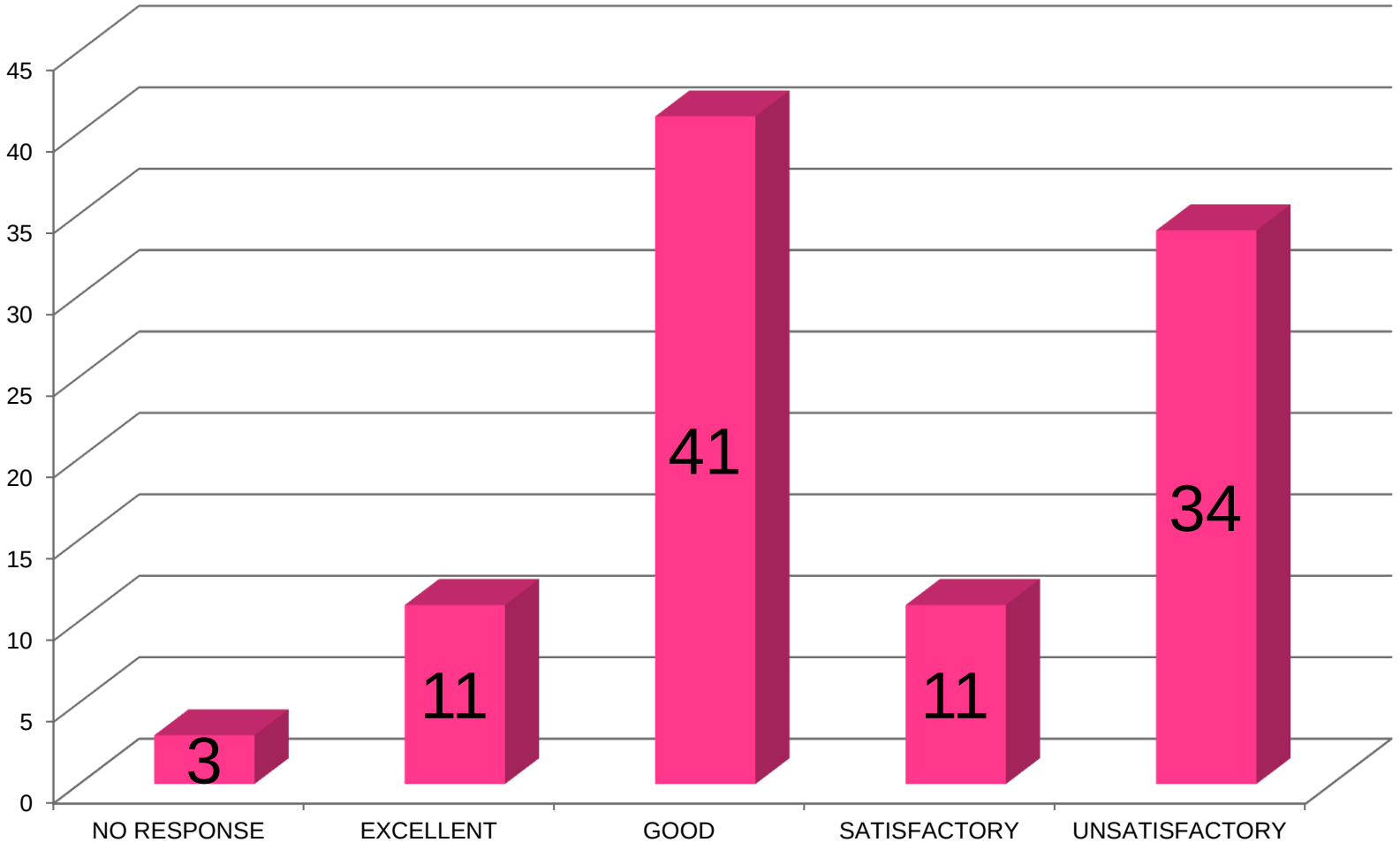
Even after 14 years of introduction of TPAs, there is a percentage of people who confuse TPAs for insurance agents.



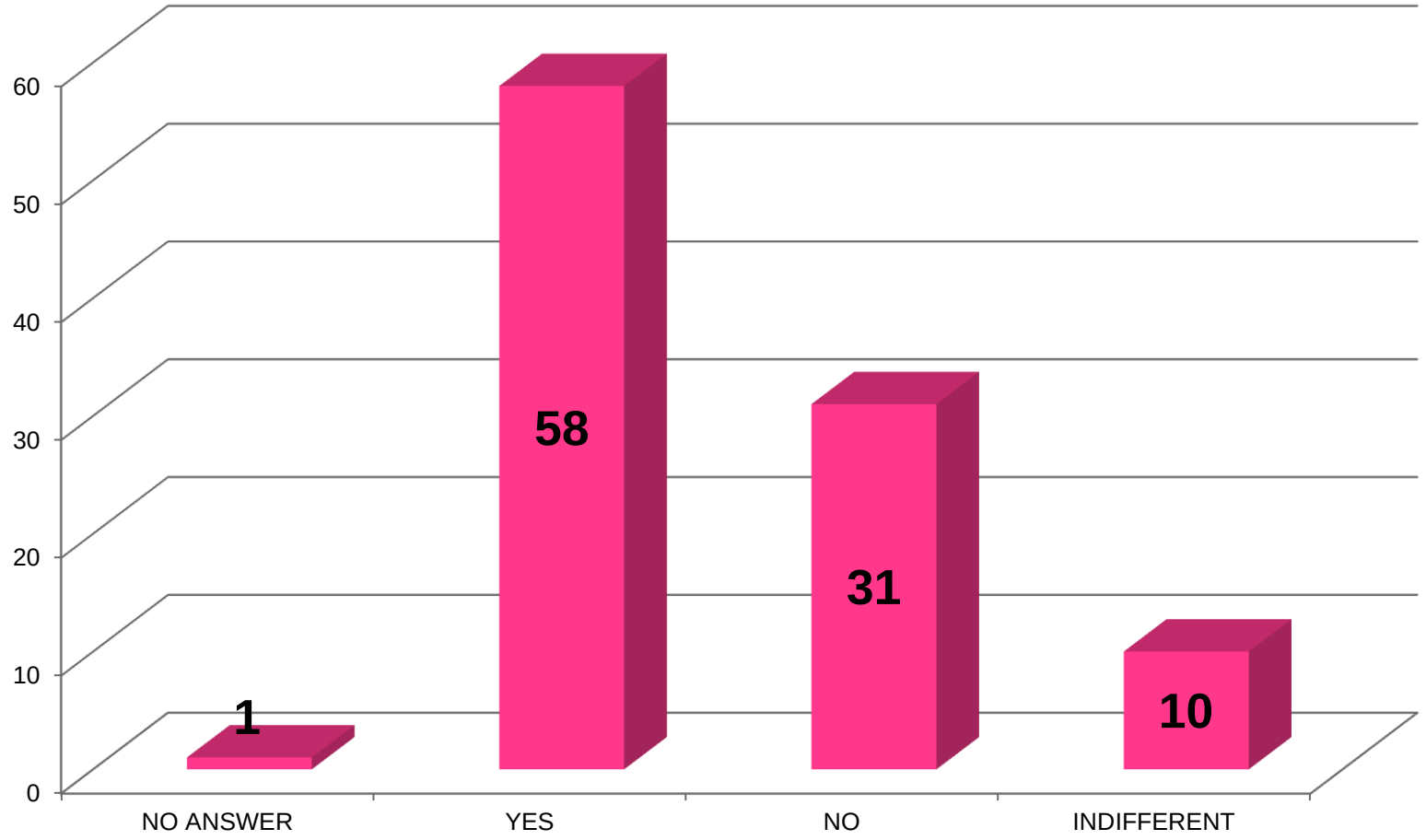
Problems faced sample when TPA is contacted on toll free number at the time of emergency



52% sample population considered TPA services to be good where still 45% population were not highly satisfied with their services.



DO YOU THINK TPA FACILITATES THE DELIVERY OF CASHLESS INSURANCE SERVICE WELL?



DISCUSSION



- The present study was undertaken with the objective of assessing the level of awareness and perception of policy holders with respect to TPAs and health insurance in India.

SAMPLE HAVING POSITIVE PERCEPTION ABOUT HEALTH INSURANCE

- Educated sample
- Sample having facilitated claim settlement
- Less educated and financially weaker subjects whose health insurance claim prevented them from severe indebtation in times of health emergency.

SAMPLE HAVING NEGATIVE PERCEPTION ABOUT HEALTH INSURANCE

- Major uneducated sample .
- Financially weaker samples for whom it is just an additional financial burden
- Samples who had a troubled claim settlement.

ANOTHER MAJOR FINDINGS

- The majority gave the reason to be enrolled in health insurance as employer's contribution, tax planning measure and future coverage against potential illness and old age, etc.

- Generally policy holders avoid dealing with the insurance company directly due to procedural hassles and it has been seen that they tend to rely more on insurance agents than insurance company or TPAs.

- The fault in acknowledgement of TPAs lies in both policy holders and insurance agents. Companies provide information booklet to policy holders who are required to read the same to have full knowledge about hospitals empanelled and diseases included or excluded.

- Another major issue is payment of hefty amount of security at the time of admission in a hospital even though the treatment is claimed to be cashless.

Thanks for your attention ☺ ☺ ☺



Have a nice day