

Aadhaar Enabled Administration of Health Insurance in Sikkim , India

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Agenda

The following will be discussed

- What is Aadhaar
- Rationale for the Micro Health Insurance scheme in Sikkim
- Challenges
- Product Features
- Progress so far
- Application of lessons in the Indian Context

What is Aadhaar?



- Unique Identification Number for every resident of India
- It captures biometrics and Iris
- De-duplicates any one input against the entire database in milliseconds
- All residents of India are in the processes of being enrolled under Aadhaar
- Intended use
 - Identification for the purpose of distribution of Government benefits like food and gas subsidies, insurance, financial inclusion etc.
 - E- KYC(Know your customer)
 - Other applications for Banking and Financial Institutions

The Terrain in Sikkim



Hilly, Rainforest like, Pockets of dense population, Sparsely populated

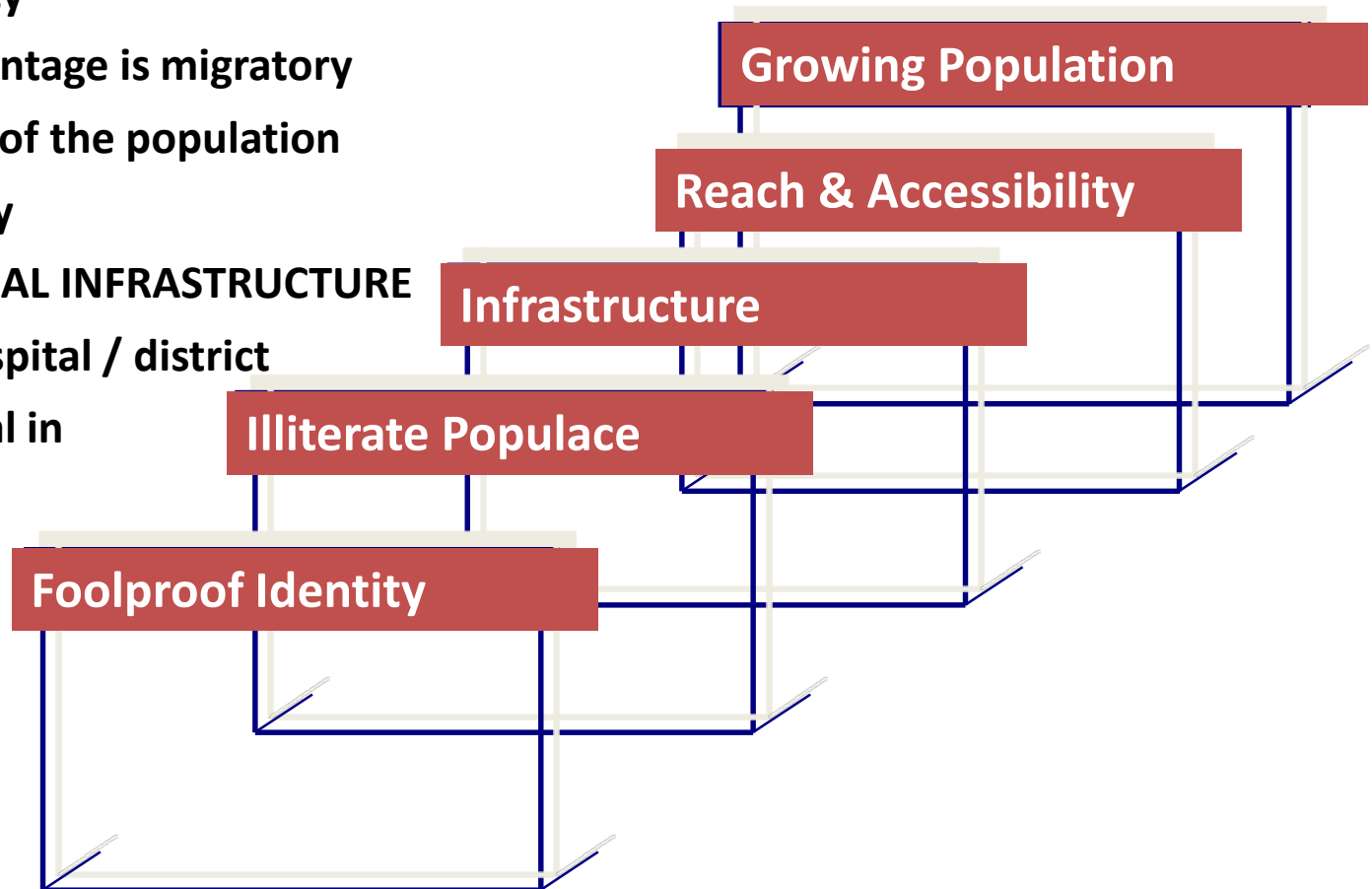
The Challenge



Commercial viability of health insurance schemes is a challenge due to high distribution costs and entrenched frauds in provisioning of health services

Big Rocks...

- **Poor Connectivity**
- **Significant percentage is migratory**
- **Lack of profiling of the population**
- **Cultural Diversity**
- **SKELETAL MEDICAL INFRASTRUCTURE**
- **Only 1 Govt. Hospital / district**
- **1 Private hospital in the entire state**



- **Several Barriers to Access Healthcare ,FINANCIAL being the most critical**
- **Need for Health Micro Insurance?**

Rationale for Introducing Health Insurance

- Scenario prior to introducing the health insurance scheme
 - Patients having to go through bureaucratic procedures to get financial aid from Government or its schemes
 - Most patients prefer to travel long distances out of the state to seek healthcare
 - Vicious cycle of low demand and consequently poor supply of healthcare in the state
- Objective is **to increase health seeking behavior in the state itself** by removing the financial barrier and addressing supply side issues
- Key Feature:
 - **Contribution by people**
 - Increase Customer engagement
- **Facilitate simple and easy transactions**

Dilemma of Limited Resources, Unlimited Demands

- Government of Sikkim is supposed to provide free healthcare to all but this is far from reality

Market Economics – Demand Driven, Emphasizes the use of private sector mechanisms to pursue public sector goals

Vs

Regulation- Has limited effect on delivery of Healthcare

- *On the one hand, several factors prevent free market from performing*
- *On the other hand, costs are fuelled by Insurance*
- *The trick is “Scale” and “Applicability of transaction cost economics”*
- *Efficient use of available resources is the key*
- *Insurance works as a demand side intervention as it creates the “PULL FACTOR”-*

Concerns and Questions...

- Where are the people? Every body has some cover or the other
- The Government takes care of healthcare expenditure, has many schemes like the Chief Minister's Fund, Sickness Fund
- The only private hospital also had concerns like
 - Premium may not be recovered
 - Paying patients may convert into subsidized
- The scheme may go bust in less than a year if over utilized
- People are not ready to pay in Sikkim
- List of people below poverty line not there
- Poor Internet and telephone connectivity

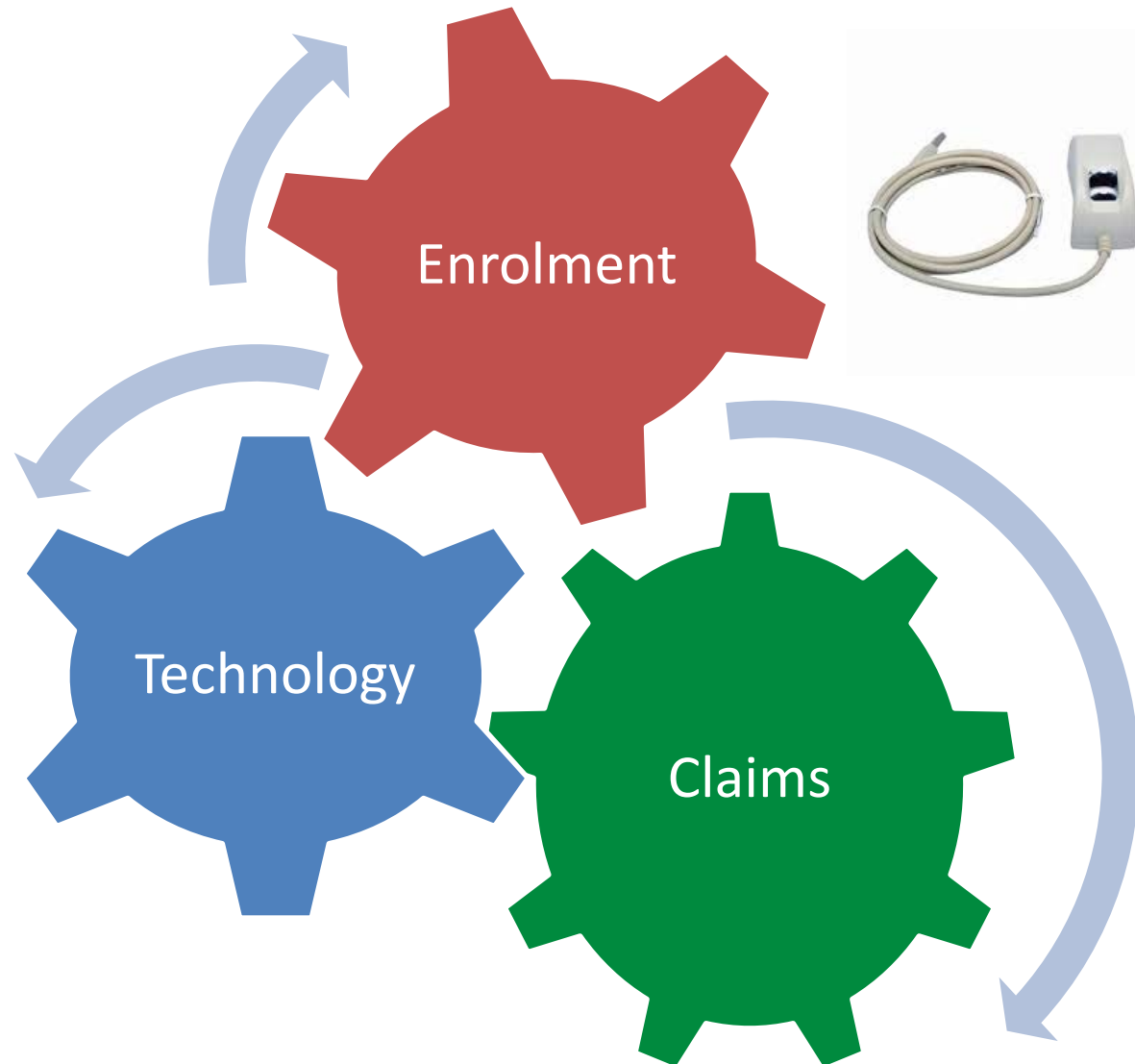
Rationale for Aadhaar Enabled Health Insurance Pilot

- Joint effort by Manipal group which is also the healthcare provider in Sikkim and Reliance General Insurance Company.

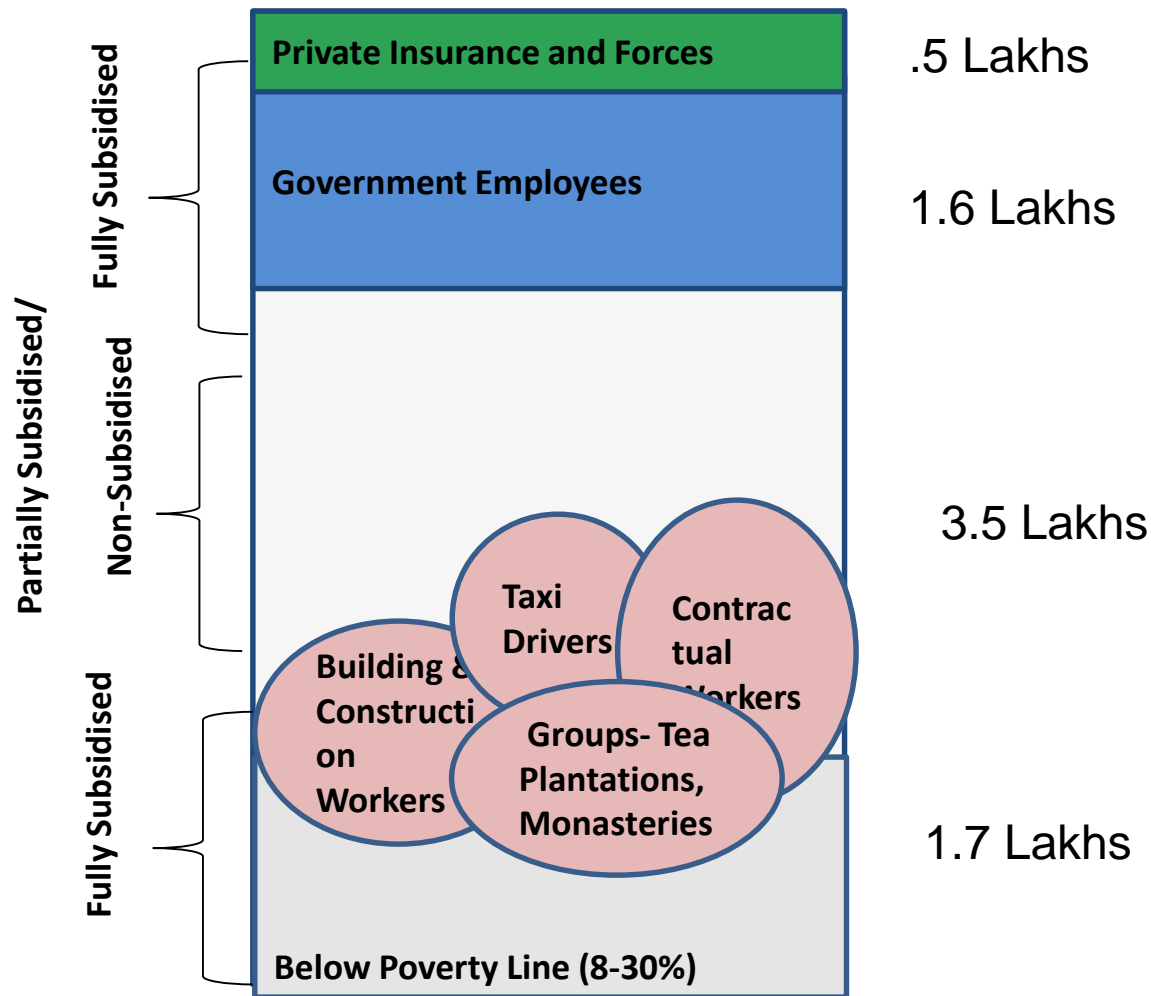
Key objectives of the project are

- Jointly design/conceptualize proof of concept and cost effective models for Aadhaar enabled distribution and administration of health insurance.
- Identify and document costs, incentives, benefits of Aadhaar enablement for insurance administration.
- Identify the business case for scaling up and draft a blueprint for this.

The Approach: Leveraging Government 's Aadhaar Platform



Break up of the Population of Sikkim:



Top up Health Financing options will have to complement Government's Effort

The Product

- Rs 1.5 lakhs (\$2200) hospitalization cover per individual or family covered under insurance.

Premium approx. \$10-20 paid by Individuals/families

Hospital compensated at CGHS Rates

- OPD- Offered by Central Referral Hospital, Manipal
 - 5 free OP visits (each visit =7 days)
 - 2 Free specialist Visits
 - 10%/20% discount on Pharmacy/ diagnostics
- Benefits of Outpatient add- on
 - Increase customer engagement
 - At least 50 out of 100 people will get some benefit instead of 5 out of 100
 - Encourage timely and appropriate health seeking behavior
 - Improve sustainability of the Inpatient scheme

RELIANCE
Reliance General Insurance



Distribution: Expanding geographically as operations streamline and capacities built



- *Phase I- East and South Sikkim*
- *Phase II- North and West Sikkim*
- *Capacity for outreach, capacity building and awareness*

Distribution by

- *NGOs*
- *Community Medicine*
- *Walk In*
- *Health camps*
- *Group mobilization*
- *Agents and Non teaching Staff*
- *Mom and Pop Stores*
- *Bank tie ups*
- *Door to Door*

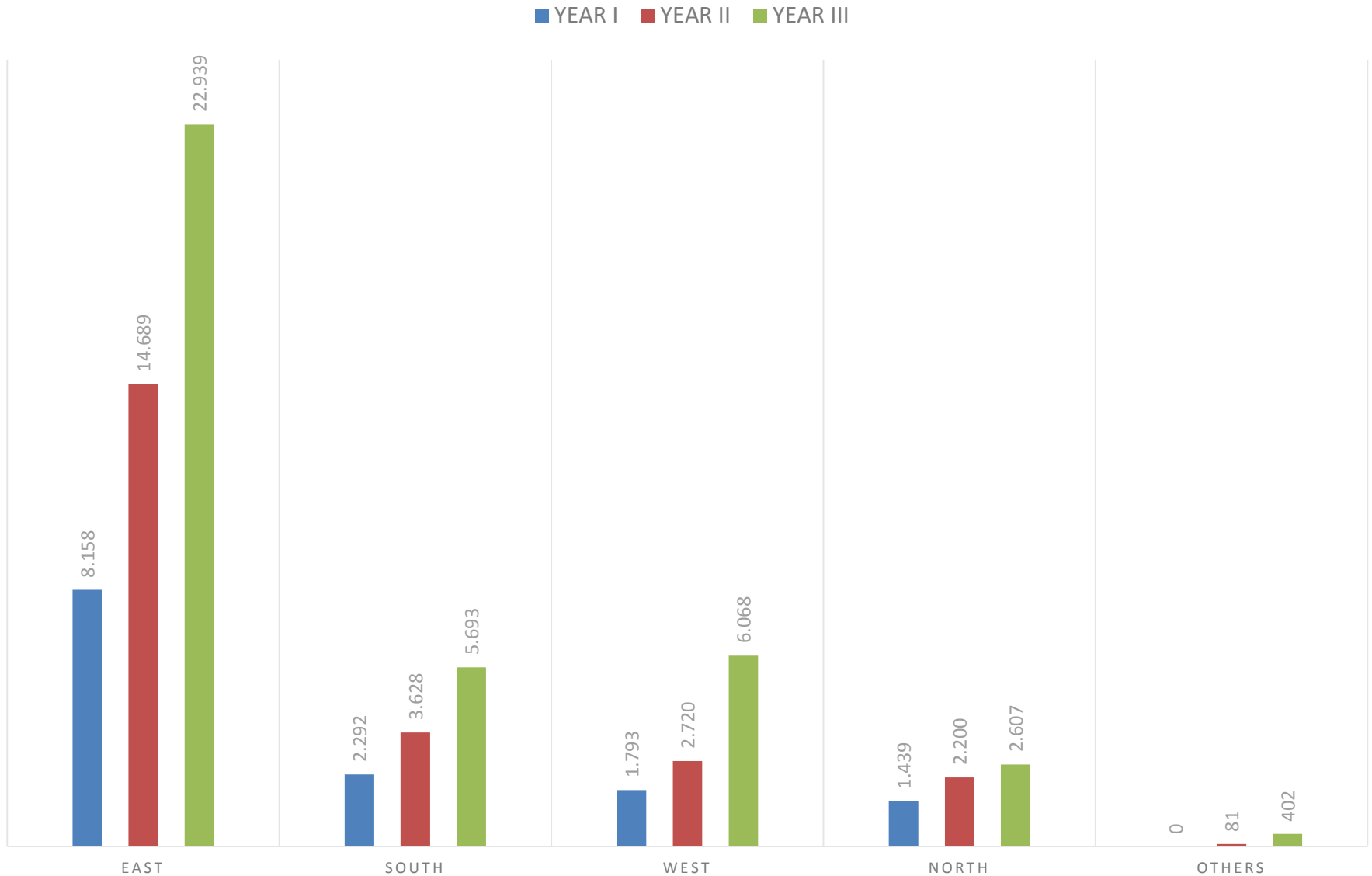
Encouraging Response, Cautious Start..



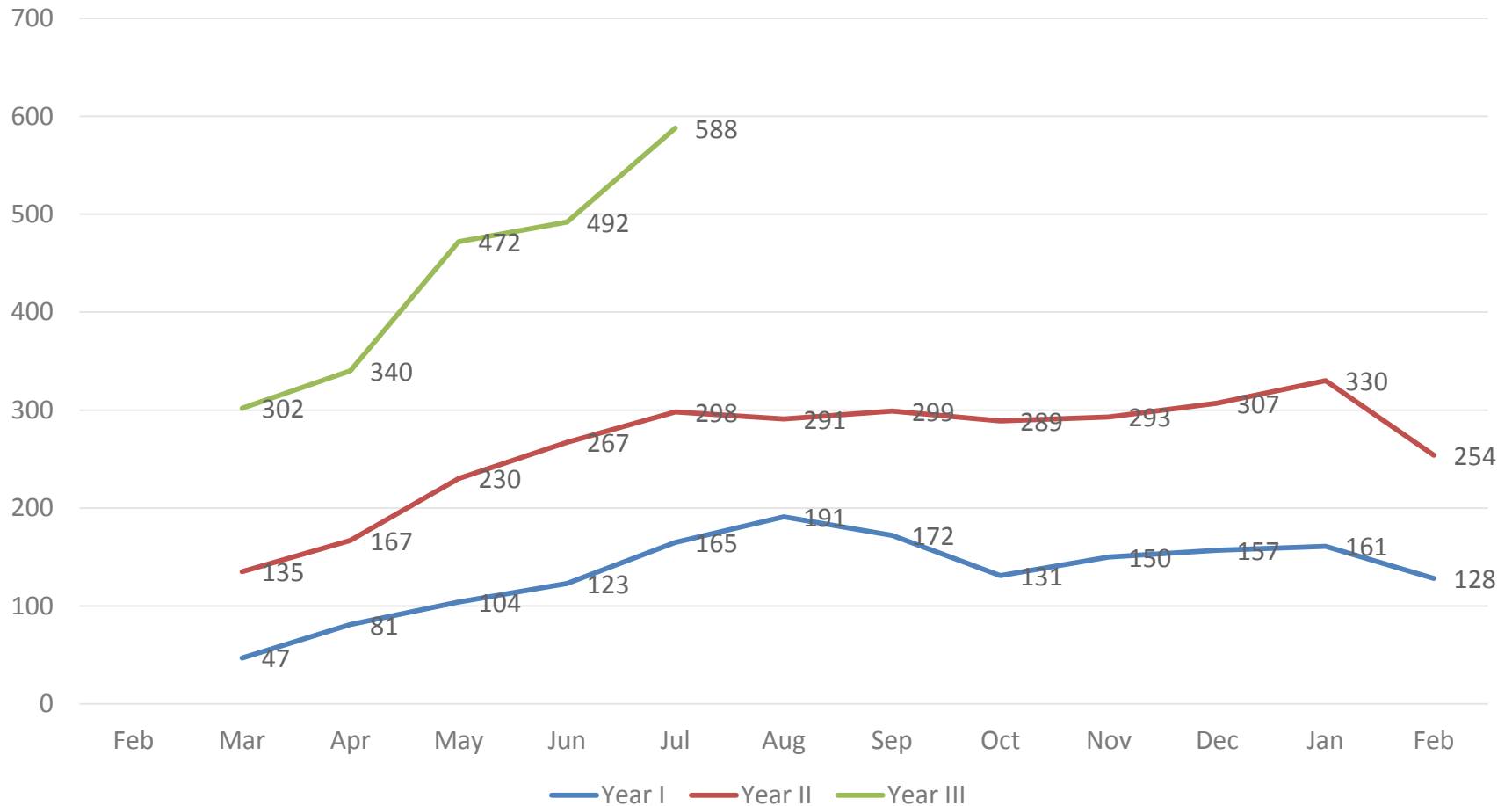
Scheme Performance

	Year I	Year II	Year III (7 months)
Gross Premium (Rs. Mn)	25.50	59.70	80.00
No of lives enrolled	13,682	27,245	45,047
No of claims	1,610	3,207	3,376
incidence	11.80%	11.60%	11.8%
Average patients per day	25	52	110
Total contribution of bed days	8,956	19,100	20,233
Insurance Claims (Rs. Mn)	23.00	5.10	4.03
Scheme P & L (Rs. Mn)	5.70	8.50	11.0

District wise Enrollment Year on Year

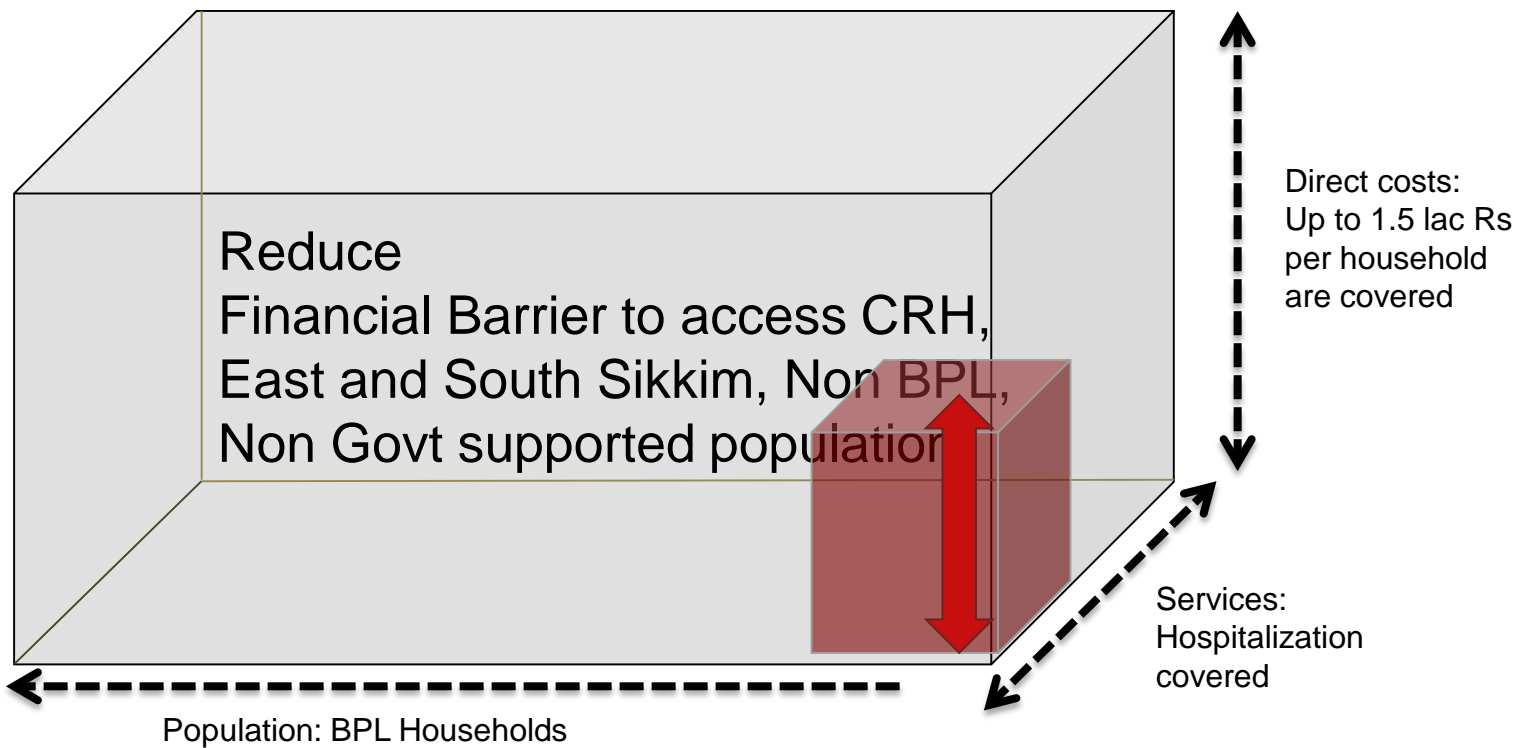


Inpatient Claims Year on Year



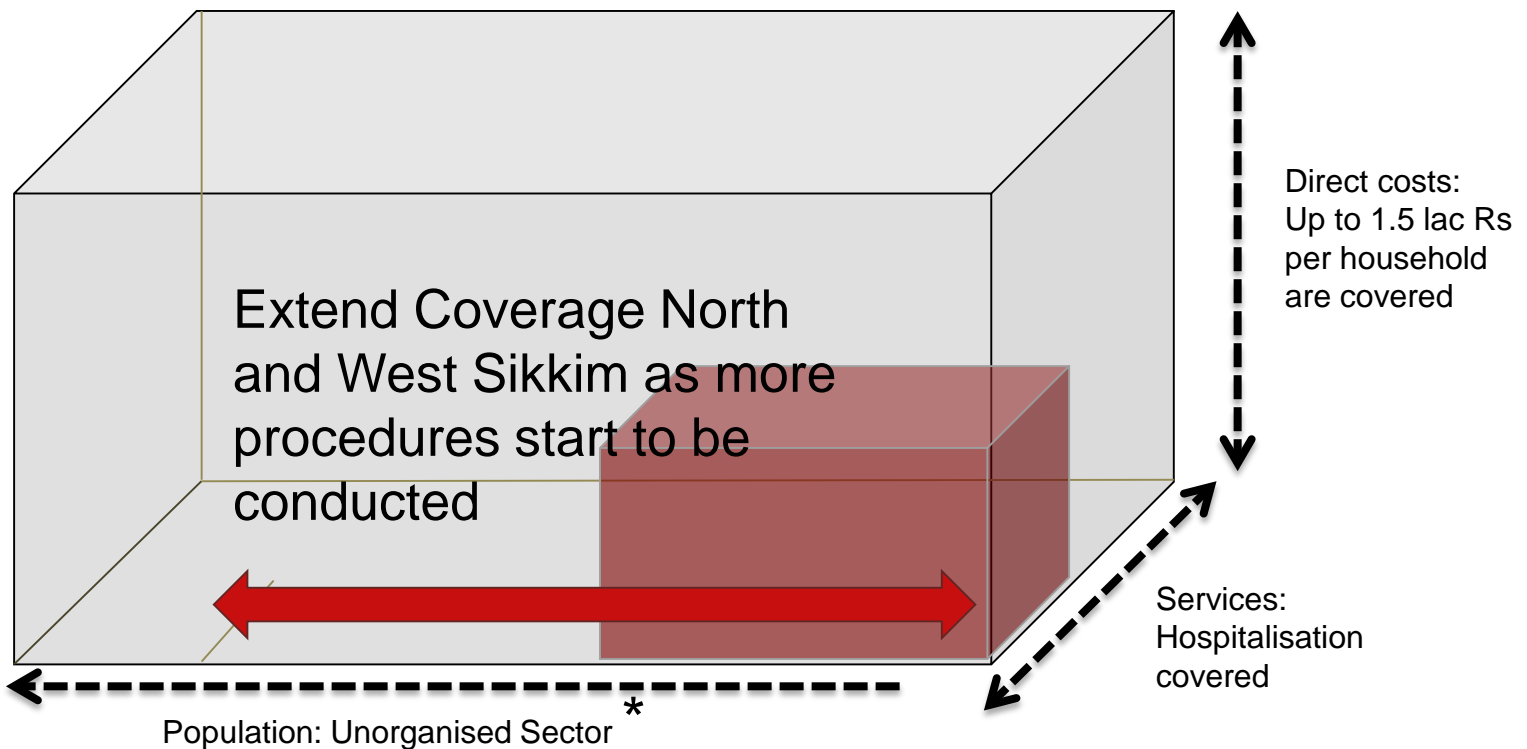
Phase I- East and South Sikkim

- since March 2014 -



Phase II- North and West Sikkim

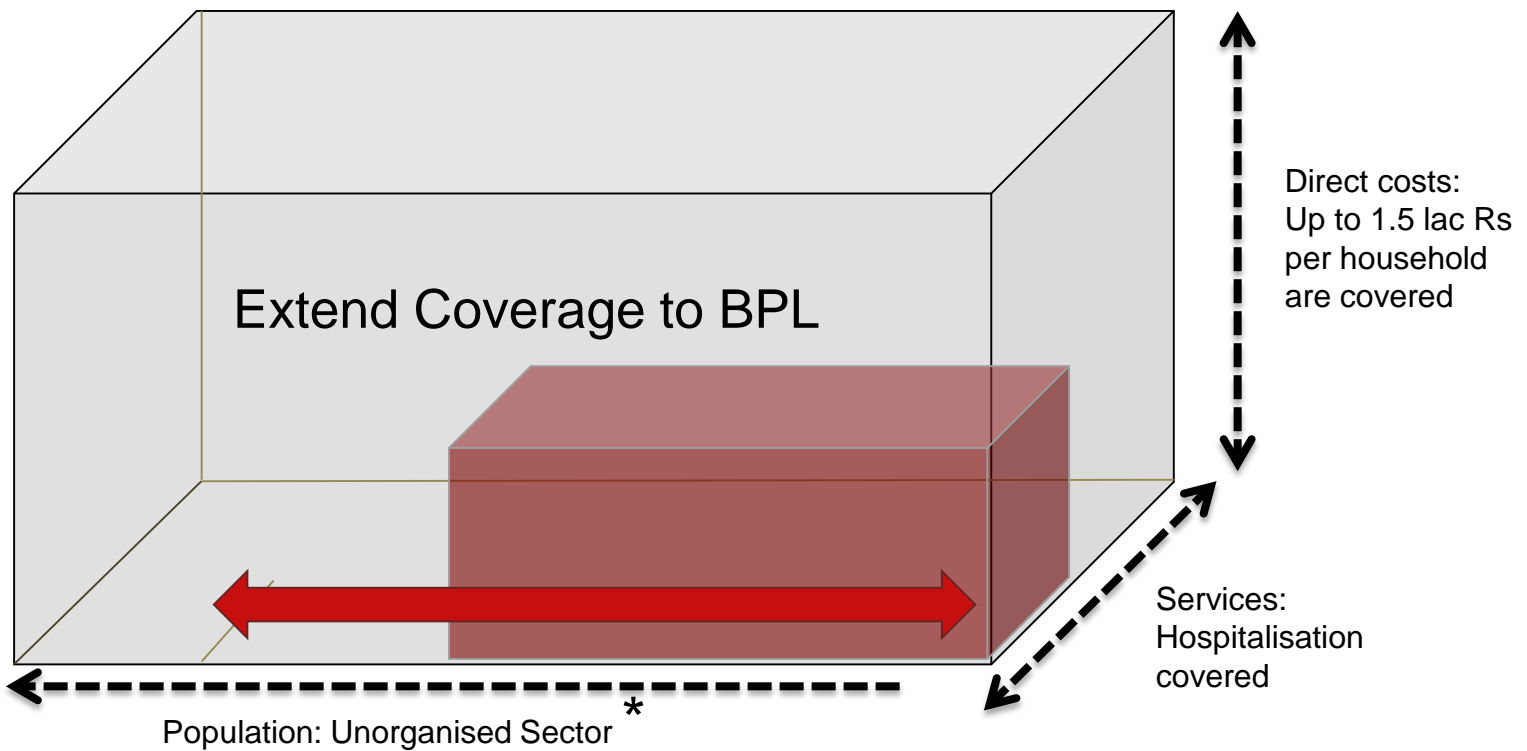
- since May 2014 -



* BPL households, MNREGA Workers, Construction Workers, Domestic Workers, Beedi Workers ...

Phase III-All districts, Other groups

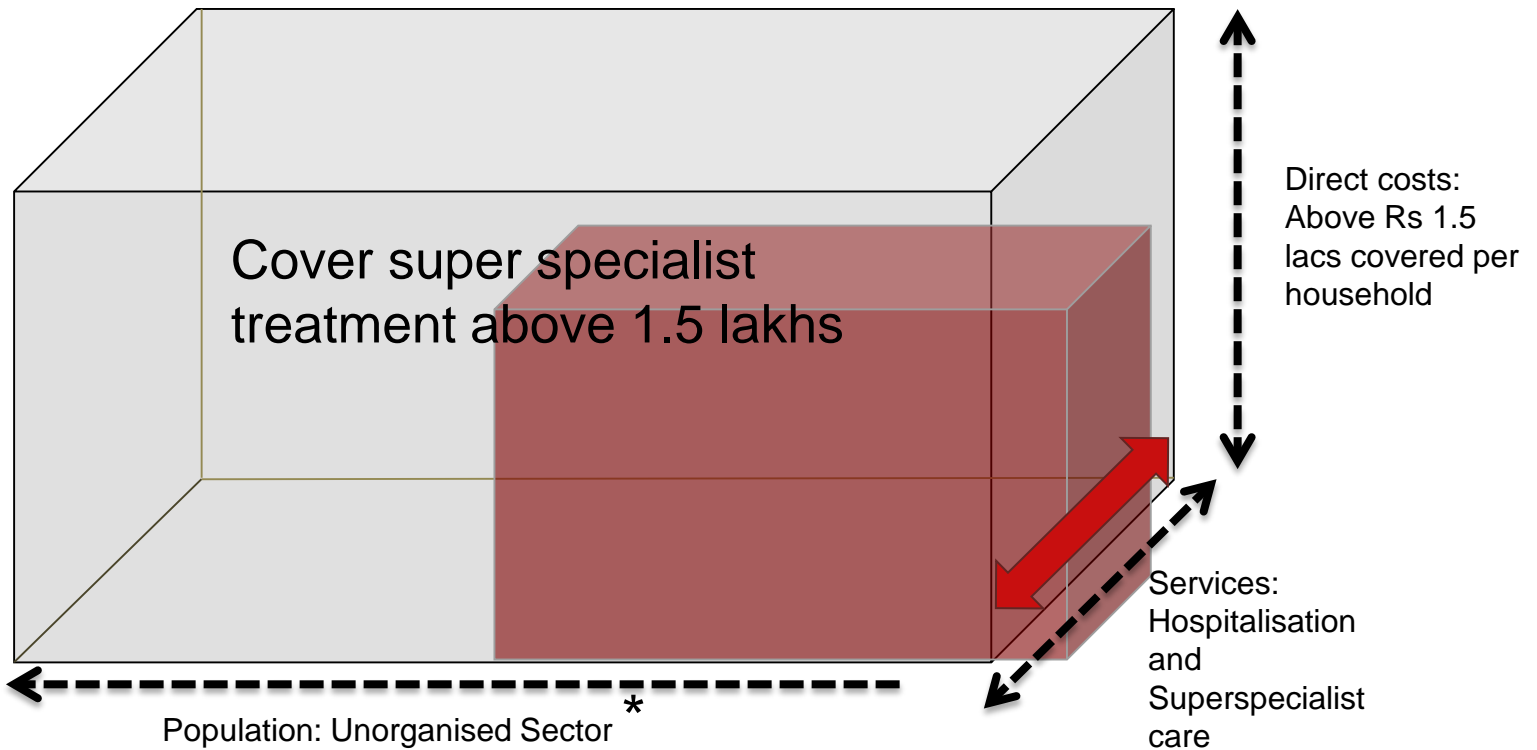
- since Jan 2015 -



* BPL households, MNREGA Workers, Construction Workers, Domestic Workers, Beedi Workers ...

Phase IV- Introducing Super Specialty Services

- Since April 2015-



* BPL households, MNREGA Workers, Construction Workers, Domestic Workers, Beedi Workers ...

Road Map Ahead:

- Scheme to be supported with innovations in Aadhaar enabled applications for Over the Counter (OTC) sales at doorstep and servicing of claims
- Data to be mined for analytics on healthcare usage patterns in the state
- Aim to **cover 80% of population under** Insurance in 5 Years under an equitable , prepayment, contributory insurance scheme
- Complement whatever scheme Government comes up with in terms of access to drugs and referrals for higher care
- Expand Geographically to the un-served areas
- Expand to other groups- Phase out subsidies replace with partial prepayment plans- Cover Below Poverty Line families
- Expand to Above Poverty Line Families

Key facilitators

- Simplified cost effective processes
 - Enrollment
 - Claims Administration
 - Audit
 - Grievance Redressal
 - Tracking Cash Flows and Utilization real time
- **Incentives** for all Stake Holders
 - For the intermediary
 - For the Insurance company
 - For the hospitals and outreach clinics

Key Lessons and Takeaways

- Expanded Outreach: The ease in the enrolment processes is instrumental in product uptake
- Seamless administration of claims: Biometrics greatly help in
 - a) Identification of beneficiaries at the point of claim.
 - b) Real time intervention by the insurance company allows for instant authorization of claims upon admission to the hospital
- Implications for Business: Aadhaar drastically helped lower operating costs and thus makes the business sustainable

Implication of the Pilot for Healthcare in India

- Government of India has recently decided to link its Financial inclusion initiative “Pradhan Mantri Jan Dhan Yojana, PMJDY) which is Aadhaar based with the revamped National Health Insurance Program to be launched shortly
- Administration of the new scheme will be linked to Aadhaar for distribution and authentication of the user as has been tried out in this experiment

***We are encouraged by
the response so far.....
.....Thank You***

