

Government Health Insurance Schemes And Private Health Insurance Schemes - A Comparative Study

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ABSTRACT

Health insurance policies are a boon to the people to meet their contingent hospital expenses. Its premium rates are affordable and designed to cover all income group of people. Nowadays, people understand the importance of health insurance. There is a mushroom growth of private health insurance companies. Government also renders valuable services to the people via Government health insurance schemes. As on 31st March 2024, the number of people covered by Government health insurance policy is 33.56 crores and private health insurance schemes are 41.28 crores. Nearly seventy per cent of the people come under the boundary of health insurance schemes. The hospital coverage of expenses is increased under health insurance schemes. In this article, the opinion of the respondents towards Government health insurance schemes and private health insurance schemes are compared with regard to coverage, premium rate, claim processing, waiting period, flexibility and customization.

Keywords: Health Insurance, Government Health Insurance Schemes, Private Health Insurance Schemes, Healthcare Access, Premium Rates, Claim Processing, Waiting Periods, Customization. Healthcare Outcomes, Health Insurance Market, Insurance Regulation and Healthcare Policy.

INTRODUCTION

In the world, human life is an a short of transient. The life of a human being cannot come back, and it is in a diminishing manner. It is full of uncertainties. Health problems and accidents grow at higher rate. In order to cover the hospital expenses, health insurance companies are established. In the beginning stages, people do not have awareness about health insurance policies. Because of the promotional activities undertaken by the Government and private insurance companies, the awareness level has increased among the public. The number of people joined in Government as well as private insurance schemes has been improved. From year by year, the annual growth of health insurance companies gained a momentum to a large extent.

PUBLIC HEALTH INSURANCE SCHEMES

Public healthcare is funded by national government subsidies. This form of social insurance may be managed by a government agency of tightly regulated private insurance providers, or a combination of both. Some governments provide public healthcare benefits as part of a universal healthcare system, which guarantees access to medical treatment for all covered individuals. Publicly funded health insurance may supplement private insurance markets. Public health insurance is distributed in numerous ways internationally. Here are two common types of health insurance models that offer universal coverage:

- **Single-payer healthcare:** Under this national health insurance framework, the government pays for health facilities (public and/or private) to provide health services using taxpayer dollars. The Beveridge model is a type of single-payer healthcare in which most facilities are government-run, and many healthcare professionals are government employees.
- **Bismarck model:** This cost-sharing system utilizes private facilities to manage healthcare. Citizens must purchase a plan with a non-profit health insurance company, which is heavily regulated to ensure access and quality care. Equality is the prime mantra of the Government health insurance policies.

PRIVATE HEALTH INSURANCE SCHEMES

Private health insurance is a customer-oriented healthcare plan provided by a private insurer. Individual health insurance plans are sold directly to policyholders or offered through employers as part of a benefits package.

Here are four common types of private health insurance plans:

- 1. Health Maintenance Organization (HMO):** This low-cost service only covers services from its network of healthcare providers and facilities. Policyholders must seek medical care from their Primary Care Physician (PCP) before being forwarded to a specialist within the network.
- 2. Preferred Provider Organization (PPO):** Patients can choose between in-network and out-of-network providers. PPO plans charge higher insurance premiums to provide more flexibility and don't require policyholders to consult with a PCP before seeking out-of-network medical services.
- 3. Exclusive Provider Organization (EPO):** Unlike HMOs, EPOs don't require patients to have a primary care physician or get a referral to see a specialist. This type of health insurance plan doesn't cover out-of-network services but often has a larger network than an HMO. EPO plans typically are between HMOs and PPOs in cost.
- 4. Point-Of-Service Plan (POS):** A hybrid of HMOs and PPOs, POS requires policyholders to seek attention from a PCP before seeking extended coverage with out-of-network medical providers.

STATEMENT OF THE PROBLEM

Insurance is a protective device for the human beings. The health insurance helps to mitigate the medical expenses, operation expenses as well as hospitalization expenses. From the year 2000 onwards, many private financial institutions have tried to market the health insurance policies among the people. Private health insurance companies took tremendous efforts to cover the people under health insurance schemes. They stressed the importance of health insurance schemes via advertisement. Government health insurance policies provide greater benefits to the society. Hence, an attempt has been made to study the opinion of the respondents about Government and private health insurance companies.

OBJECTIVES OF THE STUDY

- To study the public and private health insurance schemes
- To analysis the socio - economic profile of the health insurance policyholders
- To analyse the comparison between government and private health insurance schemes

SCOPE OF THE STUDY

The study covers only the opinion of the respondents towards services offered by both Government and private health insurance companies. It does not cover the financial performance of health insurance companies. There are many private insurance companies offering services. Only the top fifteen private health insurance companies are taken into account.

RESEARCH METHODOLOGY

The research design is descriptive in nature. The primary data has been gathered from 160 respondents (80 respondents who are taking Government Health insurance schemes and another 8084 business units in Mysore district by adopting stratified sampling technique. A well-structured and pretested questionnaire has been used for the collection of primary data. The secondary data has been gathered from books, journals, magazines, and annual reports of health insurance companies. The primary data has been coded, edited and tabulated for further processing. SPSS package has been used for analysis of primary data. Likert's five-point scaling technique has been applied to measure the opinion of the respondents about Government and private health insurance companies. Percentage analysis and Kendall's concordance test has been used to analyse the primary data. In order to measure the validity of the questionnaire, Cronbach Alpha test is used. The Cronbach Alpha test value is 0.901 (more than 0.9 denotes excellence in the validity) which reveals that the response given by the respondents to the questions in the questionnaire is excellent.

RESULTS AND DISCUSSION

In this section, a study is conducted on socio-economic profile of the respondents and their opinion towards the services of health insurance companies. There is also comparison between Government and private health insurance schemes.

Table 1 Socio-Economic Profile of the Respondents

Socio-Economic Profile		Government Health insurance scheme		Private Health Insurance Scheme	
		No. of Respondents	%	No. of Respondents	%
Gender	Male	52	65	41	51.25
	Female	28	35	39	48.75
Age (in years)	Below 30	7	8.75	9	11.25
	30-40	26	32.5	23	28.75
	40-50	35	43.75	40	50
	Above 50	12	15	8	10
Education	Upto SSLC	8	10	17	21.25
	Upto HSC	14	17.5	13	16.25
	Under graduates	25	31.25	26	32.5
	Post graduates	21	26.25	18	22.5
	Professional courses	8	10	3	3.75
	Others (Diploma / Certificate courses)	4	5	3	3.75
Occupation	Business	21	26.25	16	20
	Government employees	13	16.25	21	26.25
	Private employees	17	21.25	15	18.75
	Home makers	19	23.75	21	26.25
	Agriculturists	5	6.25	6	7.5
	Others	5	6.25	1	1.25
Marital status	Married	65	81.25	61	76.25
	Unmarried	15	18.75	19	23.75
Monthly Income (in Rs.)	Below 25,000	24	30	7	8.75
	25,000 -50,000	43	53.75	50	62.5
	Above 50,000	13	16.25	23	28.75

Source: Primary data

Gender wise Classification

Out of 80 respondents who have taken Government health insurance policy, 52 (65 per cent) are male and the remaining 28 (35 per cent) are female.

Out of 80 respondents who have taken private health insurance policy, 41 (51.25 per cent) are male and the remaining 39 (48.75 per cent) are female.

Age wise Classification

Out of 80 respondents who have taken Government health insurance policy, 35 (43.75 per cent) belong to the age group of 40-50 years, 26 (32.5 per cent) come under the age group of 30-40 years, 12 (15 per cent) are in the age group of above 50 years and 7 (8.75 per cent) fall under below 30 years.

Out of 80 respondents who have taken private health insurance policy, 40 (50 per cent) belong to 40-50 years, 23 (28.75 per cent) come under 30-40 years, 9 (11.25 per cent) are in the age group of below 30 years and 8 (10 per cent) fall under the age group of above 50 years.

Education wise Classification

Out of 80 respondents under Government health insurance schemes, 25 (31.25 per cent) are under graduates, 21 (26.25 per cent) are post graduates, 14 (17.5 per cent) have studied upto HSC, 8 (10 per cent) have completed their education upto SSLC, another 8 (10 per cent) have completed professional courses and 4 (5 per cent) have completed Diploma and certificate courses.

Out of 80 respondents under private health insurance schemes, 26 (32.5 per cent) are under graduates, 18 (22.5 per cent) are post graduates, 17 (21.25 per cent) have studied upto SSLC, 13 (16.25 per cent) have completed their education upto HSC, 3 (3.75 per cent) have completed professional courses and 3 (3.75 per cent) have completed Diploma and certificate courses.

Occupation wise Classification

Out of 80 respondents who have taken Government health insurance policy, 21 (26.25 per cent) are engaged in business, 19 (23.75 per cent) are home makers, 17 (21.25 per cent) are private employees 13 (16.25 per cent) are Government employees, 5 (6.25 per cent) are agriculturists and 5 (6.25 per cent) belong to others category (Daily wage earners).

Out of 80 respondents who have taken private health insurance policy, 21 (26.25 per cent) are Government employees, another 21 (26.25 per cent) are home makers, 16 (20 per cent) are engaged in business, 15 (18.7 per cent) are private employees, 6 (7.5 per cent) are agriculturists and 1 (1.25 per cent) belong to others category (Daily wage earners)

Marital Status wise Classification

Out of 80 respondents who have taken Government health insurance policy, 65 (81.75 per cent) are married and the remaining 15 (18.75 per cent) are unmarried.

Out of 80 respondents who have taken private health insurance policy, 61 (76.25 per cent) are married and the remaining 19 (23.75 per cent) are unmarried.

Monthly Income wise Classification

Out of 80 respondents who have taken Government health insurance policy, 42 (52.75 per cent) have earned Rs. 25,000 – Rs. 50,000 per month, 24 (30 per cent) have earned below Rs. 25,000 per month and 13 (16.25 per cent) have earned above Rs. 50,000 per month.

Out of 80 respondents who have taken Government health insurance policy, 50 (62.5 per cent) have earned Rs. 25,000 – Rs. 50,000 per month, 23 (28.75 per cent) have earned above Rs. 50,000 per month and 7 (8.75 per cent) have earned below Rs. 25,000 per month.

COMPARISON BETWEEN GOVERNMENT AND PRIVATE HEALTH INSURANCE SCHEMES

Table 2 indicates the comparison between Government and private health insurance schemes

Table 2 Comparison between Government and Private Health Insurance Schemes

Variables		Government Health Insurance Schemes					Private Health Insurance Schemes				
		Highly Satisfied	Satisfied	No Opinion	Dissatisfied	Highly Dissatisfied	Highly Satisfied	Satisfied	No Opinion	Dissatisfied	Highly Dissatisfied
Premium rate	count	21	34	12	7	6	26	21	12	11	10
	%	26.25	42.5	15	8.75	7.5	32.5	26.25	15	13.75	12.5
Coverage	count	37	17	6	7	13	23	19	15	13	10
	%	46.25	21.25	7.5	8.75	16.25	28.75	23.75	18.75	16.25	12.5
Access to health care providers	count	28	31	7	4	10	31	20	11	15	3
	%	35	38.75	8.75	5	12.5	38.75	25	13.75	18.75	3.75
Flexibility	count	26	17	13	12	12	36	23	9	7	5
	%	32.5	21.25	16.25	15	15	45	28.75	11.25	8.75	6.25
Claim processing	count	20	24	17	12	7	37	22	19	1	1
	%	25	30	21.25	15	8.75	46.25	27.5	23.75	1.25	1.25
Waiting period	count	52	12	9	2	5	46	24	7	2	1
	%	65	15	11.25	2.5	6.25	57.5	30	8.75	2.5	1.25
Hospital quality	count	44	31	2	2	1	16	29	18	12	5
	%	55	38.75	2.5	2.5	1.25	20	36.25	22.5	15	6.25
Customisation	count	25	21	17	12	5	30	25	21	1	3
	%	31.25	26.25	21.25	15	6.25	37.5	31.25	26.25	1.25	3.75

Source: Primary data

Kendall's concordance test has been used to compare the opinion of the respondents who belong to Government health insurance schemes and private health insurance schemes.

The null hypothesis framed is that there is no significant difference between Government health insurance schemes and private health insurance schemes in serving the respondents. Table 3 gave information about mean score of Kendall's concordance test.

Table 3 Mean Scores of Kendall's Concordance Test

Variables	Mean Score	
	Government health insurance schemes	Private health insurance schemes
Premium rate	3.3	4.5
Coverage	4.6	3.9
Access to health care providers	2.5	4.3
Flexibility	3.7	4.1
Claim processing	3.2	4.4
Waiting period	3.0	3.8
Hospital quality	4.3	4.5
Customization	2.6	3.1

Source: Primary data

- Regarding premium rate, the mean score of private health insurance scheme is high (4.5)
- Regarding premium rate, the mean score of Government health insurance scheme is high (4.6)
- Regarding access to health care providers, the mean score of private health insurance scheme is high (4.3).
- Regarding flexibility, the mean score of private health insurance scheme is high (4.1)
- Regarding claim processing, the mean score of private health insurance scheme is high (4.4)
- Regarding waiting period, the mean score of private health insurance scheme is high (3.8)
- Regarding hospital quality, the mean score of private health insurance scheme is high (4.5)
- Regarding customisation, the mean score of private health insurance scheme is high (3.1)

Table 4 indicates the results of Kendall's concordance test.

Table 4 Kendall's concordance test

Calculated Value	48.62
Table value	5.91
DF	1
Level of significance	0.05
p value	0.000

Source: Primary data

The calculated value of Kendall's concordance test is 48.62 and its table value at 5% level of significance at Degrees of Freedom 1 is 5.92. As the calculated value is more than the table value of the test and p value is less than 0.05, the null hypothesis is rejected. Hence it is proved that there is a significant difference between Government health insurance schemes and private health insurance schemes in serving the respondents.

SUGGESTIONS

- Government health insurance schemes have lower premium rates compared to private health insurance schemes.
- Policyholders of private health insurance schemes have reported better access to healthcare providers compared to those with government health insurance schemes.
- Both government and private health insurance schemes need to improve their claim processing and waiting periods to better serve policyholders.
- Policyholders should carefully evaluate the premium rates and benefits offered by different health insurance schemes.
- Policyholders should look for schemes with better access to healthcare providers.
- Insurers should improve their claim processing and waiting periods to better serve policyholders.
- Insurers should enhance access to healthcare providers for policyholders.

CONCLUSION

In India, the government and other regulatory bodies must launch several universal health insurance policies to serve Indian citizens, especially those in vulnerable societies, through various healthcare benefits at the lowest cost. The health insurance sector in India is in its beginning stage and has continuously improved its functionality over the last few years. So, companies try to introduce several innovative products and services so that Indian citizens can assess opportunities to adopt these products and services. Companies should provide quality services to meet their consumers' requirements and attract new ones. Introducing innovative products, innovative services, innovative distribution authority and providing appropriate training to their employees are the key players in sustaining a competitive market in India. Using AI technology in the Indian medical insurance sector is a comprehensive and innovative way to carry out the work efficiently. Companies should try to adopt this technology as soon as possible.

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