

Linkage Between Health Insurance and Standard of Living with Special Reference to M East Ward of Mumbai

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Abstract

With the growth in the desk bound workforces the risk of our life increased a lot. Left with no stone unturned, the health insurance sector gaining popularity in India. At present, health insurance is one of the emerging sectors in India. Different stakeholders of this ecosystem, such as private health insurance companies, IRDAI, and other entities, are thriving each day to come up with the best health insurance policy for every citizen. Indians become the most active and engaged customers when it comes to health insurance. After pandemic, buying cashless health insurance online is a new normal. This increasing attention and awareness are due to rising medical inflation, advancements in medical sciences, pandemic, and critical illnesses. Thus, the Indian Health insurance market has come up with lucrative growth avenues and opportunities for companies and customers. In this context, the present study tries to analyse the linkage between health insurance and thereby better standard of living.

Keywords: Health Insurance, IRDA, Insurance Premium, Financial Protection, Standard of Living

Introduction

The health insurance sector in India is only a few decades old. However, it has a deep-rooted history and the traces found in writings of Manu (Manusmriti), Yagnavalkya (Dharmashastra), and Kautilya (Arthashastra). It's mentioned how the pooling of resources helpful during calamities like floods, fire, and epidemics. The health insurance concept was first suggested in the year 1694 by Hugh the Elder Chamberlen from Peter Chamberlen family. As a result, "Accident Assurance" became available in the 19th Century. However, in the middle to late 20th-century traditional disability insurance evolved into new health insurance programs. After that, with several amendments and innovations, health insurance came into existence. For the last 50 years, India has also achieved a lot in terms of health insurance.

After independence, primary health care given importance and seen considerable improvement. Health insurance history in India began with an Employee's state insurance scheme (ESIS) in 1948. It introduced as an umbrella of social security for blue-collar workers of the organized sector. It provides health care services through a network of dispensaries and hospitals that impinged with ESIS. The coverage under ESIS includes OPD and IPD expenses and cash benefits to compensate for the loss of pay and other medical contingencies. This scheme is still prevailing and financed mainly through the contribution of employers and employees. In 1954, a program for central government health schemes (CGHS), was also

introduced. It was a contributory health scheme to provide comprehensive healthcare services, especially to the central government employees and their families. The government of India and central government employees also contributes a nominal amount per month based on their pay scale, which is still going well.

Statement of the Problem

Health insurance plays a pivotal role in enhancing the standard of living for individuals and communities alike. A robust healthcare coverage system contributes significantly to improved living standards by providing financial security, access to quality healthcare, and fostering overall well-being.

One primary way in which health insurance elevates living standards is through financial protection. Medical emergencies and chronic illnesses can lead to substantial financial burdens, pushing individuals and families into economic instability. Health insurance acts as a safeguard, mitigating the impact of medical expenses on household budgets. By covering a portion or the entirety of healthcare costs, insurance prevents individuals from depleting their savings or resorting to debt to meet medical needs. This financial security allows people to allocate resources to other essential aspects of life, such as education, housing, and daily necessities, thereby enhancing their overall standard of living.

Review of Literature

Ellis *et al.* (2000) reviewed a variety of health insurance systems in India. It was revealed that there is a need for a competitive environment which can only happen with the opening up of the insurance sector.

Aubu (2014) conducted a comparative study on public and private companies towards marketing of health insurance policies. Study revealed that private sector services evoked better response than that of public sector because of new strategies and technologies adopted by them.

Nair (2019) has made a comparative study of the satisfaction level of health insurance claimants of public and private sector general insurance companies. It was revealed that majority of the respondents had claim of reimbursement nature through third party.

Devadasan *et al.* (2004) studied community health insurance to be an important intermediate step in the evolution of an equitable health financing mechanism in Europe and Japan. It was concluded that community health insurance programmes in India offer valuable lessons for its policy makers.

Kumar (2009) examined the role of insurance in financing health care in India. It was found that insurance can be an important means of mobilizing resources, providing risk protection and health insurance facilities. But for this to happen, it will require systemic reforms of this sector from the end of the Government of India.

Droret *et al.* (2006) studied about willingness among rural and poor persons in India to pay for their health insurance. Study revealed that insured persons were more willing to pay for their insurance than the uninsured persons.

Jayaprakash (2007) examined to understand the hurdles preventing the people to purchase health insurance policies in the country and methods to reduce claims ratio in this sector.

Yadav and Sudhakar (2017) studied personal factors influencing purchase decision of health insurance policies in India. It was found that factors such as awareness, tax benefit, financial security and risk coverage has significant influence on purchase decision of health insurance policy holders.

Savita (2014) studied the reason for the decline of membership of micro health insurance in Karnataka. Major reason for this decline was lack of money, lack of clarity on the scheme and intra house-hold

factors. However designing the scheme according to the need of the customer is the main challenge of the micro insurance sector.

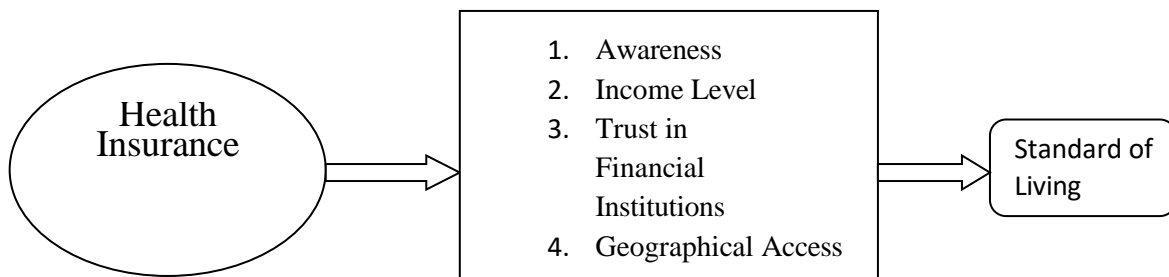
Shah (2017) analyzed health insurance sector post liberalization in India. It was found that significant relationship exists between premiums collected and claims paid and demographic variables impacted policy holding status of the respondents.

Binny and Gupta (2017) examined opportunities and challenges of health insurance in India. These opportunities are facilitating market players to expand their business and competitiveness in the market. But there are some structural problems faced by the companies such as high claim ratio and changing need of the customers which entails companies to innovate products for the satisfaction of the customers. Chatterjee *et al.* (2018) have studied health insurance sector in India. The premise of this paper was to study the current situation of the health-care insurance industry in India. It was observed that India is focusing more on short-term care of its citizens and must move from short-term to long-term care.

Conceptual Frame work

Conceptual framework of the study is presented in Figure No.1.1

**Figure No.1.1
Conceptual Framework**



The framework starts with the independent variable, which is health insurance. This variable is expected to have an effect on the dependent variable, which is financial inclusion. In other words, the availability of health insurance is expected to influence whether or not individuals have access to financial services. The framework also includes several mediating variables that are thought to influence the relationship between health insurance and financial inclusion. These variables are:

Awareness and understanding of health insurance: People may not be able to take advantage of health insurance if they are not aware of its existence or do not understand how it works. Therefore, awareness and understanding of health insurance are important mediating variables.

Income level: Individuals with higher incomes may be more likely to have health insurance and also have better access to financial services. Therefore, income level is an important mediating variable.

Trust in financial institutions: People may be more willing to use financial services if they trust the institutions providing those services. Therefore, trust in financial institutions is another important mediating variable.

Geographic location: Access to both health insurance and financial services can vary depending on where a person lives. Therefore, geographic location is also a mediating variable.

Overall, the framework suggests that health insurance can have a positive effect on financial inclusion in India, but this effect may depend on a variety of other factors, such as awareness and understanding of health insurance, income level, trust in financial institutions, and geographic location.

Objectives of the Study

1. To analyze the impact of health insurance on quality of life.
2. To study how health insurance helps to increase the standard of living

Hypothesis of the Study

H1- There is a significant relationship between health insurance and standard of living.
H0- There is no significant relationship between health insurance and standard of living.

Research Methodology

The present study makes use of both primary and secondary data. Primary data collected from the residents of M East ward of Mumbai. Sample size is limited to 130 as per the sample size calculator. Primary data collected through the structured questionnaire. Simple random sampling method is used to collect the sample residents. Data analysis had completed through SPSS software. Secondary data had collected from IRDA reports, Health reports, Journals, Websites of different health insurance providers etc.

Data Analysis and Findings

Health insurance helps to increase the standard of living

Financial protection- Medical emergencies and chronic illnesses can lead to substantial financial burdens, pushing individuals and families into economic instability. Health insurance acts as a safeguard, mitigating the impact of medical expenses on household budgets. By covering a portion or the entirety of healthcare costs, insurance prevents individuals from depleting their savings or resorting to debt to meet medical needs. This financial security allows people to allocate resources to other essential aspects of life, such as education, housing, and daily necessities, thereby enhancing their overall standard of living.

Access to quality healthcare- This is another crucial aspect influenced by health insurance. Insured individuals are more likely to seek timely medical attention, preventive care, and necessary treatments. This proactive approach to healthcare leads to better health outcomes, reduced severity of illnesses, and increased productivity. As individuals remain healthier and active, their ability to engage in work, education, and community activities improves, positively impacting their quality of life.

Health insurance contributes to a healthier and more productive workforce- When employees have access to comprehensive healthcare coverage, they are more likely to prioritize preventive care and address health issues promptly. This results in reduced absenteeism, increased productivity, and a more vibrant and resilient workforce. Ultimately, a healthy and productive workforce is a cornerstone for economic development, leading to an elevated standard of living for the entire society.

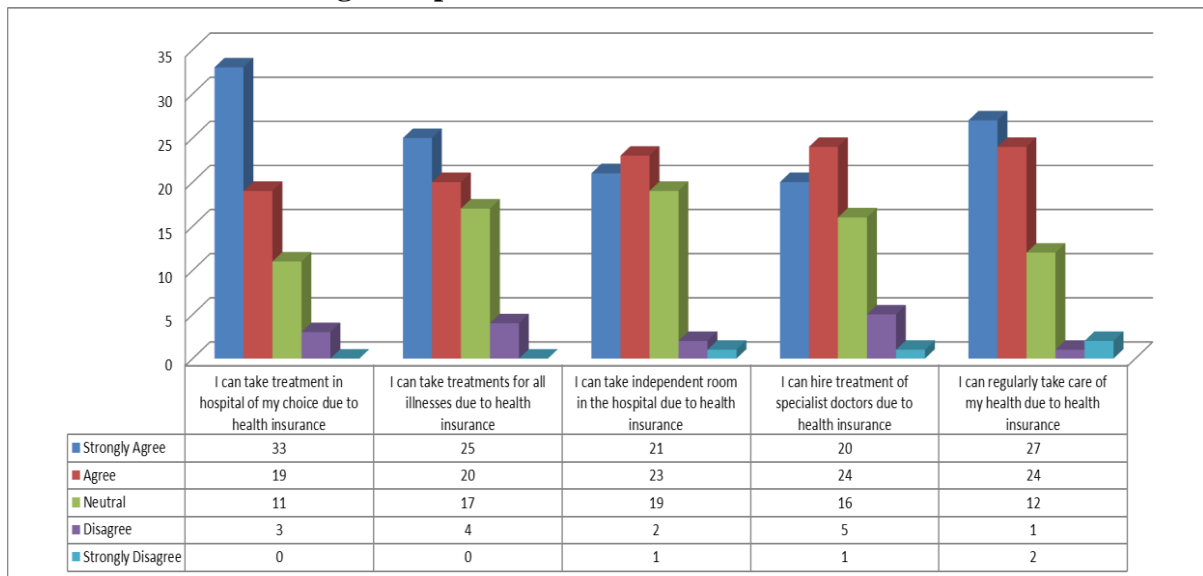
The psychological well-being of individuals is intertwined with health insurance- The assurance of having coverage provides peace of mind, reducing stress and anxiety associated with the fear of unexpected medical expenses. Mental health is a crucial component of overall well-being, and health insurance indirectly supports it by alleviating the mental strain related to financial uncertainties in healthcare.

Table 1.1 Opinion about health insurance

Particulars	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
I can take treatment in hospital of My choice due to health insurance	33	19	11	3	0
I can take treatments for all Illnesses due to health insurance	25	20	17	4	0
I can take independent room in the Hospital due to health insurance	21	23	19	2	1
I can hire specialist doctors due to health insurance	20	24	16	5	1
I can regularly take care of my Health due to health insurance	27	24	12	1	2

Source: PrimaryData

Fig.1.2 Opinion about health insurance



Source: PrimaryData

The graph no. 1.2 shows that respondents are strongly agree and agree with all the factors i.e. I can take treatment in hospital of my choice due to health insurance, I can take treatments for all illnesses due to health insurance, I can take independent room in the hospital due to health insurance, I can hire treatment of specialist doctors due to health insurance and I can regularly take care of my health due to health insurance.

Table1.3 One Sample Test

One- Sample Test	
	Test Value =5

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval Of the Difference	
					Lower	Upper
SL1	-29.417	65	.000	-3.24242	-3.4626	-3.0223
SL2	-25.801	65	.000	-3.00000	-3.2322	-2.7678
SL3	-25.454	65	.000	-2.92424	-3.1537	-2.6948
SL4	-23.487	65	.000	-2.86364	-3.1071	-2.6201
SL5	-26.208	65	.000	-3.10606	-3.3428	-2.8694

Source: Primary Data

The One-Sample Test was applied and the results shows that the p value is 0.000 for all the factors considered under opinion of people about having health insurance which is less than 0.05 therefore H0 is rejected which states that there is significant relation between health insurance and standard of living. So it can be inferred that having health insurance results in better standard of living.

Conclusion and Recommendations

The study shows that there is significant relationship between better standard of living and having health insurance policy. This is derived through the opinion of respondents who have health insurance. Majority of the respondents claimed that due to purchase of health insurance policy, they have access for treatment in hospital of their choice, they can regularly take care of their health like health checkups, they can hire specialist doctors, they can take independent rooms in the hospital, cashless treatment etc. Beyond this, health insurance policies are a good relief for respondents from the recent hike in treatment cost. So that respondents can channelize this treatment for other quality initiatives.

The linkage between health insurance and a better standard of living is evident through its multifaceted impacts. Financial protection, access to quality healthcare, a healthier workforce, and improved mental well-being collectively contribute to an elevated standard of living for individuals and communities. As societies recognize the interconnectedness of health and living standards, investing in comprehensive health insurance becomes not only a healthcare imperative but also a strategic move towards fostering prosperous and resilient communities.

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