Factors Influencing the Uptake of Health Insurance Policies in Delhi-NCR

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KEYWORDS	ABSTRACT
Health Insurance, Delhi, Non-Communicable Disease, Hospitalization Benefits, Claims Settlement, SPSS	In the year 2020 world witnessed onslaught of COVID and with this many medical emergencies became a new normal for the world, in addition to this Non-Communicable Diseases (NCDs) were becoming a headache for the common man as they have to plan for the unforeseen events in the form of severe diseases like Cancer, Heart ailments whose treatment involve huge expenditure, this has resulted in huge demand for health insurance. Health insurance serves as a main bulwark of financial security for ordinary people against cost associated with treatment, ultimately becoming crucial necessity for the people. Before COVID insurance agents have to chase their respective clients for selling their schemes but scenario has changed gradually. Lack of awareness or disliking towards the insurance products has been the defining feature of the ordinary people in relation to the health insurance. There are many private and public insurers providing health insurance but still health insurance penetration is very low and present study is a step in this direction to understand the root causes behind low penetration of health insurance. The present study focused upon various factors which are considered by the individuals before purchasing health insurance, the study involved a sample size of 100 respondents and data analysis took place with the help of SPSS. The study concluded that Hospitalization benefits, Service quality and Claim-Settlement Procedure weigh a lot on the minds of individuals while purchasing health insurance. The findings of the present study will be very useful for the authorities in understanding the decision making process adopted by the individuals while purchasing health insurance, in addition to this it will contribute to enhanced efforts by insurers to shore-up customer satisfaction during an uncertain environment .

1. INTRODUCTION

A key component of a nation's development is healthcare sector, with people having access to healthcare facilities, all the nations in the world are jostling for it. World Health Organization describes a healthy nation as the one where people are mentally and physically sound, in addition to this health care sector should be developed in such a way that common man has access to affordable treatment as and when required. In today's environment when medical science has made lot of advancements, ailments can be cured or managed if one manages to get timely intervention of doctors. But still people are dying or forced to live with ailments because with advancements in medical care field the treatment has also become very costly. Some startling facts brings more clarity to the unfolding situation, approximately 75 percent people pay all the expenses by their own funds leading to financial and mental pressure even after recovering from the ailment. The total expenditure related to healthcare accounts for 6 percent of total GDP. Out of pocket expenses constitute the major portion of payments towards healthcare which are devastating in many terms financially and mentally Mavlankar and Bhatt (2000), Al-Azri et al. (2020). Healthcare expenditure in Indian states in general is low in comparison to education Mohanty and Bhanumurthy (2021)

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In this scenario Health insurance or mediclaim policies play a very important role in reducing the pressure related to the uncertainties associated with health related ailments, as it help people in overcoming costs and expenditure associated with hospitalization.

India and its huge population base has made the healthcare segment a priority sector due to which marked increase in hospital expenses has been observed, Government is mostly focused on providing healthcare facility to people living below poverty line but middle class people normally remain untouched by such initiatives of the Government. Elderly people are the most vulnerable segment as they don't have regular cash flows and dependent on their near and dear one for hospitalization expenses (Yuan and Jiang, 2015)

In India healthcare policies are offered by life insurers or non-life insurers. Mediclaim policies were launched in 1986, in 2001 private entities were allowed to enter this segment, today 28 no-life insurance are active in India, and their plans are different from each other in terms of offering. Apart from providing traditional claim settlement procedure they also provide cashless settlement of claims

Of late awareness level of people in relation to health insurance or mediclaim policies has increased by manifold. They are monitoring their diseases very diligently and also preparing to face sudden expenses. But there are many factors associated with selection of mediclaim policy and a person opting to purchase one needs to be well versed with all the intricacies involved in the process to get a satisfactory deal while purchasing mediclaim policies and it ultimately shapes overall perception of public about mediclaim policies.

Even though awareness about health insurance has increased exponentially but still mediclaim insurance or health insurance has not penetrated the people's finances according to the expectations currently it stands at only 25 percent Reddy et al. (2011) and when the elderly are focused upon carefully it stands at 1.6-2 percent which is seriously below expectations. The primary reason cited for the exclusion of elderly citizens from the umbrella of mediclaim insurance is the lack of awareness but the lack of schemes resulting in exclusion of elderly people needs equal blame (Arokiasamy et al. 2013).

Apart from Health insurance schemes launched by Government, there are certain schemes which are provided by large public sector undertakings or provide dedicated health facilities to their employees known as Employer Funded Insurance, Ellis et al. (2000). The coverage of employer funded insurance is largely dependent upon the quality of occupation of a person so the people engaged in informal sector are out of the purview of these schemes and resulting in low penetration of mediclaim insurance.

In view of this it becomes imperative to understand the factors responsible for less penetration of health insurance among Indian population not only focusing solely upon elderly people but also people who are young and earning and also who are pursuing education. By studying those factors behind low rate of penetration of health insurance the study intends to shed light on the role of private insurers and inhibiting factors playing spoilsport in the spread of health insurance.

The present research is designed as follows. Section 2 will delve into the past studies undertaken by the researchers in this area. Section 3 will outline the methodology adopted by present study. Section 4 will converge the results and discussions over it to provide a comprehensive picture. Section 5 will provide concluding remarks on the study

2. LITERATURE REVIEW

The spread of insurance is mainly based on the expected utility theory which is centered on the tendency of individuals to be risk averse and they are always jostling hard for maximizing their utility Arrow (1978). People usually invest in insurance when they are getting many benefits or in other words costs are less than the benefits associated with insurance Nyman (1999). This theory also affects decision making of people when they are faced with different types of insurance and they are going with the one which covers his ailments.

2.1 Demographic Conditions

When it comes to purchasing health insurance schemes provided by private insurers, socio-economic profile of individuals play an important role in shaping their eventual decisions and they needed to be investigated properly to understand the dynamics of decision-making Wan et al. (2020), Yadav and Sudhakar (2017). It was noted that variables like risk coverage, tax benefts and financial stability are influencing factors in most of the situations.

Socio-economic conditions affect the standard of living of individuals and in turn also engenders different ailments and ultimately their decision making in relation to the health care including Health Insurance Adler and Newman (2002), Arpey et al. (2017). Major variables which are studied in relation to socio-economic profile are income, occupation, education, marital status and settlement type. Income is monitored to check the ability of person to pay insurance and his/her ability to withstand it and also reflects the purchasing ability of the individual Chakraborti and Shankar (2015), Emamgholipour et al. (2016). It has also come to the notice of the researchers people belonging to the High Net worth Group are found to be constantly purchasing health insurance schemes Duku (2018), Bhat and Jain (2006), Kirigia et al. (2005), Motlagh et al. (2015), Salari et al. (2019), Mulenga et al. (2017). Sound financial health of individuals tend to result in reduction of

opportunity cost Bhat and Jain (2006), as people improve their financial health it becomes easy for the people to get covered through insurance schemes provided by private insurers Jin et al. (2016).

Occupational status has also provided various useful insights in to the purchasing behavior of individuals in relation to the health insurance Liu and Chen (2002). Primary work of the households can be considered as the source of income for elderly people who are without work.

Education is another variable which has been studied extensively to understand the behavior of individuals in relation to the health insurance. In the past studies it has been observed that highly educated people are more likely to be covered under health insurance schemes. Higher education generates higher possibility for getting good employment in turn enhances the ability to pay higher premiums Wilcox-Gok and Rubin (1994). Higher education leads to enhanced knowledge about documentation and informed decision making while purchasing health insurance Duku (2018).

Marital Status is another variable which requires careful observation as it impacts the decisions of individuals for health insurance. It has been noticed in the past researches that presence of spouse results in improved health of elderly people on the other hand absence of spouse results in negative outcomes in relation to health of elderly people Srivastava and Rastogi (2021). Married people are found to be having strong inclination towards purchasing health insurance policies in addition to this additional health insurance package is also strongly considered by married people pointing towards their concerns about suddenness of health related expenditures.

Rural –Urban divide also plays an important role in shaping the health insurance expenditure, it has been found in the past studies that people from rural background are less interested in health insurance schemes and resulting in less penetration of insurance among rural people. Urban counterparts are proactively purchasing health insurance and the presence of private insurers in urban areas has a role to play in this (Kirigia et al. 2005).

2.2 Health Profile

People suffering from serious ailments usually avail higher health services and as they incur out of pocket expenses as they are less likely to be included in any insurance scheme due to advantageous selection policies pursued by insurers Bolhaar et al. (2012). Private insurers usually deny insurance to people who are functionally ill as they anticipate future costs.

Age is an important variable in the calculations related to health insurance as age increases the health profile of the person decreases, to avoid sudden health emergencies individuals tend to purchase health insurance cover Grossman (1972) but some researches also point out that people with old age and medical history tend to be vigilant and purchase health insurance in advance to manage their future expenses (Kirigia et al. 2015).

2.3 Other Factors

Besides socio-economic and health conditions there are some other factors which are central to the study in relation to health insurance. Family size and social relation holds importance in the social structure of India and household size has an inverse relation with propensity to purchase health insurance, higher the family size lesser is possibility to sign up for any health insurance Avasthi (2011), Chadda and Deb (2013). But some researches also point out that big family size propels individuals to purchase health insurance to reduce the suddenness of medical emergencies in the future Liu and Chen (2002).

In terms of Gender females who have reached the age of reproduction are specifically meant to be covered under health insurance provided by Government agencies, in other circumstances females are found to be purchasing more health insurance policies as compared to their male counterparts but some studies have pointed out that there is no constructive relation between health insurance policy purchasing behavior and gender `

Number of children has also a very special relationship with health insurance as in the past studies it has been proved that presence of male child has a positive relation with older people having good health and also purchase health insurance to plan for future emergencies Ugargol (2016).

In Indian conditions people from backward caste with sound financial health are found to be covered under insurance schemes provided by the Central/State Government but on the other people from general caste don't have such opportunities, regardless of income they do not enroll for any health insurance schemes and if people of general category are in rural areas possibility of having health insurance is negligible (Chakraborty and Shankar 2015).

Objectives of the Study

- To study the domain specific factors which influence the decision making of individuals in relation to the health insurance.
- To develop an understanding about interplay between variables which shape the decision making of the customers while purchasing health insurance.

Hypothesis Development

The study attempts to study the relationship between variables namely factors which propel an individual to purchase health insurance scheme. The following hypotheses were framed for the purpose of guiding the study:

H1- Communication does not influence the decision of customer towards health insurance.

H2- Hospital benefits does not influence the decision of customer towards health insurance.

H3- Claim Settlement Process does not influence the decision of customer towards health insurance.

H4- Service quality does not influence the decision of customer towards health insurance.

3. METHODOLOGY OF THE STUDY

By carefully analyzing the previous studies in this area a structured questionnaire was created which was divided into two parts. First part of the questionnaire was dealing with questions related to personal details of the respondents. Second part was carrying questions related factors which were considered important in molding the decision of customers while purchasing health insurance. The study involved a sample size of 100 respondents residing in Delhi-NCR area. Being the capital city of India, the city boasts of robust medical infrastructure with many financial institutions providing medical insurance or health insurance facilities which the people were availing frequently. People are very flexible in articulating their views in relation the factors which mattered the most to them.

Demographic Profile

Variables	Category	Frequency	%
Gender	Male	54	54
	Female	46	46
Age	18-30	59	59
	31-45	29	29
	46-60	12	12
Marital Status	Unmarried	46	46
	Married	54	54
Education	School Education	11	11
	Graduation	44	44
	Post-Graduation	36	36
	Others	9	9
Occupation	Private Employees	43	43
	Public Employees	10	10
	Business	13	13
	Others	34	34
Income	<5 Lakhs	68	68
	5-10 Lakhs	25	25
	>10 Lakhs	7	7

Data Analysis

Reliability

To assess the reliability of the construct, Cronbach's Alpha was used to numerically express it as it is considered to be widely credible in this regard. Cronbach's Alpha is usually accepted when the value of the construct is more than 0.70. Each construct in the present study has measured more than 0.70 in turn increasing the credibility of the present study.

Construct	No. of Items	Alpha (α)
CC	4	0.867
CS	4	0.842
SQ	5	0.893
PF	4	0.911
HB	4	0.810

Table 1 Reliability Analysis

Exploratory Factor Analysis

An EFA was performed to identify key factors with the help of Principal Component Analyis and Varimax Rotation. The overall significance of the model was assessed with the help of Bartlett's Test of Sphericity. The results were found to be significant x^2= 1402.500 (p<0.001). The MSA value for the test which depict the suitability of data was 0.73. Finally Four factor solution was derived from the test which accounted for 71 percent of the variance. Factor Loadings of all the constructs are here below.

Items	Factor1	Factor 2	Factor 3	Factor 4	Factor5
Service Quality					
SQ1	0.763				
SQ2	0.806				
SQ3	0.731				
SQ4	0.826				
SQ5	0.802				
Perception For Health Insurance					
PF1		.852			
PF2		.857			
PF3		.862			
PF4		.893			
Consumer Communication					
CC1			.557		
CC2			.814		
CC3			.890		
CC4			.877		
Claim Settlement					
CS1				.824	
CS2				.866	
CS3				.778	
CS4				.625	

Hospitalization Benefits					
HB1					.761
HB2					.661
HB3					.556
HB4					.587

Table 2 Exploratory Factor Analysis

Multiple Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.484ᵃ	.234	.202	.83202

a. Predictors: (Constant), SQ, CS, HB, CC

Table 3 Model Summary

ANOVAª

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.093	4	5.023	7.256	.000ᵇ
	Residual	65.764	95	.692		
	Total	85.857	99			

a. Dependent Variable: PF

b. Predictors: (Constant), SQ, CS, HB, CC

Table 4 ANOVA

Coefficientsª

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.024	.482		4.203	.000
	CC	.075	.091	.087	.823	.413
	HB	.257	.112	.223	2.289	.024
	CS	.313	.109	.287	2.862	.005
	SQ	-.288	.088	.320	3.290	.001

a. Dependent Variable: PF

Table 5 Coefficients

The independent variables in the present study has significantly affected the dependent variable (4, 95) = 7.256, p<0.01 which clearly establishes the effectiveness of the model. The model here is able to reflect the 25 percent of the overall variance in the perception of the consumer towards health insurance products and the factors which mattered most to them.

To understand the role of individual factors and their eventual impact on the dependent variable, Hypothesis 1 studied the impact of consumer communication on the perception of communication and the results indicated that communication with consumer and its bearing on the perceptions of the consumer is insignificant (β=.087, t = .823, p = 4.13) and therefore H_1 is accepted. H_2 evaluates the weightage of the hospitalization benefits in significantly affecting decisions of the people in relation to the health insurance and it is found to be playing a significant role (β=.223, t = 2.289, p = .024) and hence H_2 is rejected. H_3 studies the role played by the claim settlement benefits associated with health insurance in changing the decisions and perceptions of the consumers in relation to the health insurance products and it is also found to be significantly affecting the dependent variable (β=.287, t = 2.862, p = .005). H_4 observed the role of service quality in shaping the decisions of the consumers in relation to the health insurance products and it is also found to be affecting the results in a significant way (β=.320, t = 3.290, p = .001), hence H_3 stands rejected.

Hypothesis Results

Relationship	Beta	P-Value	Hypothesis Supported
Consumer Communication→ Perception of Consumer	.087	.413	Yes
Hospitalization Benefits→ Perception of Consumers	.223	.024	No
Claim-Settlement→ Perception of Consumers	.287	.005	No
Service Quality → Perception of Consumers	.320	.001	No

4. DISCUSSION AND CONCLUSION

The present study analyzed the key factors which drive people towards purchasing health insurance product and it focused on factors like communication with consumer, Hospitalization benefits, Claim Settlement Benefits and Service Quality. In a fast growing economy like India lifestyle has undergone huge change or transformation with this uncertainties of life has increased by manifold and this has necessitated the relevance of health insurance for ordinary people but still insurance penetration is very low in India. The findings of the study revel that communication with consumer does not play a prominent role in attracting or propelling them towards purchasing health insurance product, which in other words also indicating that words should match with deeds and they should focus more on delivery of the performance of the promises.

Hospitalization benefits on the contrary found to be playing significant role as people are usually wary of getting hospitalized in the event of emergency and always worried about unpredictability of the hospital expenses and that stimulates them towards purchasing Health Insurance, in order to increase their reach insurers should try to cover most of the hospitalization expenses so that more people come forward to purchase health insurance.

Issues related to settling claims in the event of discharge also baffles consumers and in that event they also want to avoid making out of pocket expenses and save money for future contingencies and in this they find health insurance products very helpful and also play a protective role in saving consumers from unwanted out of pocket expenses and in the present study claim settlement as a variables significantly contributed to the results.

Timely intervention of the insurer and fast disbursal of insurance money at the time of discharge and less documentation also play a very important role in shaping the decisions of consumers in favor of purchasing health insurance products for their own safety and in the present study service quality as a variable played a significant role.

This puts forward a critical aspect that people while purchasing health insurance they focus more on delivery aspects rather than what's on offer. A good track record of an insurer helps them in getting a new pool of customer base.

5. LIMITATIONS OF THE STUDY/FUTURE SCOPE OF THE STUDY

In the present study small sample size plays a inhibiting role in terms of generalization study for that similar studies with comparatively large sample size need to be carried out in adjoining big cities in other studies, People were not willing to share their personal details and were giving biased responses to the questions in the questionnaire.

The present study is going to be useful for the insurance companies to focus on those features which consumers attach a lot of importance and hence will result in enhanced customer satisfaction

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