

CHALLENGES IN MOBILIZING HEALTH INSURANCE AMONG THE WORKERS OF INFORMAL SECTOR IN ODISHA

*** Mr. Bishnu Prasad Kar**

ABSTRACT

In a disease prone world, Health insurance can be an effective tool for personal protection. But India's health insurance market still lagging with a distinct deviation in terms of penetration. Keeping this in mind, the present paper identifies various factors which act as a barrier in the enrollment of health insurance among the informal sector.

The study is based on primary data. Data has been collected from 570 workers employed in informal sector of three districts of Odisha: "Cuttack , Kendrapara and Dhenkanal". The finding reveals a low awareness and a lack of clarity over the concept of health insurance. The exact cause was found & it was limited to twelve factors for the low penetration of health insurance in the informal sector. These factors are lack of awareness about the need to buy health insurance, income constraint, procedural formalities and complications, liquidity constraint, opportunity cost, future contingencies and social obligations, lack of information, availability of subsidized government health care, linkage with government hospitals, preference for government schemes and lack of trust. Policy makers or marketers of health insurance policies should recognize these factors as a potential barrier and try to develop a health insurance package as per the needs of informal sector of India. The study also calls for an effective awareness campaign designed to create a better understanding about the concept of health insurance among the workers employed in informal sector.

* **Mr. Bishnu Prasad Kar**, Asst. Professor (Finance), ASTHA School of Management, Bhubaneswar, Email: bishnuprasadkar74@gmail.com

Keywords- Awareness, Health Insurance, Factors, Informal Sector, Enrollment, Understanding

Introduction:

Health insurance is an ideal mechanism for protection of an individual's health & earning by sharing risk. Health insurance is gaining momentum in India, as an alternative to finance healthcare. But, the penetration of health insurance is low compared to western countries. The inadequate development of health infrastructure is one of the major obstacles in the penetration of health insurance in India.

Although, with the advancement of science and technology, better education, awareness of healthcare and low government financing on health gradually attracted many individuals towards health insurance.

Why Health Insurance for Informal Sector of India?

In India, two-fifth of the GDP originates from the informal sector and about 90 per cent of families earn their livelihood from this sector. Inadequate safety and environmental hazards are prevalent in the informal sector. The workers employed in informal sector live and work in unhygienic conditions and are susceptible to many infectious and chronic diseases. Majority of them are illiterate, poor and vulnerable. These workers neither have fixed employer-employee relationship nor any statutory social security benefits. This implied that they do not get any healthcare benefits, paid leave during illness, maternity benefits, insurance and old age pension etc. They have not formed any unions or associations and could not fight against the injustices they face every day. One of the major insecurities of these workers and their families is the frequent incidents of illness, need for healthcare and hospitalization. But, medical cost is rising and disappearance of free health care resulted loss of a form of social protection to informal sector. A single hospitalization can account for a loss of 20 to 60 percent of their annual per capita income. This can lead to a tremendous burden on poor household and indebtedness, sometimes

resulting in liquidation of their assets. Health risks and resulting catastrophic financial losses are probably significant threats to people, particularly lower income groups. A health shock leads to direct expenditure for medicine, transport and treatment but also indirect cost in terms of loss of wages. Nongovernmental organizations have played an important role in the delivery of affordable health services to the poor but their coverage is very low.

A person with bad health will not only fail to contribute to its family but also become a burden to the family and the society causing a negative cycle in the economy. Health Insurance can affect the poor through its effect on the provision of health services (cost, quality and access) used by the low-income people as well as through its access to financing of health care. Surprisingly, literature on factors which were responsible for low penetration of health insurance among the workers employed in the informal sector is scanty. Therefore in the present study an attempt has been made to identify the various factors which act as a barrier in the enrollment of health insurance among the workers employed in the informal sector of India.

I. Research Methodology

i. Questionnaire Design, Sample Selection and Data Collection

The present study is based on primary data collected from three urban districts of Odisha : “Cuttack, Kendrapara and Dhenkanal”. Three types of occupational groups: Construction workers, Vendors and Shopkeepers were covered from these districts.

A sample of 510 respondents has been selected (170 respondents from each district). For the collection of data. A structured questionnaire has been prepared which deals with basic information of the respondent and 36 perception variables related to health insurance, which was included on the basis of literature review, personal interviews with study units and after discussion with experts and health insurance agents. These

perceptions variables were measured on Likert scale ranging from 1=Strongly disagree, to 5 = Strongly agree.

II. Empirical Analysis

I. Demographic Characteristics of the Respondents:

The Following table shows that:-91.7% percent of the respondents were male and majority of them were below 30 years. 80.3% of the respondents were married and 16 percent were single. On the other hand, 36.2 percent were above primary but below secondary education and 22.7 were illiterate and about 60 percent of the respondents had an annual income of `50,000 to 1,00,000.

Table: 1 Characteristics of the Respondents (510)

Character istics								Total
Gender	Male (91.7%)	Female (8.3%)	-					100 %
Age	<30, (25.9%)	31-40 (21.9%)	41-50 (23%)	51-60 (19.4%)	>60 (9.8%)			100 %
Marital Status	Single 16%	Married 84%						100 %
Education	Illiterate (22.7%)	Informal Education (6%)	Primary (18.7%)	Secondary (36.2%)	Senior Secondary (8.6%)	Graduate (4.8%)	Post Graduate (3%)	100 %
Annual Income	<50000 (7.5%)	50000 to 100000 (59.7%)	100000 to 150000 (24.1%)	150000 to 200000 (5.9%)	200000 to 250000 (2.8%)			100 %

Source-: Primary data collected from three urban districts of Odisha. (Cuttack, Kendrapara, and Dhenkanal)

II. Awareness and Understanding of Health Insurance among Workers Employed in Informal Sector:

The awareness and sources of awareness of health insurance. In the present study, only 48% of the respondents were aware of health insurance and of them almost 32% of the respondents came to know about them from insurance agents, 21% heard from their friends, 18% from local people 13% from television, 8% from newspapers, 4% from employees of insurance company, 2% from the doctors and 2% from hoardings / billboards.

Table-2(2.1) Awareness of health Insurance (N=510)

Characteristics	Yes	No
Aware about health Insurance	48%	52%

Table-2(2.2) (N=245)

Characteristics	Agent	Friend	Locals	Television	News paper	Employees	Doctor	Hoarding
Source of awareness	31.9%	21%	17.9%	13.2%	8.2%	4.2%	2.3%	1.3%

Source-: Primary data collected from three urban districts of Odisha.
(Cuttack, Kendrapara, and Dhenkanal)
(Multiple responses possible sum may exceed 100%).

III) Subscription and Understanding of Health Insurance among Workers Employed in Informal Sector.

Table 3, describes that only 6% of the respondents have subscribed to health insurance and respondents have cited different views about health insurance.

Characteristics Percentage Subscription of Health Insurance (N=510).

Characteristics	Yes	No	Total
Percentage Subscription of Health Insurance	6.1%	93.9%	100%

Understanding about Health Insurance

I consider this program as a means to improve my health	84.6%.
I would like to have health insurance as saving tool	76.9%.
I consider this will compensate for losses from certain events	69.2%.
I consider this program as usefulness in emergency	69.2%.
I consider this will give bulk return in future	46.2
I am always sick, hence via this program my health will improve	46.2
I would like to have health insurance for security purposes	42.3%
I consider this program as protection against critical illness	38.5%
I consider this program as protection against all illnesses	34.6%
I consider this program as a means to alleviate poverty	30.8%.

(Source: Calculation based on primary data collected from three urban districts of Odisha (Cuttack, Kendrapara, and Dhenkanal).

Multiple responses possible & sum may exceed 100%.

The above finding reveals a lack of clarity over the concept of health insurance. This call for effective awareness campaigns designed to create a better understanding about the concept of health insurance.

Factors responsible for low Penetration of Health Insurance in Informal sector & respective weight-age falling within the factor with the level of variance.

Factor	Theme	Variance	Perception Variables	Weightage
1	Lack of awareness about the need to buy Health Insurance	6.544%	Family members less prone to disease	0.487
			I don't feel the need to buy it	0.705
			Saving in other area in order to meet health care needs	0.573
			I don't like to buy it	0.539
			I want to enjoy present instead of securing future	0.633

Factor	Theme	Variance	Perception Variables	Weightage
2	Comprehensive Coverage	5.970%	I will buy if the whole family will be covered	0.877
			If it is provided by NGO then I will think	0.340
			If it covers all the hospitalization expenses, then I can prefer	0.855

Factor	Theme	Variance	Perception Variables	Weightage
3	Income Constraint	5.696%	I have irregular income, how can I buy?	0.879
			Low salary restricts me to buy health insurance	0.877

Factor	Theme	Variance	Possible Perceptions	Weightage
4	Procedural Formalities and Complications	5.522%	Difficulty in availing health care services in hospitals	0.794
			No doctor/health facility easily accessible	0.565
			Difficult to approach health insurance agent	0.431

Factor	Theme	Variance	Perception Variables	Weightage
5	Liquidity Constraint	5.423%	I have low risk tolerance capacity	0.718
			I have small amount of cash, how can I insure	0.632
			I give importance to current need over future problems	0.506

			Everyone cannot pay in cash for health insurance	0.337
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Factor	Theme	Variance	Perception Variables	Weightage
6	Opportunity Cost	5.410%	No agent approached me, to buy health insurance	0.470
			I would prefer to invest rather to insurance	0.598
			Health insurance will not yield any return, rather it is a monetary loss	0.557
			Health insurance must be cheap and affordable	0.521

Factor	Theme	Variance	Perception Variables	Weightage
7	Future Contingencies and Social obligations	5.205%	I have to meet social obligations, I cannot afford.	0.753
			I need to save money for future, how can I buy?	0.736
			My elders take decisions on my part.	0.421

Factor	Theme	Variance	Perception Variables	Weightage
8	Lack of Information Weightage	4.985%	No one suggested about health insurance.	0.901
			I never heard about health insurance.	0.750
			I will buy health insurance if my friends/relatives/colleagues will buy .	0.534

Factor	Theme	Variance	Perception Variables	Weightage
9	Availability of Subsidized Government Health Care	4.884%	I am already availing free health care facilities from government.	0.727
			If I will not fall sick, then I will not get anything.	0.649

Factor	Theme	Variance	Perception Variables	Weightage
10	Linkage with Government Hospitals	4.274%	I will avail the policy if government hospitals are linked with the scheme.	0.787

Factor	Theme	Variance	Perception Variables	Weightage
11	Preference for Government Schemes	4.274%	If provided by the government company, then I can think	0.728
			I will prefer, if all diseases will be covered	0.612
			I will avail health insurance, if government contributes	0.519
			I know little about the health insurance	0.338

Factor	Theme	Variance	Perception Variables	Weightage
12	Lack of Trust	3.563%	If someone suggest about it, then I can buy	0.611
			I do not trust insurance agents	0.528

(Source: Calculation based on primary data collected from three urban districts of Odisha (Cuttack, Kendrapara and Dhenkanal) Multiple responses possible sum may exceed 100%.

Discussion and Policy Implications:

The findings of the present study have important policy implications not only for government but also for insurers, policy makers and healthcare providers. It was found that only 48 percent of the respondents were aware of health insurance and they lack clarity over the concept of health insurance. This study could be helpful to the government to understand the underlying perception of informal segment towards health insurance enrolment and to design a health insurance package as per their needs. The first and the important cause of low penetration of health insurance among the workers employed in the informal sector is the Lack of awareness about the need to buy Health Insurance, to address this issue, a major awareness campaign needs to be launched through government and private media to sensitize the informal labor towards the consequences of illness and role of health insurance to mitigate those consequences.

It was also found that workers have shown their interest towards comprehensive coverage. In the context of this factor, specific insurance schemes should be designed or customized towards the needs of the informal sector compatible with widely prevailing disease patterns. It was observed that common diseases affecting middle and low income groups are tuberculosis, malaria, dengue, typhoid, jaundice, common cold, cough accompanied by high fever and gastrointestinal infections, when insurance companies are designing health insurance policies, they should take into consideration all these diseases too. Low and irregular income and liquidity constraint posed a serious constraint in the penetration of health insurance among the informal sector.

To overcome this problem, special schemes offering mass insurance at highly subsidized rate need to be launched and ramped up in the market. These workers cannot pay the premium at once, it is suggested that there should be flexibility in the payment of premium. While formulating health insurance plans, cashless insurance schemes should be designed specifically for the informal sector as they cannot afford to pay for expensive healthcare services. It was also observed that workers employed in the informal sector are reluctant to join insurance schemes because they do not readily accept the idea of paying for the services they might not use. Keeping this fact in mind, the insurers while designing health insurance policies money back options should be introduced. Future contingencies and social obligations are also acting as a barrier in the health insurance enrollment.

To overcome this, effort should be made to engage the social workers and NGO's towards the promotion of health insurance policies. It was found that, among informal groups, the availability of subsidized government health care inversely affects their decision to enrolment for health insurance. The individuals to whom subsidized government health care was available are less willing to enroll for health insurance. But if the health insurance policies were linked to government hospitals, this raises the probability to enroll for it. Results shows that people preferred to join for government schemes, It is suggested to increase enrolment; schemes should be run by government, NGO's or local village level authorities to give people more confidence on the administration and implementation of these schemes.

Conclusion:

It has been noticed that lack of information, lack of trust, procedures and formalities, difficulty in getting claims in time of need and incomplete coverage regarding disease areas and treatments, were the common prevalent perceptions regarding health insurance schemes. While some of these may be founded on facts or actual experience, the root cause appears to be lack of information among the informal sectors on how to adopt streamlined procedures and follow simple steps to get speedy and hassle free processing of claims. Once the penetration of health insurance increases among the informal sector, out of pocket payments will automatically come down. The need of the hour is to introduce an innovative and feasible health insurance scheme at a low price for providing basic health facilities to low income people. In many countries like India informal sector constitutes a significant portion of the economy and by considering the above factors if appropriate health insurance package will be designed, many of the health problems related to informal workers can be resolved.

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