

'Cashless' Hospitalization Insurance Vimo SEWA



Self Employed Women's Association Ahmedabad

Microinsurance Conference 2007
November 15, 2007



Presentation Outline

- Background on Vimo SEWA's 'Cashless' System
- Findings on study of uptake of 'cashless' system
- Current status of cashless system

Current insurance package



Scheme - 1 (effective January 2007)				
	Member (Rs.)	Spouse (Rs.)	Children (Rs.)	Total (Rs.)
<i>Annual Premium</i>	125	100	100	325
<i>Fixed Deposit</i>	2,100	1,500	-	3,600
Natural Death	7,500	7,500	-	-
Mediclaim	2,000	2,000	2,500	-
Asset Loss	10,000	-	-	-
Accidental Death	40,000	25,000	-	-
Accidental Death (Spouse)	15,000	-	-	-

Microinsurance Conference 2007

3

Limitations of 'Regular' System



- Poorest members have difficulty of utilization due to:
 - Ready cash for upfront payment
 - Getting documents from hospitals
- Difficult to check on quality of care - member can choose any hospital

Microinsurance Conference 2007

4



Key features of 'Cashless System'

- SEWA *aagewan* visits hospitalized member and collects required documents
- Member reimbursed while still in hospital
- Hospitals selected on basis of quality and cost – mostly trust and government

Microinsurance Conference 2007

5



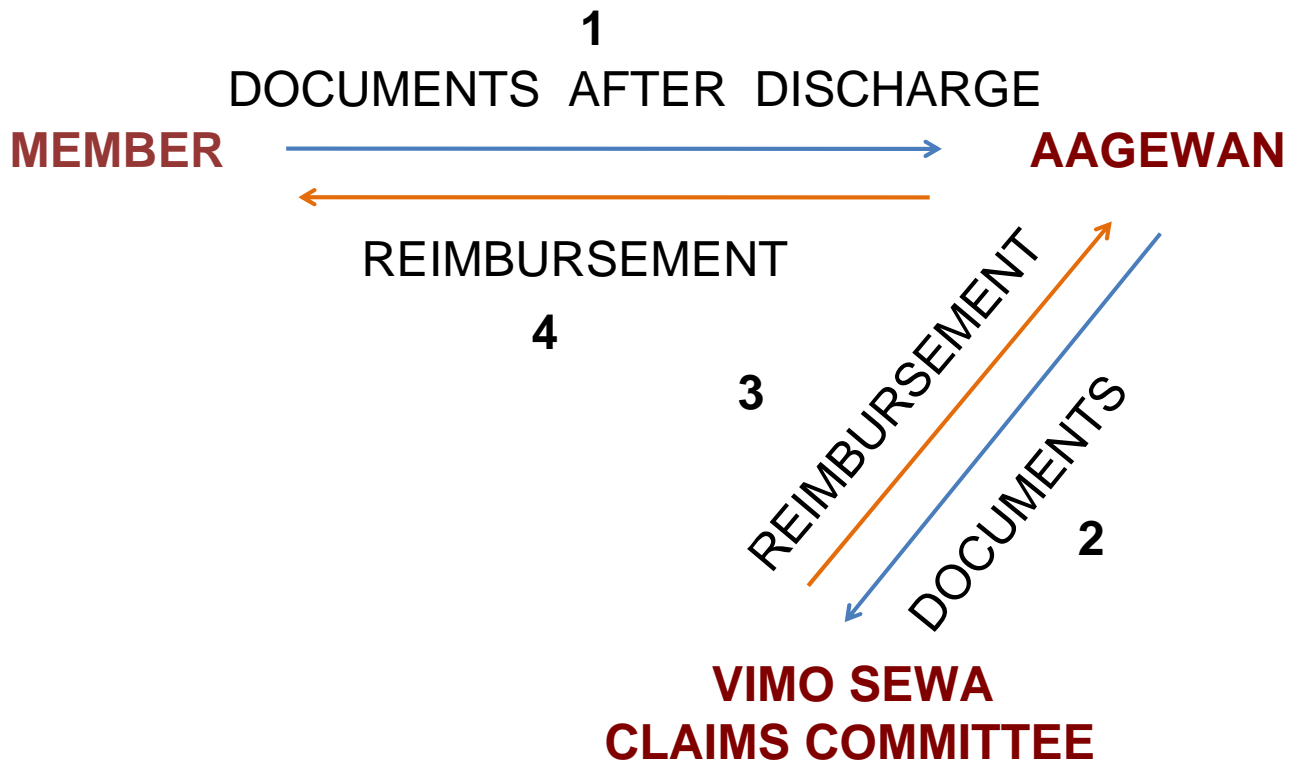
Objectives of 'Cashless' Hospitalization

1. Improving insurance utilization among poor members by removing
 - Cash barrier
 - Document related barrier
2. Rationalizing treatment provided – govt. and trust hospitals
3. Reducing administrative costs ?
4. Reducing claims cost ?

Microinsurance Conference 2007

6

Regular Claims Servicing



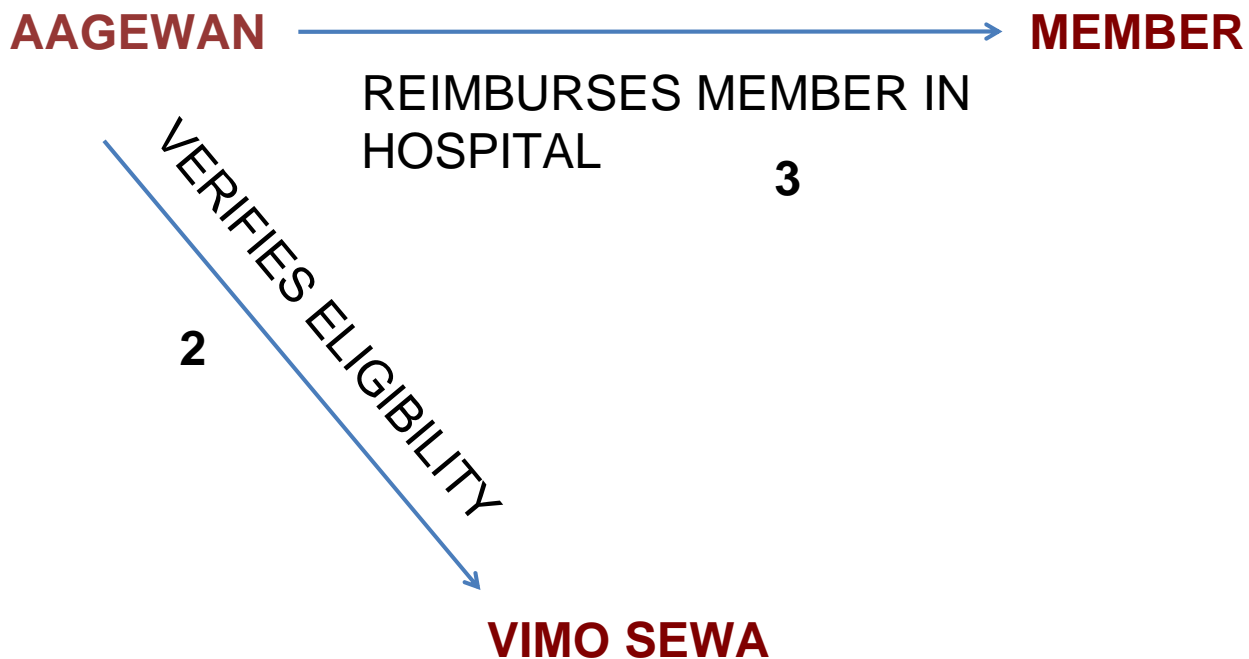
Microinsurance Conference 2007

7



'Cashless' Claims Servicing

1 VISITS MEMBER IN HOSPITAL
COLLECTS DOCUMENTS



Microinsurance Conference 2007

8



9

Study on 'Cashless' Hospitalization*



Compared 3 categories of claimants:

1. Cashless system users (30%)
2. Non-system users in Cashless Hospitals (20%)
3. Non-system users in non-Cashless Hospitals (50%)

* 2006 (9 months after programme launch)

Income Differences Between 3 Categories



Claimant type	Mean hhold annual income (Rs)	Median hhold annual income (Rs)
CL users	64,736	54,000
Non-users in CL Hospitals	58,275	44,000
Non-users in non-CL Hospitals	61,754	48,000
TOTAL	61,531	48,000

Microinsurance Conference 2007

11

Criteria for hospital selection (%)



Claimant type	Used Earlier	Location	Doctors' suggestion	CL Facility	TOTAL
CL users	20	27.1	14.1	16.5	77.7
Non-users in CL hospitals	26.7	28.9	23.3	0	78.9
Non-users in non-CL hospitals	49.5	23.1	9.9	0	82.5
TOTAL	32.3	26.3	15.8	5.3	79.7

Microinsurance Conference 2007

12



Reasons for 'Regular' Claims

1. Lack of knowledge
2. Emergencies
3. Location of selected hospitals
4. Unable to find time to inform SEWA
5. Preference for previously used private doctors

Microinsurance Conference 2007

13

Status of Cashless Hospitalization Jan to June 2007

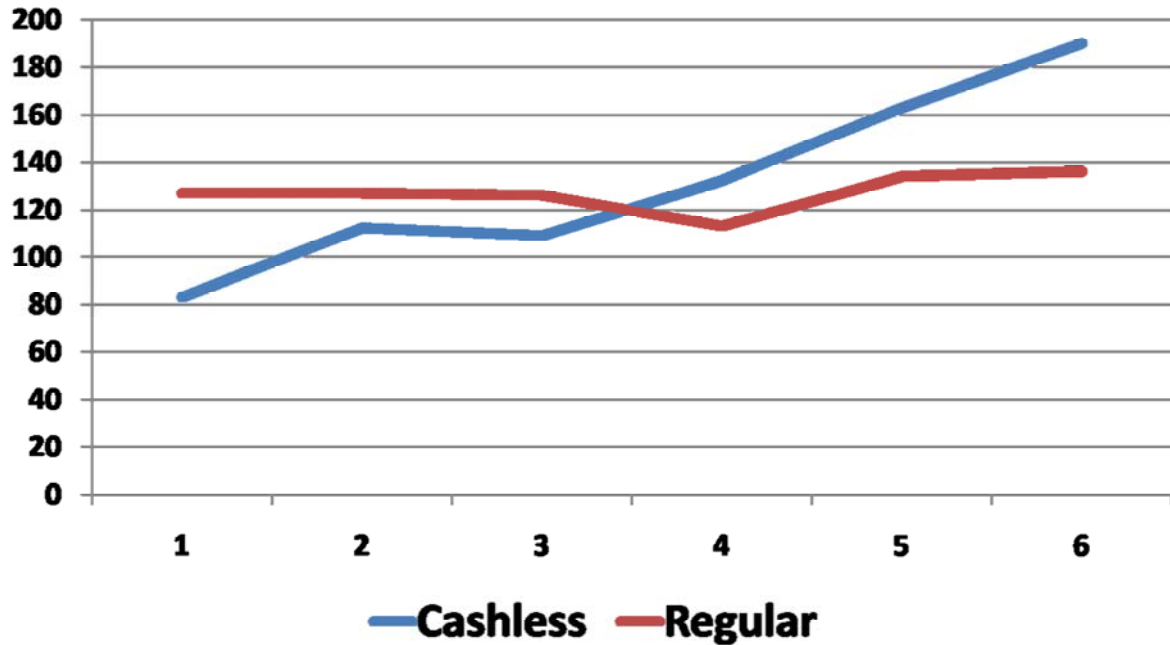


1. Utilization
2. Administrative costs
3. Claims cost

Microinsurance Conference 2007

14

Utilization of 'Cashless' Hospitalization Jan – June 2007



Microinsurance Conference 2007

15

Costs for 'Regular' and 'Cashless' Claims (Jan to June 2007)



	Regular	Cashless
Admin cost per claim	324	282
Rejection Rate	18%	3%
Average claim paid (Rs.)	1739	1757

Microinsurance Conference 2007

Cost reduction under 'Cashless' Hospitalization



1. Member spends less
 - No visits to hospital for document collection
 - No/reduced interest for loan taken for treatment
2. Vimo SEWA spends less
 - Aagewan services 2-4 members in single visit to a facility
 - Immediate resolution of ambiguities
 - Lower rejection rate

Microinsurance Conference 2007

17



Lessons Learned

1. Educating members about a system change is a resource intensive activity.
2. Scheme administrators need to adopt a proactive role to promote the new system.
3. Hospitals willing to negotiate rates and waive deposit requirements
4. Possible for a CBHI to establish good working relationships with hospitals

Microinsurance Conference 2007

18



Lessons Learned

5. However, getting cooperation from bigger hospitals can be difficult
6. Need for ongoing monitoring of quality of hospital services
7. Use of modern technology like cellular phones greatly facilitates claims servicing

THANK YOU



www.sewainsurance.org