

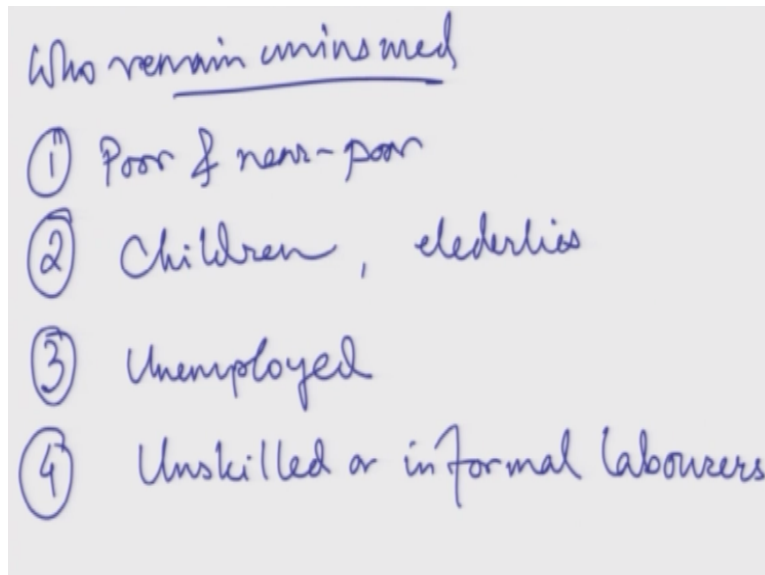
Economics of Health and Healthcare
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Lecture - 28
Insurance to Health Insurance

Hello everyone. Let us know something about health insurance. The market of which is really, really underdeveloped in countries like India or any other developing countries. The health insurance are supposed to cover our health issues through an insurance, which is generally renewed every year. So it is an one-time payment generally, in most of the cases we make and then that covers certain specific diseases for a particular time duration and the treatment of certain diseases.

So what happens in these developing countries or where the insurance market is developing or really underdeveloped, a plenty of people, most of the people are remaining uninsured. So who are those people who remain uninsured because we have to target them to make them insured. Those who are poor and near poor, they remain uninsured right.

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Who remain uninsured, so one is those who are poor and near poor. Number 2 is mostly adults are insured, but not the children, because we think they are children you know they are not falling sick. So mostly children those who are uninsured and in some cases elderly. Number 3 those who are unemployed because if they are unemployed, they are not going to pay, they will fail to pay the insurance premiums, so nobody is interested to insure them.

The fourth is unskilled or informal laborers as they do not have a formal job or formal salary mechanism, payment mechanism, they are not in the pay rule. So it is not possible to track them or to insure them in many cases those who are in to farming activities or marginal farmers or daily wage laborers, they move from one job to another from one place to another place. So it is difficult to track them and to insure them, collect the insurance premium.

Often they are uneducated, they do not have proper awareness about what to do in terms of when they fall sick with that insurance cards where to go and there is nobody after they are done with the insurance who can actually help them and they cannot really follow those documents, which even being educated, we do not I have never read our insurance document what we get after doing an insurance, and forget about them.

So these are the people who remain uninsured, but they are the people who generally have poor health status, is not it. So three primary reasons for which they are not getting their insurance. The number 1 is employer does not offer a health plan. Nowadays in any formal sector, we see the employer offers health insurance schemes. We only have to pay or the employer pays a certain part, but it is generally whenever we join that job, we are being insured.

In some cases, in informal cases say if I have a maid in my home or I have a cook we generally do not insure them right. So because they are employed in an informal sector, we as an employer which we give the money in cash, no pay slip nothing and then we are not either interested to give them an insurance. If they fall sick, they may ask for some money that is a different story altogether at a personal level.

But insurance are specific guarantee against their health payment mechanism, no it is not there.

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- ① Employer not interested
- ② Employee is not eligible for the plan
- ③ Employee doesn't buy the plan because it's too expensive or they don't perceive the requirement.

So number 1 is employer not interested, number 2 employee is not eligible for the plan as they are part-timers. They are attached with some other organizations, say the kind of group these stuffs who are generally cleaning, sweeping or the security staffs. They are out sourced from some other organization right. So what happens, if we are not interested, we do not know that whether they are main employer are insuring them or not.

At least we are not insuring them as an organization, because they are having a part-time status, the interns, the temporary staffs they are not insured because they are not eligible to get that insurance. Number 3 is employee does not buy the plan because it is too expensive or they do not perceive the requirement. They think that, yeah these guys are young, so nothing is going to happen with them.

In a restaurant, in a tea shop, if there are some people working you know whom we call chottu and all these things and all these people, they are not insured because they are young and their employer do not think that there is any requirement to insure them. Just yesterday, I was browsing through the TV and then I saw there is a movie you know maybe 20 years back and then the actor is a union leader.

The union leader in a construction site and he is bargaining with the manager or the owner of that real estate firm that you need to insure all the labors you know. So because the insurer do not perceive that they have to be insured and then one labor dies because of drinking of alcohol and then the owner finds their reason that because of these habits, they are not sick, they are not well or they are not working properly, so why should we insure them.

So the employers always have their logics behind why they do not want to insure a certain section of the population who are not being insured or being approached by the private insurer otherwise or the private insurer in the individual policies are too expensive for them because they are poor, they do not have a permanent job or a permanent income system.

Therefore, it is very difficult to measure empirically that whether not having insurance has a negative impact on health seeking behavior or not having insurance causes poor health or poor health causes lack of insurance, that if I already am sick, so no insurance company comes forward to insure me, because you know otherwise it is a loss making business for them, if I am already sick, so you know they would not pour money behind my health issues every time.

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So there is always this ambiguity. Another one is the selection bias, where well those who do not choose to buy health insurance, because they think that it is not required for them and they are healthier. Yes, I do not want because I am healthier at this age what will happen to me, at 25, 26,

30, 35 nothing happens to me. So I do not want health insurance and I am at the age of 21, 22, why I do not see myself falling sick with any serious issues for next 20 years.

So why will I pay for 20 years to a health insurance without getting anything. So there is a selection bias, but we don't know that because of I do not have a health insurance which might cover my health checkup every year, one health check-up I am not going for a health check-up, because I did not choose for that insurance and because I did not go for the health check-up, I never realized that I am having some issues maybe some cardiovascular disease, some diabetic problems, cholesterol issues.

I never realized that. At around 40, it took a huge ship. So I do not know whether not having insurance caused me poor health or it is like poor health causes not having insurance; however, it is very inconclusive. It has remained inconclusive across the globe, but it is also very, very prominent that without insurance people experience poor health. Those who do not have insurance, they experience poor health. That is the end of the story.

So that means we will require insurance, that is a like to prevention comes first before cure. So having insurance is kind of a prevention against the curative measures. In countries like India, this out-of-pocket expenditure or heavy expenditure behind healthcare has remained a major cause of poverty and insurance can be a cushion for that. Insurance can help people survive out of this.

But several times poor people they think that it is a luxury to pay an amount who do not get a 2 square meal, you know do not have a certainty about their income over the year, you know cannot really send their children for proper education how will they go for an insurance or a you know in these developing countries. It is mostly private insurance. How will they buy a health insurance?

Because they are not getting anything back out of those health insurance, out of several others a life insurance you get some money back. So you are not gaining anything back right. So it is not very lucrative for them or it is very difficult to convince them. So as the number of uninsured

grows, the policymakers will have an emergency situation when a huge number of people are falling sick asking for services out of public health system because they are poor.

In a poor country, they do not have a really fascinating public health service and the government is finally ending up paying a lot where a lot of people being sick not contributing enough towards the increase of the GDP, gross domestic product or the country's income. So do the uninsured receive necessary health care, the answer is straight, no. Generally, what happens that having higher rates of preventable and/or untreated illness is a detrimental factor towards having insurance.

That if I have already existing diseases, I would not be able to get insurance. So we will discuss about that later, but what we have seen, if we do a comparison between those who are insured and those who are uninsured. The uninsured population have a lot of preventable or the prevalence among the uninsured population for these preventable diseases, preventable hospitalizations are way more as compared to the those who are who have insured.

Because if they have insured, they will go for a treatment, they will go to a hospital. They can prevent a certain diseases or they can prevent a number of days with morbidities, they can save that, where the uninsured would not be able to do that or less likely to receive that to receive cure that they fill they should need. So they would not go for to the poor health seeking behavior, they would not go for a hospitalization.

They would not go for a treatment or a checkup in a particular clinic or something. As I said hospitalization can be preventable, have shorter hospital stays that is primarily because if they are you know they are seeing a doctor with a particular cause having insurance, you know being paid by the insurance then their status with that particular disease, as compared to those who suddenly realize not having insurance, did not come for any checkup.

Suddenly realize they have also developed the same disease, but at a serious level. So the hospitalization is way more as compared to those who have insurance, because their health status

is better than them and of course that death can be prevented because having a better health seeking behavior, we could postpone the date increasing the life expectancy.

For a particular disease, if I have never checked, whether I have developed some cancer and suddenly I realized that it is at the final stage, I cannot really postpone my death, right. So that is a benefit that insurance takers enjoy as compared to those who do not take insurance. Thank you.