

**UGC sponsored Minor Research Project submitted to the UGC**  
**Title: “A Study on the Impact of Micro Health Insurance on Rural**  
**Households with Special Reference to Yashasvini Scheme and**  
**SampoornaSuraksha Scheme in Karnataka”**

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Ref: MRP(H) - 0225/12-13/KAMA045/UGC-SWRO dated 23 – 9- 2013

### **Executive Summary**

The greatest resource India has is its human resource and with it come the health issues. Though India has made rapid strides in the health sector since independence, the cost of healthcare is burdensome for most families in rural India. In India, individuals and families on low income face significant barriers to accessing quality healthcare. Public healthcare facilities suffer from poor management, low service quality, and weak finances. On the other hand, private health facilities are expensive. As a result, the rural households typically have to borrow or sell assets to meet hospitalization costs. At the same time, insurance companies have until recently shown little interest in offering health insurance products to poor groups. Around 70 per cent of India’s population lives in villages. Of these, less than 2 per cent are insured. Health insurance schemes are recognized as a tool to finance health care provision in low income countries (WHO 2000). Micro health insurance is a scheme of risk protection designed for complete protection against hospitalization expenses specifically for the low income groups. Micro-health insurance refers to the provision of tailor-made health insurance products, typically involving low premiums and modest benefits, by public and private insurance companies to poor or disadvantaged groups.

The present study was aimed at making a comparative study of the working of two micro health insurance schemes, one promoted by the Government of Karnataka and the other promoted by an NGO by name ShriKshetraDharmasthala Rural Development Project (SKDRDP). The study was carried out in the Udupi district of Karnataka. The schemes selected for the study are Yashasvini scheme and SampoornaSuraksha scheme.

The Objectives of the study were:

1. To study the working of the micro health insurance schemes of Yashasvini and SampoornaSuraksha
2. To study the impact of the schemes on the health level of the rural households in Udupi district
3. To study the economic impact of these schemes on the rural households
4. To understand the difficulties involved in implementing these schemes
5. To compare the working of these two schemes

The study relied on primary and secondary data. To gather the primary data, all the members who have enrolled themselves in the micro health insurance schemes SampoornaSuraksha offered by SKDRDP and Yashasvini, offered by the government of Karnataka in Udupi district were considered as the universe. By using simple random sampling, 120 respondents from Yashasvini scheme and 180 respondents from SKDRDP promoted SampoornaSuraksha scheme were selected for the study. The total sample size of the study was 300. The researcher also went through the reports of government of Karnataka on Yashaasvini scheme and the annual reports and publications of Shree KshethraDharmastala Rural Development Project (SKDRDP) to understand the functioning of these two schemes. In order to collect the data from the respondents, structured interview schedule was used.

The study tried to understand the process of working of these two micro health insurance at the grassroots level and the impact it has created in the family level as well at the individual level.

Regarding the age profile of the respondents, about 31% of the Sampoornasuraksha respondents are in the age group below 30. In contrast only 8% of the respondents from Yashasvini scheme are in the age group below 30. Another 17% of the SampoornaSuraksha respondents and 20% of Yashasvini scheme respondents are between the age group of 30-40. About 31% of the Sampoornasuraksha respondents and 50% of the Yashasvini scheme respondents are in the age group of 40-50. This clearly shows that most of the policy holders are the middle age group beneficiaries. They have availed the policy because most of them are married and having a health insurance cover for the entire family makes a lot of sense for them. As far the educational background is concerned, majority of them have completed primary education. It is unfortunate that even now a good percentage of the respondents are illiterate. However, it is laudable that the SampoornaSuraksha scheme has reached even the

illiterate segment of the society. It speaks about the administrative capabilities of the SKDRDP team. About 16% of the respondents who have availed Sampoonasuraksha scheme are graduates. The respondents from both the insurance schemes have a fair share of beneficiaries from below the poverty line. About 57% of the Sampoonasuraksha scheme respondents and about 48% of Yashasvini scheme respondents live below poverty line. Another 43% of Sampoonasuraksha respondents and 52% of Yashasvini scheme respondents belong to the above poverty line criteria. It must be noted here that even those above the poverty line have very limited income.

Majority of respondents from both the schemes belong to joint families. Even though there is a minor difference between the respondents from both the schemes, it is very clear that the joint family system is still intact in villages. It is also possible that the members must have taken the health insurance policy as it covers the entire family at the time of hospitalization especially it is greatly beneficial to the aged members in the family. With regard to the coverage of the family members for the health insurance schemes, majority of the respondents have included all the family members within the coverage of the policy. It is significant that this measure goes a long way in helping the aged people also whose health status is quite vulnerable. There is a small difference in terms of coverage to the family members under both the schemes. About 89% of the respondents of Sampoonasuraksha scheme have included all the family members under the health insurance scheme whereas 74% of the Yashasvini scheme members have included all the family members in the health insurance scheme.

Majority of them have been having the policy for less than 2 years. It is also a healthy sign that a good percentage of respondents from both the schemes continue with health insurance policy because they have understood the importance of the health insurance. The major reason for having the policy for less than two years could be that they have joined the self-helps groups recently. There is a big difference between the Sampoonasuraksha beneficiaries and Yashasvini beneficiaries in the annual premium paid for the health insurance policy. About 69% of the Sampoonasuraksha beneficiaries pay an annual premium between Rs.1500-2000. In contrast 40% of the Yashasvini beneficiaries pay an annual premium between Rs.1000-1500. For majority of the Yashasvini policy holders the annual premium is between Rs.500-1500. This speaks about the importance the Sampoonasuraksha beneficiaries attach to the micro health insurance scheme. It is also true that the premium is more among the Sampoonasuraksha beneficiaries.

There is a big difference between the beneficiaries of both the schemes in terms of the claims made. Clearly the beneficiaries of SampoornaSuraksha Scheme have benefitted more from the health insurance scheme looking at the claims made by the beneficiaries. It is a point to note that even though not all of them have made claims, still they continue with the subscription to the policy. This is the healthy trend. Majority of them had just one claim. About 69% of the SampoornaSuraksha scheme and 63% of the Yashasvini scheme have had at least one claim. It is worth observing that about 27% of the SampoornaSuraksha beneficiaries have had 2 claims. It is also interesting that 21% of the Yashasvini scheme beneficiaries have had 4 claims. This is quite an encouraging figure because the holders of SampoornaSuraksha and Yashasvini policies have really benefitted from these schemes.

Regarding the amount claimed by the beneficiaries of the SampoornaSuraksha and Yashasvinischemes, it is quite a healthy proposition where about 15% of the SampoornaSuraksha beneficiaries and 40% of the Yashasvini policy holders have claimed more than Rs. 20000 for various hospitalization expenses. In all, the Yashasvini scheme members have made more amount of claim than the members of SampoornaSuraksha scheme have claimed. According to the study, the beneficiaries of these health insurance schemes have claimed insurance for the diseases like asthma, fever, malaria, surgeries, heart attack, and hospitalization due to accidents or at the time of child birth.

In terms of renewing the policy, about 98% of the Sampoornasuraksha scheme respondents and 91% of the Yashasvini scheme respondents have renewed the policy. This is a very encouraging figure and points out the faith the members have on both these policies at the time of their hospitalization. Definitely it is an indicator of their positive experience with these schemes that has prompted them to renew the subscription.

The beneficiaries of these 2 schemes have expressed the following as the important benefits of these schemes.

1. The families belonging to lower economic strata could get the benefit of cashless payment of hospital bill. This has eased their burden of borrowing money from others at the time of hospitalization.
2. By availing the health insurance cover, they could get the needed treatment immediately without waiting for money to go to the hospitals. This really helps to save the precious lives.

3. Another major benefit is the reduced level of pledging of gold whenever they had to get one of their family members hospitalized. This has to a large extent reduced the situation of indebtedness in rural families.
4. These insurance schemes has definitely has helped to improve the health status of poor people in villages because they are assured of timely availability of the better quality health care.
5. These schemes have also facilitated the institutional delivery of children in villages as the mothers are assured of the hospitalization expenses at the time of delivery.

No doubt the SampoornaSurraksha scheme and Yashasvini scheme have given a great relief to rural people when they are falling sick and getting hospitalized. They are assured of the cashless treatment available in the hospitals through these schemes. However, these schemes have the following challenges. First of all, the beneficiaries complain that under these health insurance schemes only very few selected hospitals offer the cashless treatment. This causes inconvenience for them because they may not find such a hospital near their village and as a result they are unable to avail the benefits even after paying the premium. In most cases, the hospitals are far away from the villages and it becomes difficult for them to get the transportation and receive the timely medical treatment. Many of the subscribers to these health insurance schemes say that the premium charged is too high for economically disadvantaged people. They are also unhappy that those insured under these schemes are eligible to avail hospitalization benefits only in general wards. This, they feel, causes a lot of inconvenience. It is also felt by some of the beneficiaries of these schemes that the sanctioned hospitalisation charges reach them after a long delay and this again forces them to borrow money from other sources.

This study has brought out the positive effects of two micro health insurance schemes, one initiated by the government and the other initiated by an NGO. The impact throws light on the success stories of micro health insurance schemes. At the same time, the issues raised by the respondents highlight the challenges ahead in the field of micro health insurance. By incorporating the concerns raised by the beneficiaries, it is possible to provide a more efficient health insurance package to the poor rural families. It will not only help them to access better health care but also save them from the cycle of indebtedness at the time of their hospitalization.