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3 Micro Health Insurance Units in India: A Balance Sheet

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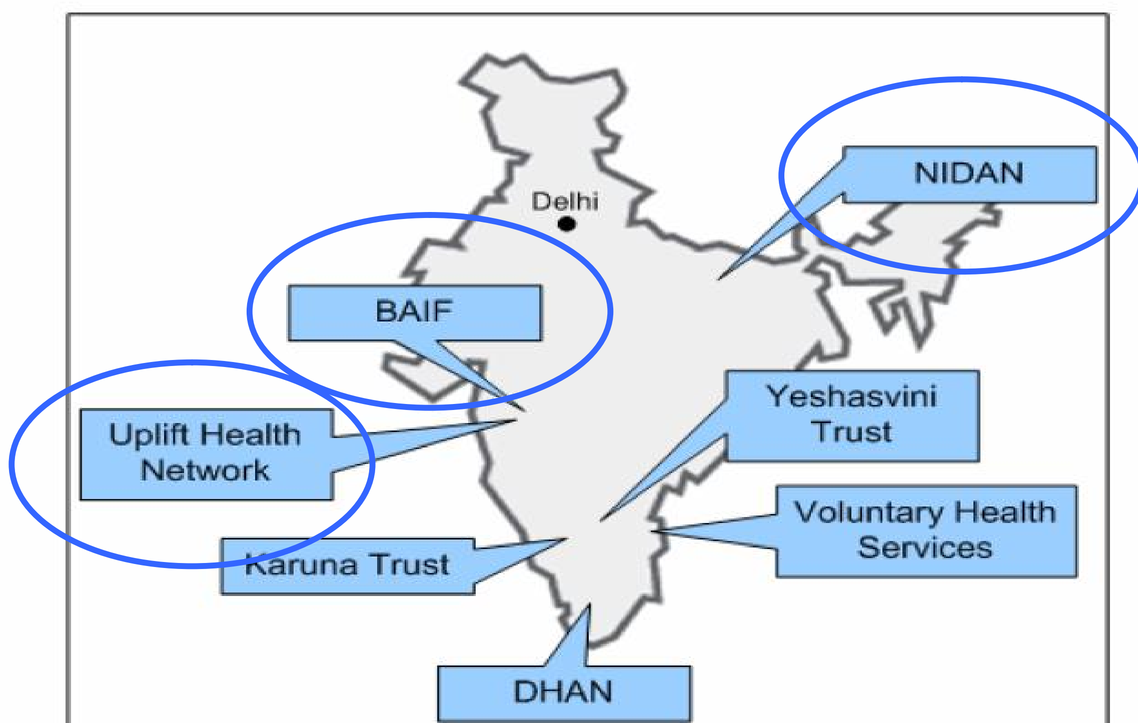

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A snapshot of BAIF (rural Pune)

- **Members:** Females in rural communities
- **Membership restrictions:** none
- **Coverage of hospitalization costs** max Rs. 5000 per person per year
- **Coverage of outpatient care :** No, but cost reduction @ BAIF medical center
- **Exclusions:** pre existing diseases
- **Claim settlement:** reimbursement

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A snapshot of Uplift Health

- **Members:** Urban slum community
- **Membership restrictions:** Middle /high-income
- **Coverage of hospitalization costs:** 80% of the cost up to max. Rs. 5000 per person per year
- **Coverage of outpatient care :** No, but guidance is offered (hotline) on choice of provider.
- **Exclusions:** Pre-existing diseases + all diseases not mentioned in a list (of 11 most frequent)
- **Claim settlement:** Reimbursement.

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A snapshot of Nidan (Patna)

- **Members:** Community members working in the informal sector (urban slum and rural villages)
- **Membership restrictions:** Age restrictions: 18-55 years
- **Coverage of hospitalization costs:** Max. Rs. 2000 or Rs. 6000 per person
- **Coverage of outpatient care:** no.
- **Benefit exclusions:** Maternity-care.
- **Claim settlement:** Reimbursement.

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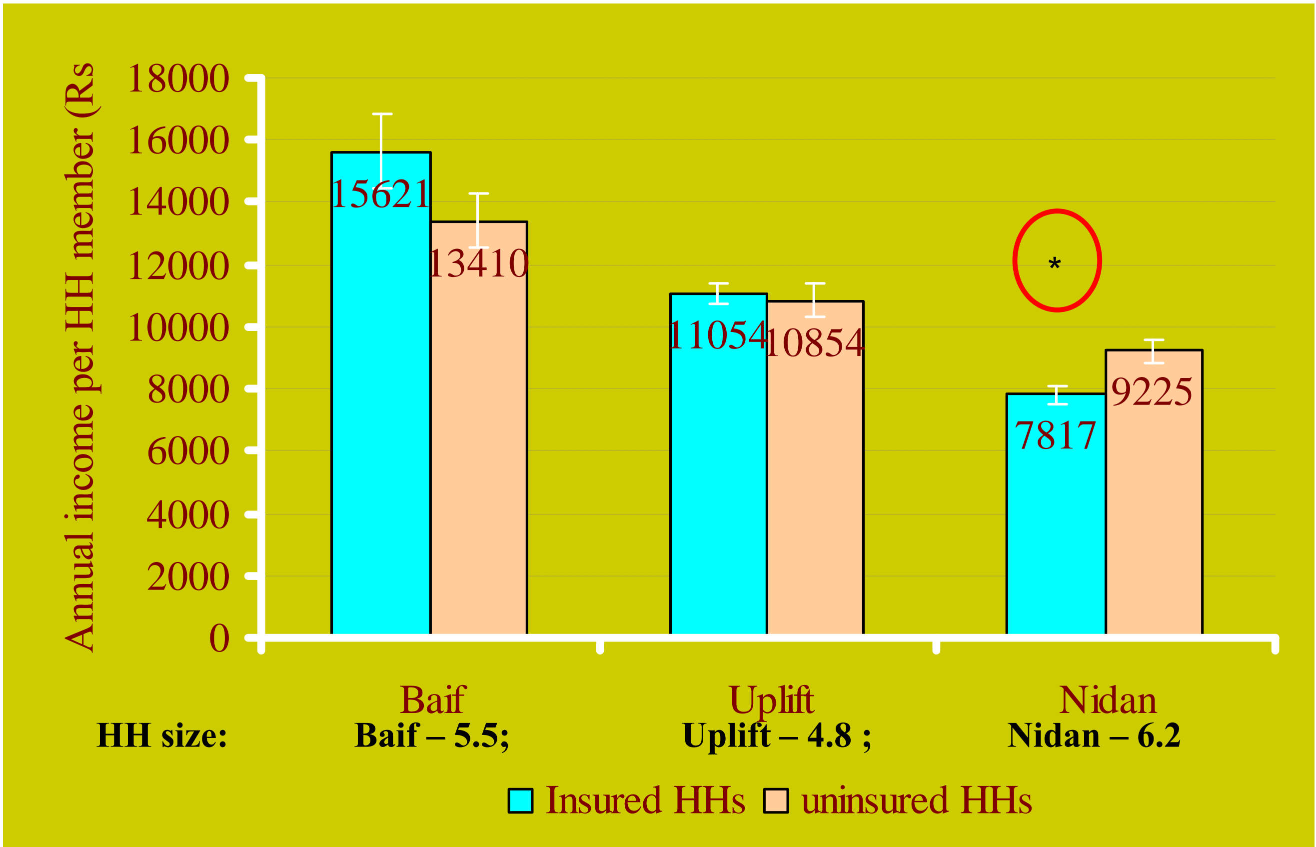
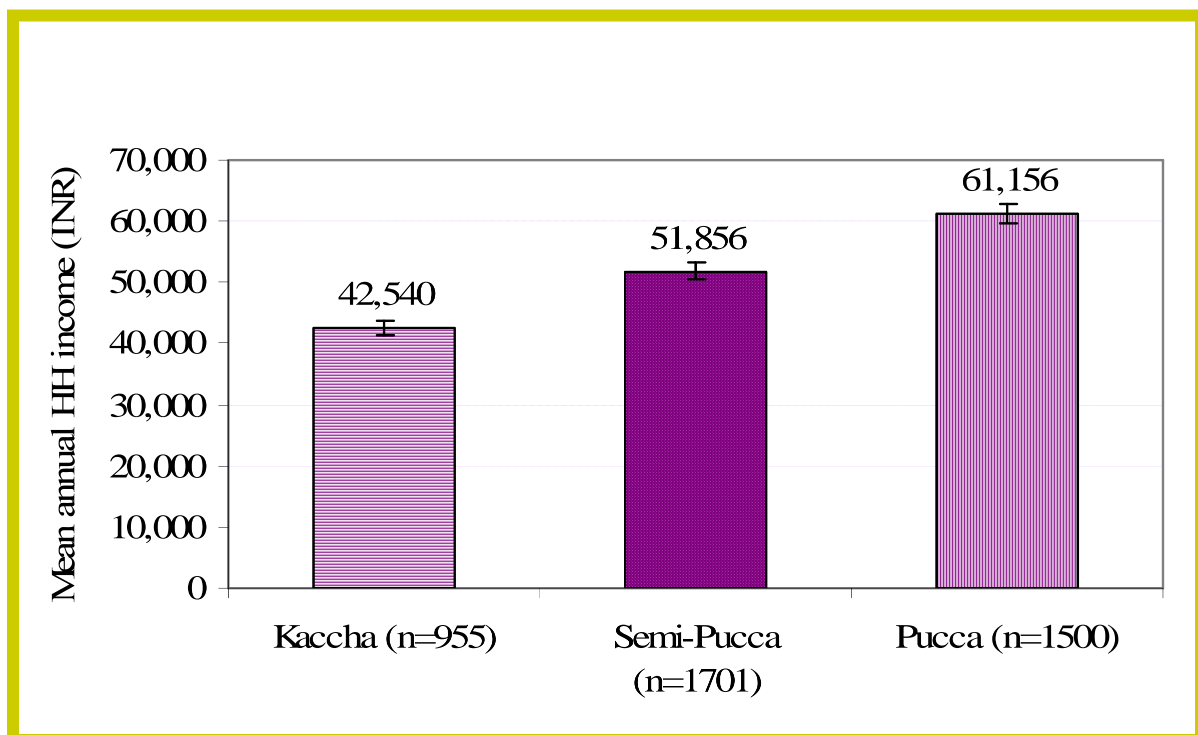
Outline

1. **Who are the clients?**
2. **Morbidity patterns & Hospitalizations**
3. **The cost of hospitalization** vs. aggregate cost of illness
4. **Utilization of drugs & consultations**

Income: insured's ≈ uninsured's



Higher income ↔ better housing



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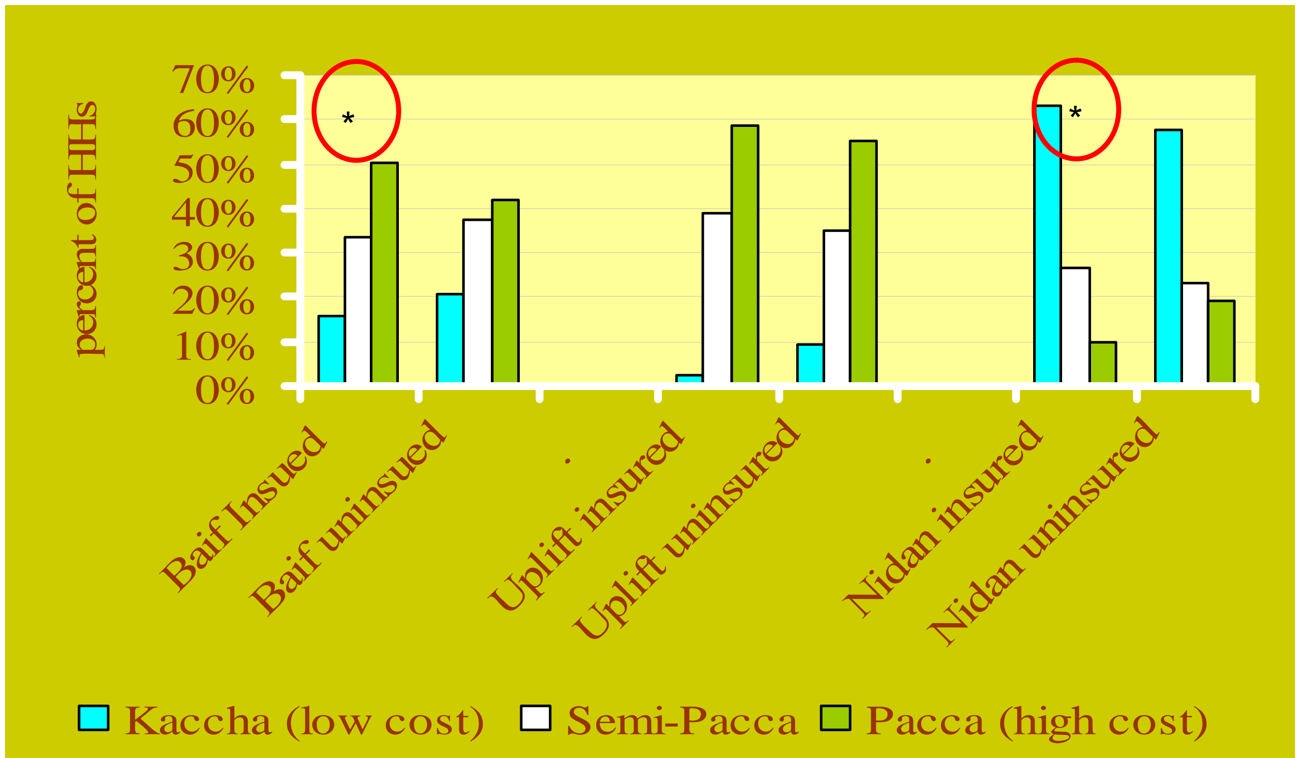
Association between insurance status and assets (house type)



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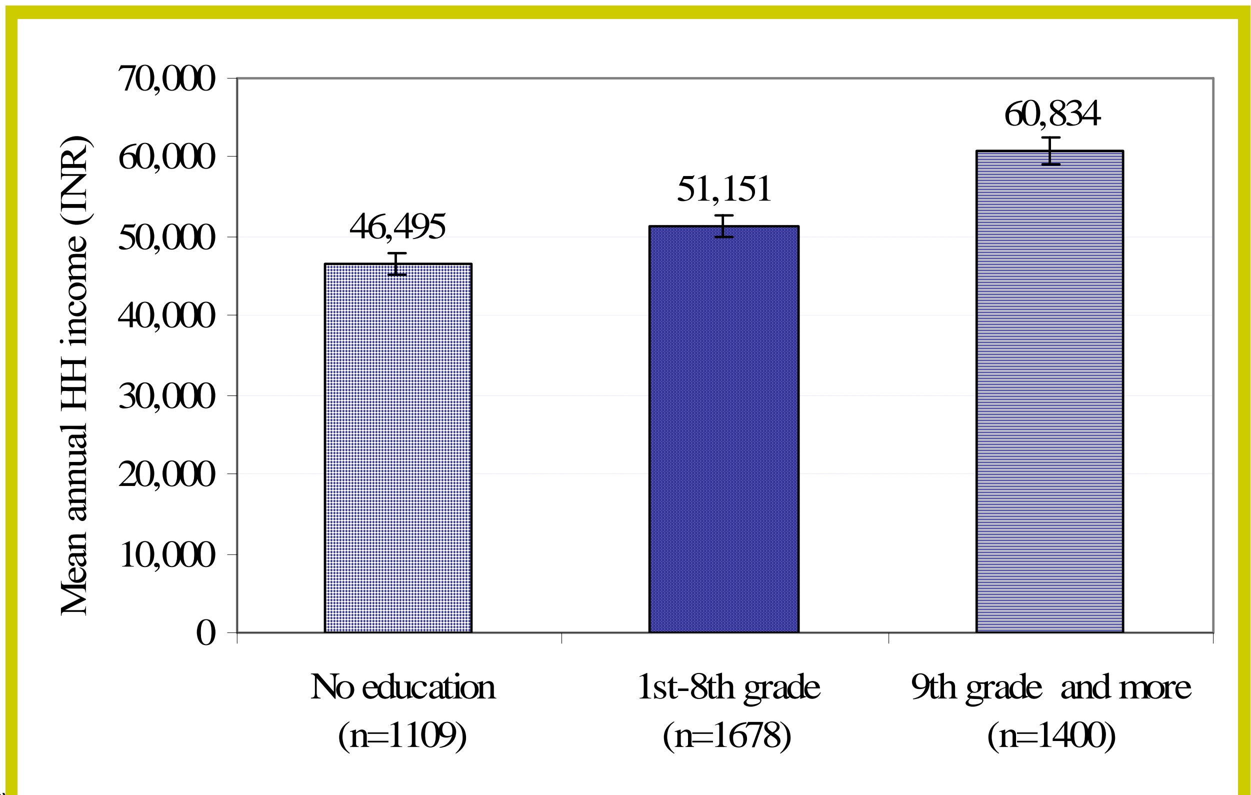
Association between income and education



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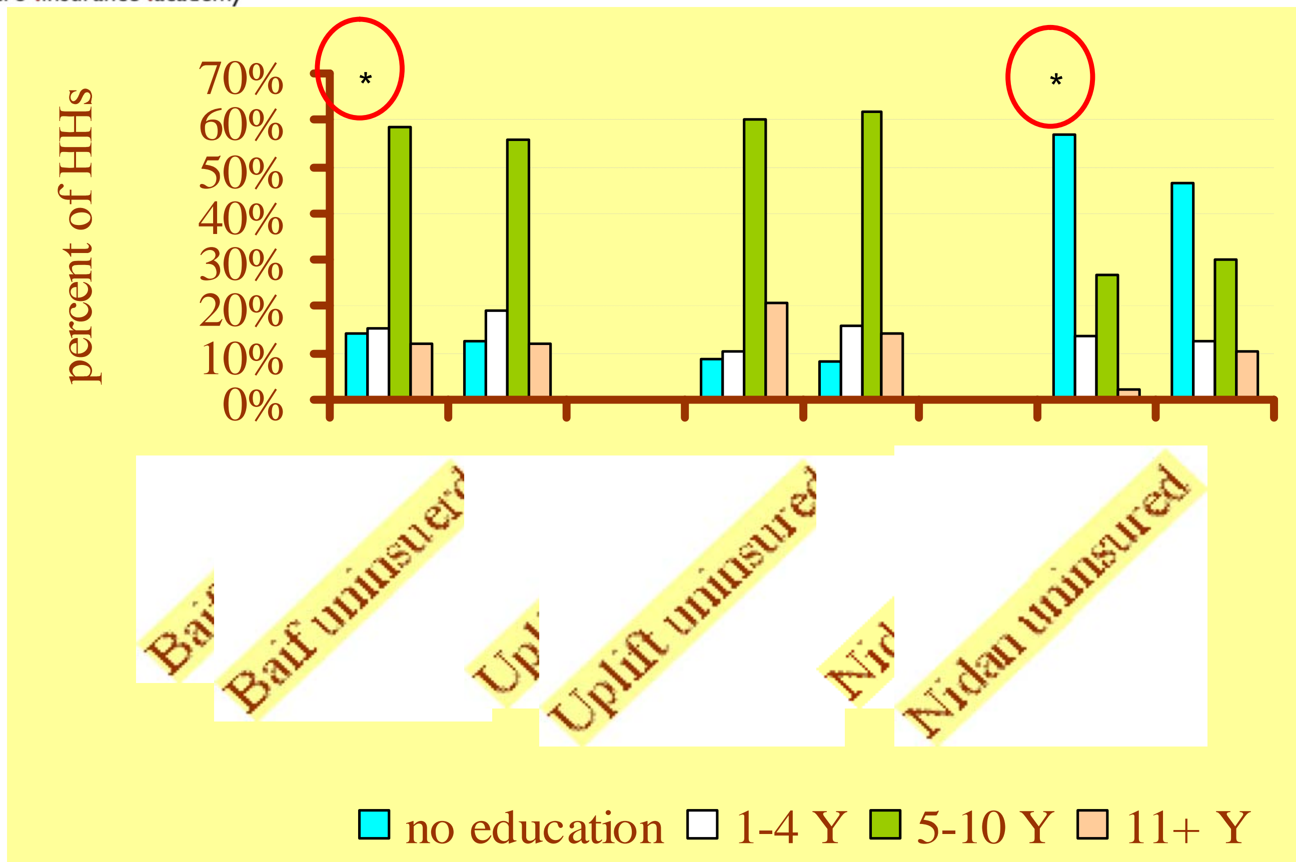
Association between insurance status and education of HH head



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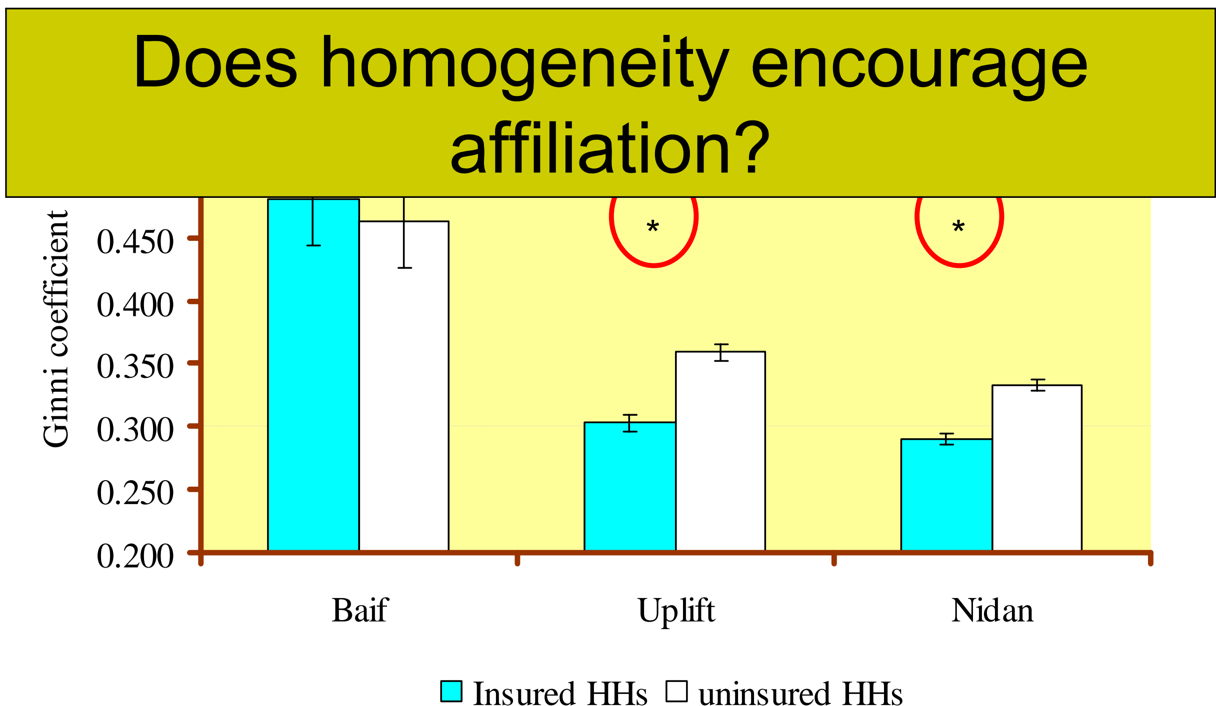
Income distribution: How equal?



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Who are the clients? Insights

- **Socioeconomic parameters differ** markedly across locations.
- **No consistent association between socioeconomic status and affiliation** Baif: positive correlation; Nidan negative.
- Nidan effectively targets the poorest segments of the community.

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Morbidity patterns & hospitalizations

- The three MIUs cover hospitalization, but the benefit package is limited.
- How does insurance affiliation affect access to hospitalization?
- Can the poorest insured HHs use the insurance benefits despite the severe caps and limitations?

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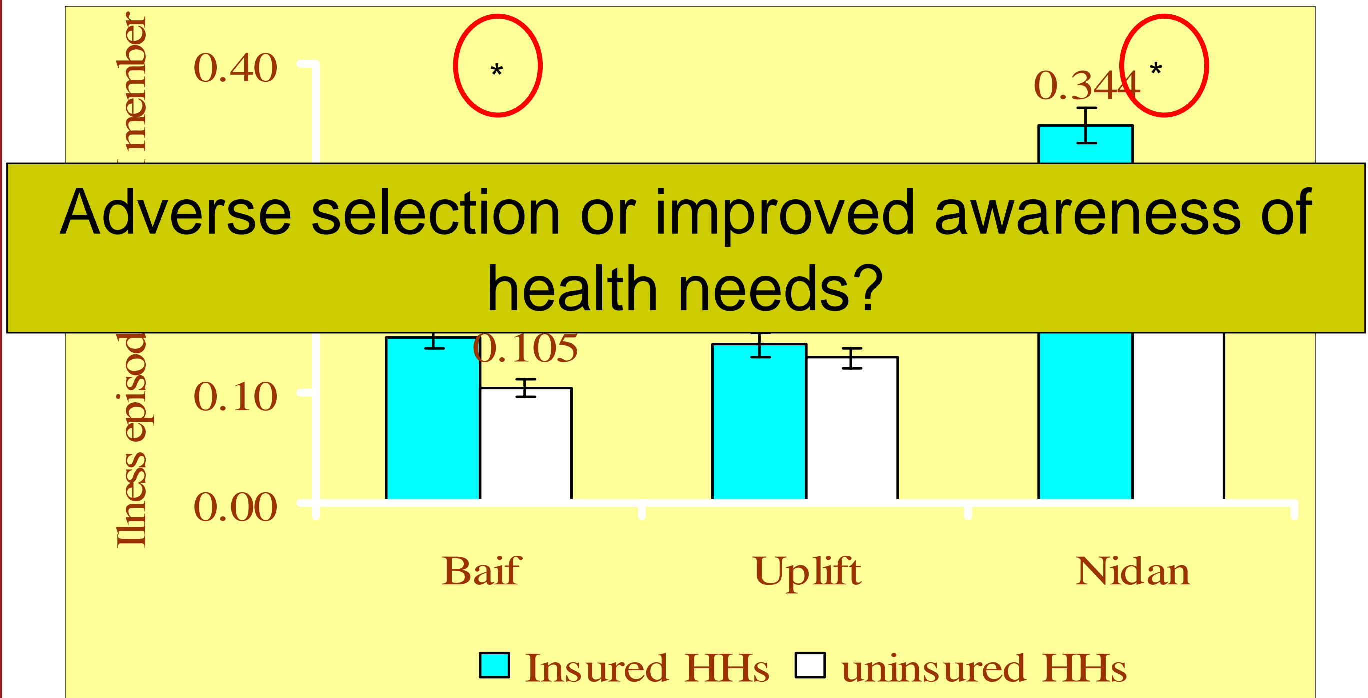
Insured report more illness episodes in the last 3 months



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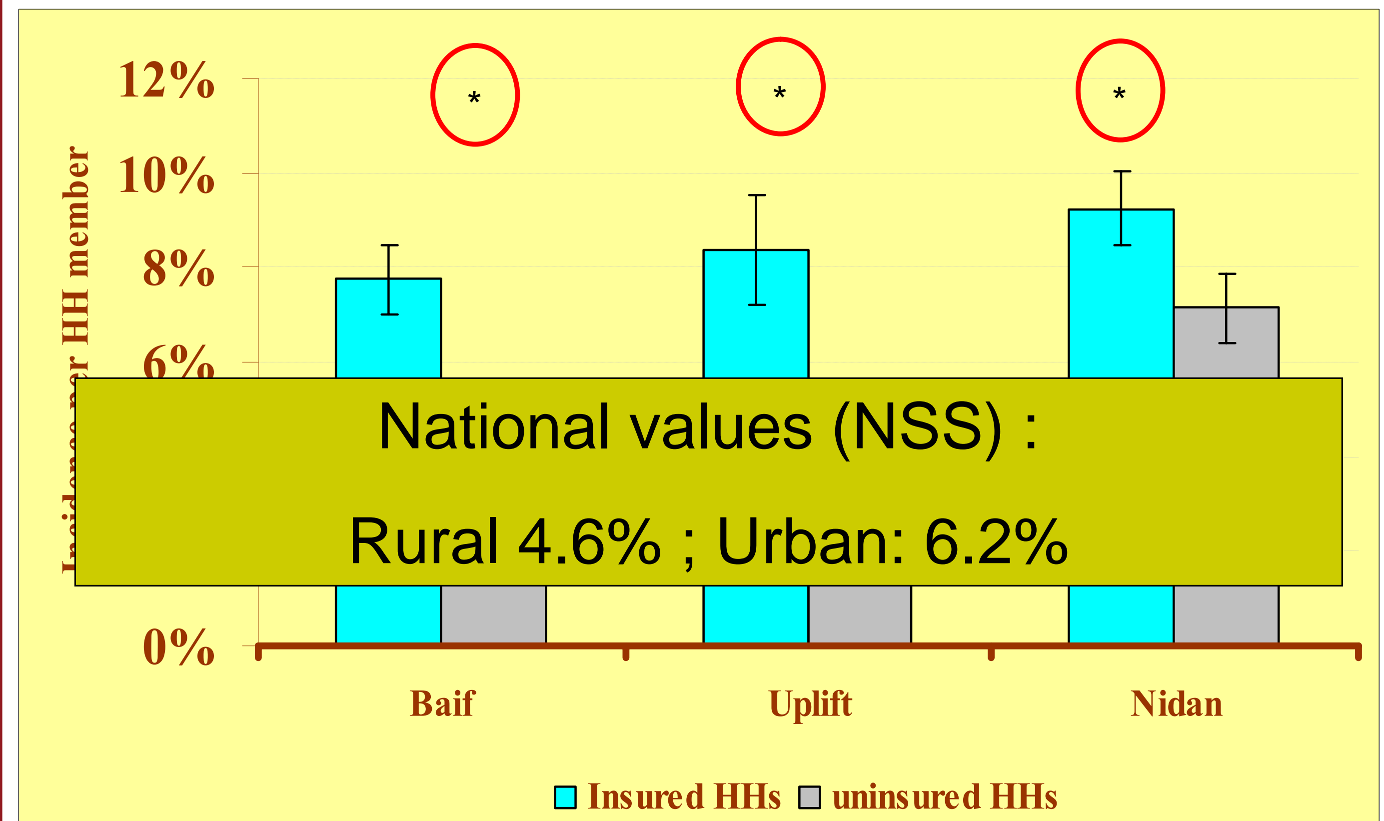
Insurance increased the number of hospitalizations in last 2 years (I)



Insurance increased LOS in hospital in last 2 years (II)

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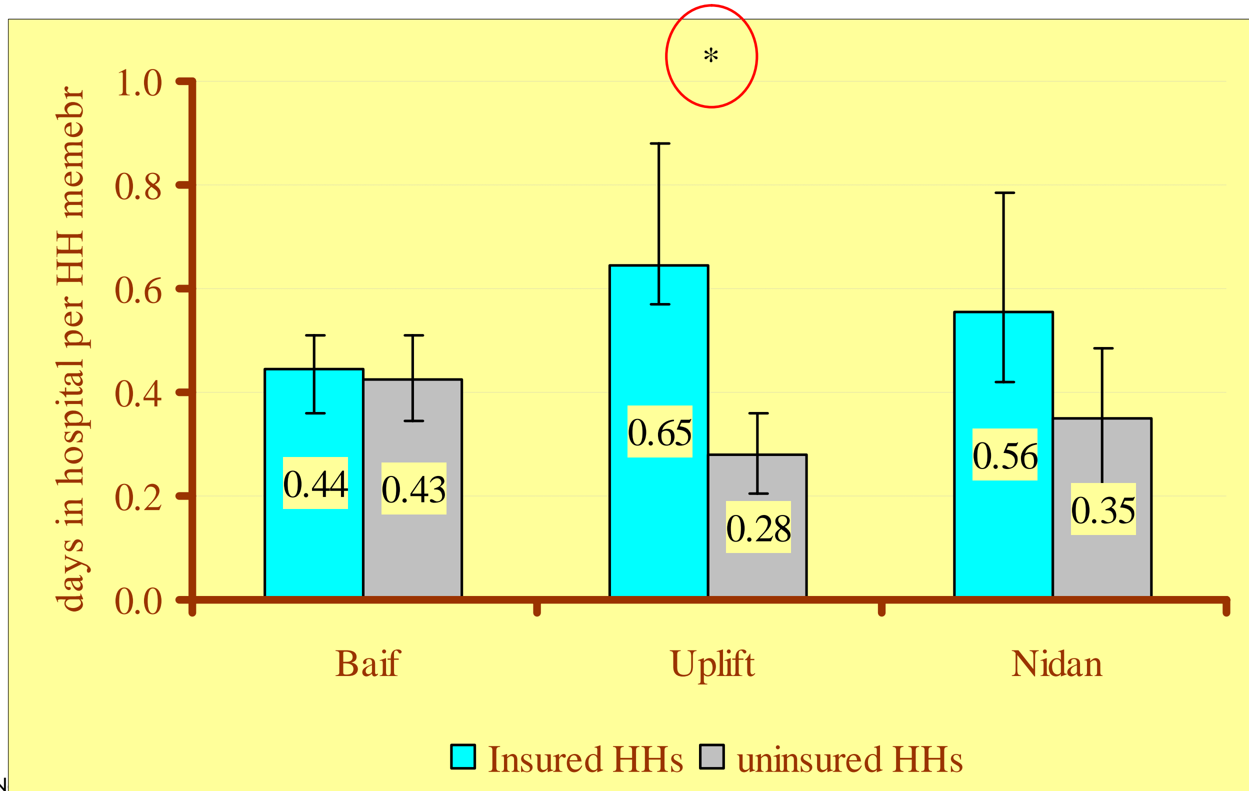

Concentration curve: Area above the equity line => pro poor

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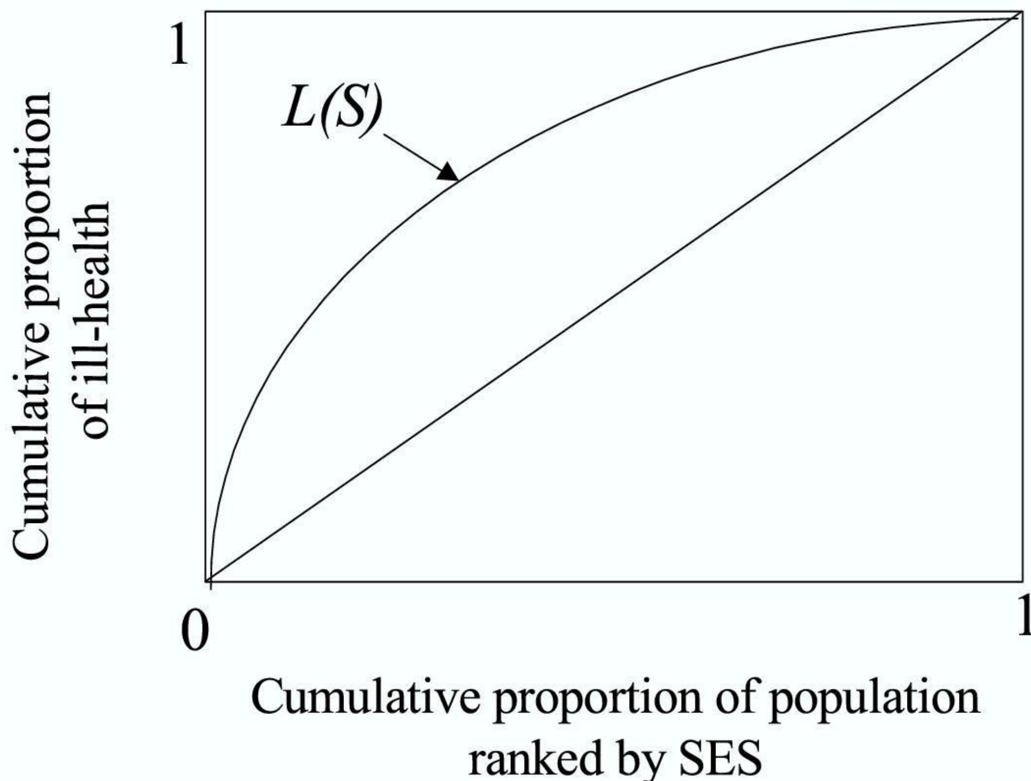

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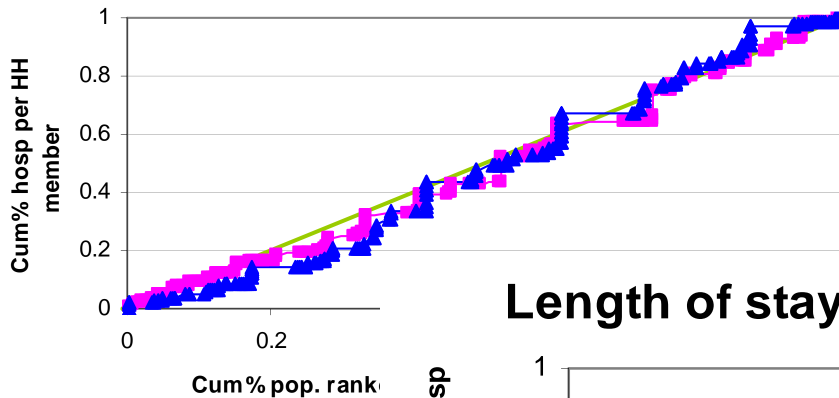
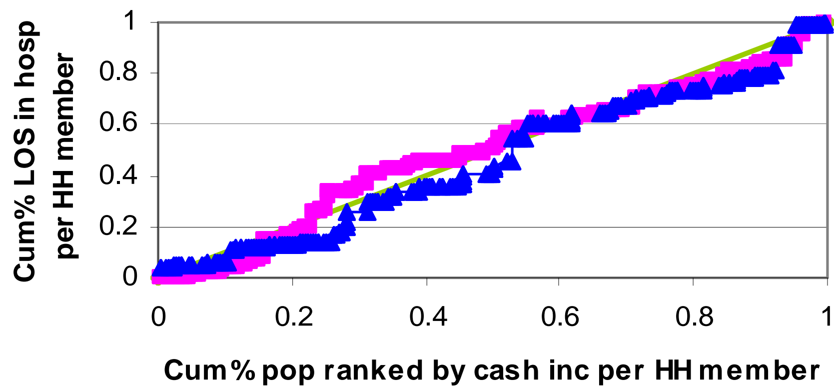
The increase in access to hospitalization is equitable





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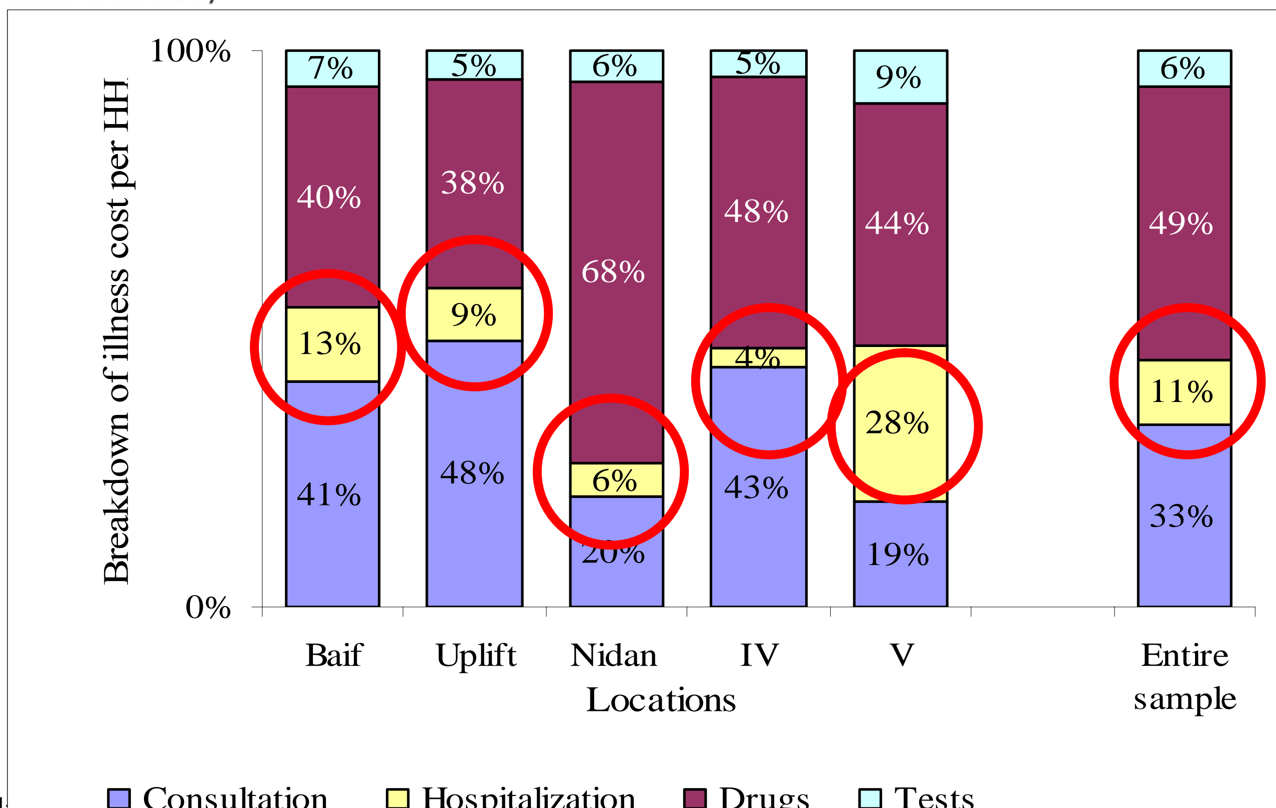
Morbidity & hospitalizations: Insights

- All three schemes increase access to hospitalization among their affiliates.
- Despite the limitations and caps, there is **no** evidence for pro-rich bias in utilization of the benefits.

Cost of hospitalizations

- Hospitalizations are rare; financial consequences can be catastrophic
- Accounting for both frequency and price, what is the size of the hospitalization issue in the aggregated cost of illness?

Drugs and consultations cost more than hospitalizations



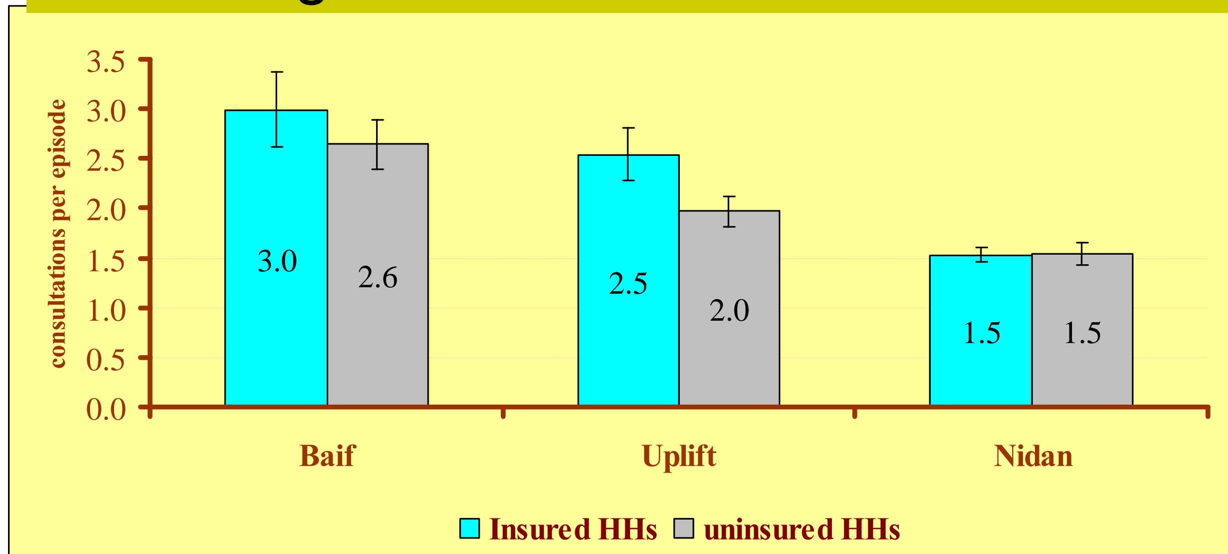
Data from aggregated insured + uninsured cohorts

Observations on drugs & OP

- The 3-MIUs do not cover consultations or drugs; but:
- Does insurance status have an effect on utilization of medicines and consultations?

Significant difference in access to consultations

But no significant effect of insurance status



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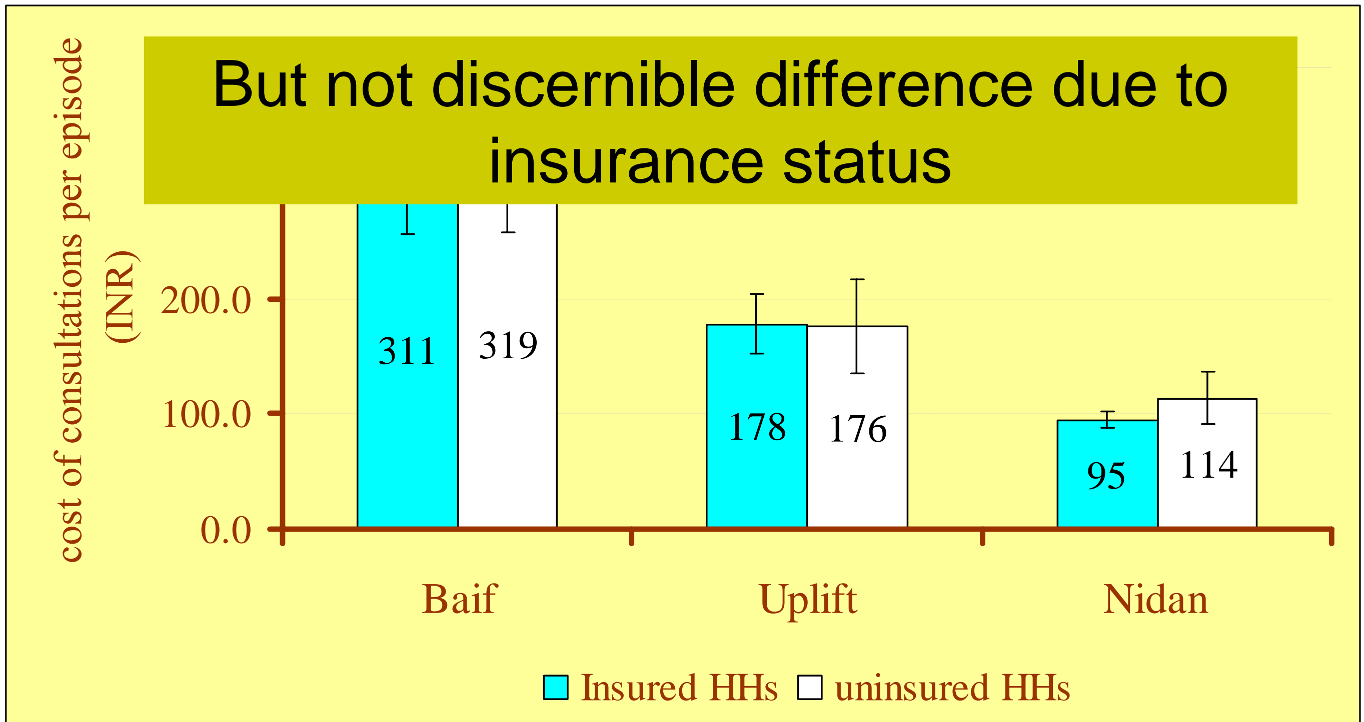
Significant difference in costs of consultations per episode



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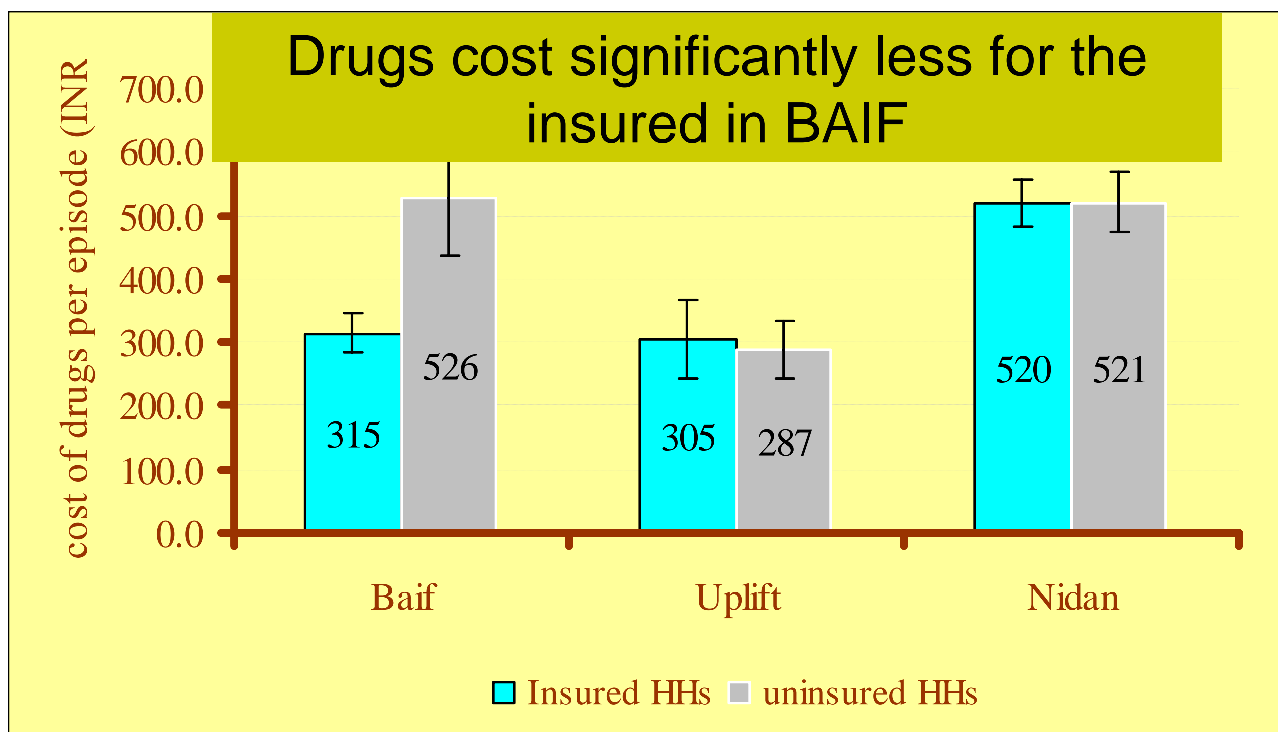
OOP spending on drugs differs across locations



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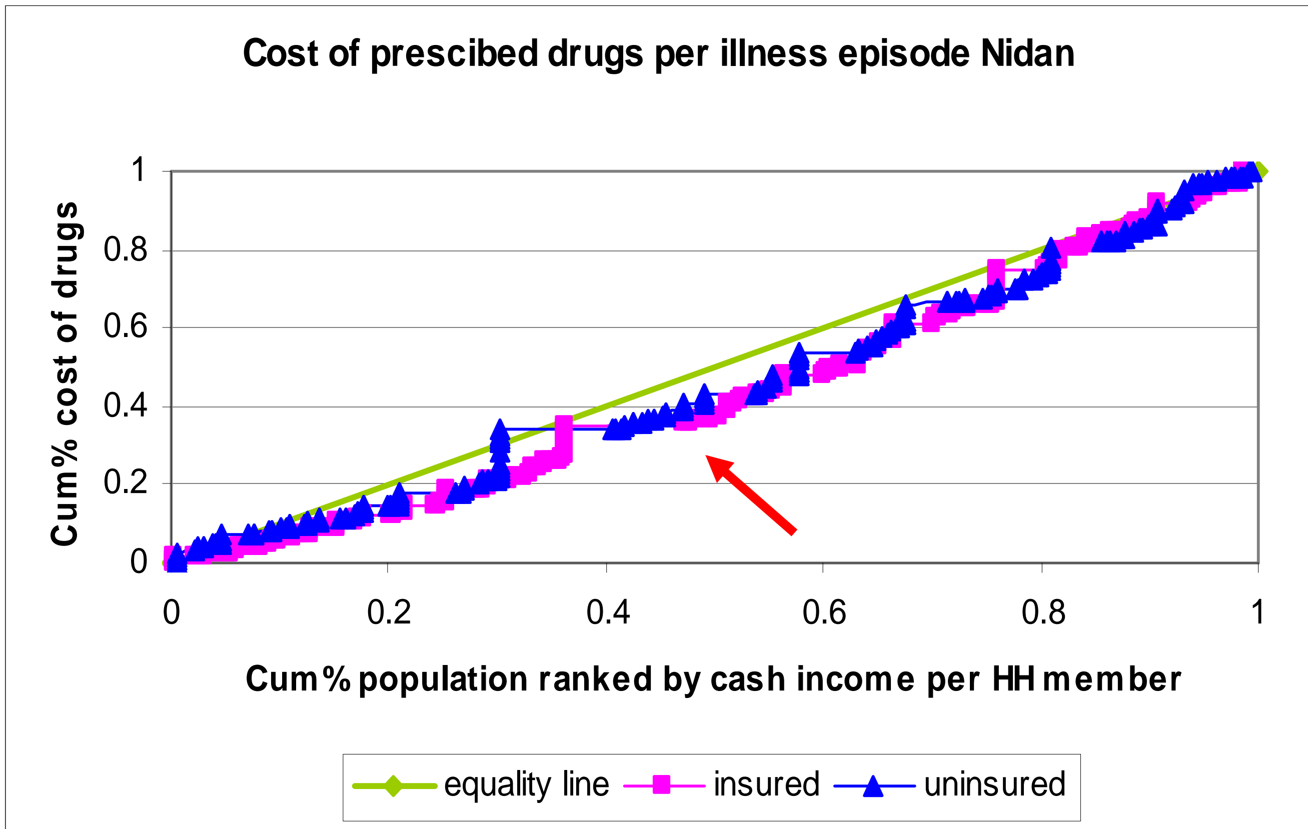
Inequity in access to drugs not corrected by insurance (Nidan)



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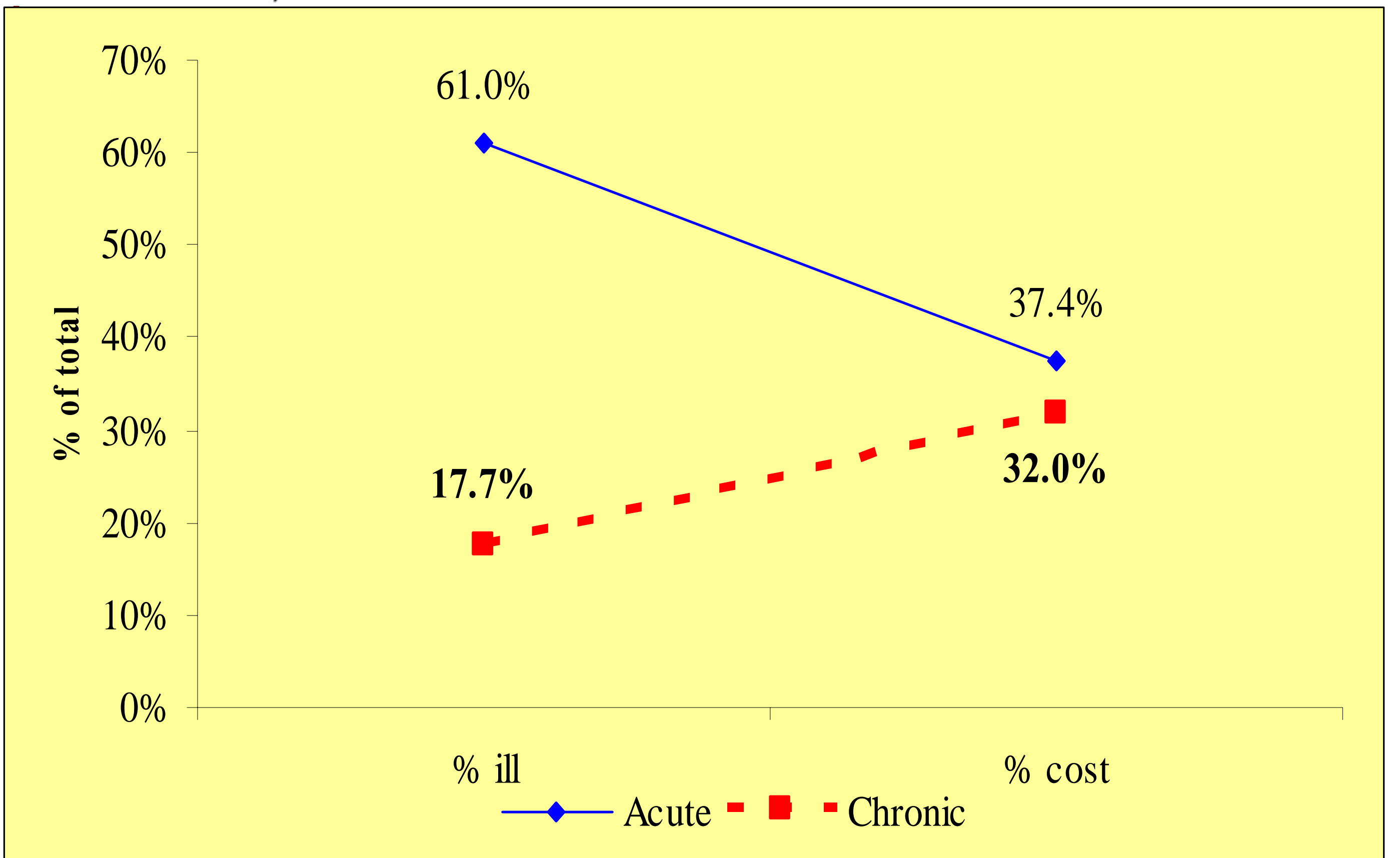
Chronic diseases represent the “killer costs”



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Conclusions (i)

- The 3 MIUs increase access of their clients to hospitalization, and they do so in an equitable manner. They fulfill their mission
- However: the focus on hospitalization is too restrictive:
  - caps limit the catastrophic protection, and
  - hospitalizations are only a minor contributor to aggregated health cost

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Conclusions (ii)

- Drugs and OP care are the major cost items
- Chronic diseases amplify this cost structure
- Prevalence of chronic diseases increases with increasing life span and changes of life style.
- Therefore MIUs would respond better to clients' needs by broadening benefit packages to include severe and continuing costs (regardless of the illness)