National Workshop

Learning From Experiences:

Identifying Health Micro Insurance Best Practices

Magnolia Hall
India Habitat Centre
19-22 February 2007
SESSION 8: FINANCING…

✓ The Financing Challenge

✓ In Search of Equity…
SOCIAL PROTECTION: A RIGHTS-BASED APPROACH...

- SOCIAL PROTECTION IS A FUNDAMENTAL HUMAN RIGHT (1948)
- EACH GOVERNMENT SHOULD PROVIDE SOCIAL PROTECTION TO EACH AND EVERY CITIZEN
- UNDER ILO’S DEFINITION NINE MAJOR BENEFITS SHOULD BE COVERED BY SOCIAL PROTECTION SYSTEMS (MEDICAL CARE, SICKNESS BENEFITS, UNEMPLOYMENT BENEFITS, OLD AGE BENEFITS, EMPLOYMENT INJURY BENEFITS, FAMILY BENEFITS, MATERNITY BENEFITS, INVALIDITY BENEFITS, SURVIVOR’S BENEFITS)
- UNDER A BROADER DEFINITION AND IN THE INDIAN CONTEXT MORE BENEFITS COULD STILL BE ADDED...
SOCIAL SECURITY MECHANISMS

TAXES

CONTRIBUTIONS

SOCIAL ASSISTANCE

TO ALL...

SOCIAL INSURANCE

TO A FEW...

TO CONTRIBUTORS
CONTRIBUTION: HOW DOES IT WORK?

SOCIAL JUSTICE

Different contributions, same benefits
MEASURING THE MAGNITUDE OF THE CHALLENGE...

- **POPULATION: 1.1 BILLION**
- **370 MILLION WORKERS OPERATING IN THE INFORMAL ECONOMY**
- **92% OF THE LABOUR FORCE LEFT WITHOUT ANY SOCIAL PROTECTION BENEFIT**
- **HEALTH PROTECTION: STILL A DREAM FOR CLOSE TO ONE BILLION PEOPLE...**
- **... THE BIGGEST EXTENSION CHALLENGE IN THE WORLD...**
HEALTH PROTECTION EXTENSION: HOW TO ANSWER THE CHALLENGE?

A UNIQUE CHALLENGE: NO ROADMAP AVAILABLE… HENCE THE NEED FOR A DIVERSITY OF INNOVATIVE MECHANISMS…

GIVEN THE MAGNITUDE OF THE EXCLUSION PHENOMENON, MANY MORE ACTORS HAVE A ROLE TO PLAY… HENCE, THE NEED FOR MORE ADVOCACY AND FOR A MULTI-PARTNERSHIP APPROACH…

THERE IS NO ADVOCACY WITHOUT EVIDENCE… HENCE, THE NEED TO DEVELOP MORE KNOWLEDGE AMONGST ALL ACTORS…

ACCESSING, WITHOUT FINANCIAL BARRIERS, QUALITY HEALTH CARE SERVICES IS THE PRESSING NEED OF THE DAY… HENCE, THE NEED TO FOCUS ON HEALTH PROTECTION INCLUDING MATERNITY PROTECTION…

THE BEST WAY FORWARD: LET A THOUSAND FLOWERS BLOOM… AND LEARN FROM BEST PRACTICES BEFORE SCALING UP…
### HEALTH PROTECTION:
#### ESTIMATED PRESENT COVERAGE

<table>
<thead>
<tr>
<th>FORMAL AND INFORMAL SYSTEMS</th>
<th>No. BENEF</th>
</tr>
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<tbody>
<tr>
<td>EMPLOYEES’ STATE INSURANCE SYSTEM (ESIS)</td>
<td>32,500,000</td>
</tr>
<tr>
<td>CENTRAL GOVERNMENT HEALTH SCHEME (CGHS)</td>
<td>4,300,000</td>
</tr>
<tr>
<td>DEFENCE/ POLICE EMPLOYEES</td>
<td>6,600,000</td>
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<tr>
<td>RAILWAYS EMPLOYEES HEALTH SCHEME</td>
<td>5,500,000</td>
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<tr>
<td>CESS- BASED CENTRAL WELFARE FUNDS</td>
<td>4,000,000</td>
</tr>
<tr>
<td>STATE- LEVEL WELFARE FUNDS</td>
<td>3,000,000</td>
</tr>
<tr>
<td>EMPLOYER- SPONSORED INSURANCE SCHEMES</td>
<td>20,000,000</td>
</tr>
<tr>
<td>INDIVIDUAL COMMERCIAL INSURANCE</td>
<td>6,000,000</td>
</tr>
<tr>
<td>MEDICLAIM</td>
<td>18,000,000</td>
</tr>
<tr>
<td>UNIVERSAL HEALTH INSURANCE SCHEME</td>
<td>1,100,000</td>
</tr>
<tr>
<td>HEALTH MICRO- INSURANCE SCHEMES</td>
<td>7,000,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>106,100,000</td>
</tr>
<tr>
<td>% OF POPULATION</td>
<td>9.7%</td>
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</table>
MAIN HEALTH PROTECTION EXTENSION MECHANISMS

- **ESIS COVERAGE**: GRADUAL EXTENSION TO INFORMAL ECONOMY WORKERS

- **WELFARE FUNDS**: FUNDS CREATED THROUGH CESS / CONTRIBUTION CATERING FOR A SPECIAL CATEGORY OF WORKERS – TRIPARTITE MANAGEMENT – BROAD RANGE OF BENEFITS: EDUCATION GRANTS, OLD-AGE PENSION, MEDICAL CARE, LIFE… (EXAMPLE: KERALA - 24 WELFARE FUNDS)

- **MICRO-INSURANCE PRODUCTS**: PROVIDED BY INSURANCE COMPANIES (BOTH PUBLIC AND PRIVATE) AND TARGETING THE DISADVANTAGED GROUPS (RURAL & SOCIAL SECTORS)

- **IN-HOUSE MICRO-INSURANCE SCHEMES**: DEVELOPED BY A WIDE DIVERSITY OF ACTORS

- **SPECIAL FUNDS**: ALLOCATED BY STATE GOVERNMENTS TO PAY FOR SURGICAL PROCEDURES NEEDED BY BPL POPULATION (EXAMPLE: JHARKHAND – US$ 2.2 MILLION/YEAR)
CENTRAL GOVERNMENT: HEALTH PROTECTION EXTENSION STRATEGIES

INSURANCE SCHEMES

PUBLIC INS. Co.

PRIVATE INS. Co.

WITH / WITHOUT SUBSIDY

PARTNER-AGENT (70%)

LOCAL GOVEMN.

HEALTH PROVID.

NON-GOV. ORG.

MICRO-FINANCE

UHIS (SUBSIDY)

MICRO-INSURANCE

THROUGH REGULATIONS

CO-OP. MOVEM.

TRADE UNIONS

LOCAL GOVEM.

HEALTH PROVID.

NON-GOV. ORG.

MICRO-FINANCE

IN-HOUSE (30%)

CO-OP. MOVEM.

TRADE UNIONS

UHIS (SUBSIDY)
<table>
<thead>
<tr>
<th>SCHEMES</th>
<th>NO OF BENEFIC.</th>
<th>TYPE OF SCHEME</th>
<th>TYPE OF COVERAGE</th>
<th>TYPE OF BENEFIT</th>
<th>TYPE OF SUBSIDY</th>
</tr>
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<tbody>
<tr>
<td>YESHASVIN</td>
<td>1,854,000</td>
<td>IN-HOUSE</td>
<td>TER.</td>
<td>CASHL.</td>
<td>DIRECT</td>
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<tr>
<td>DHARAMST.</td>
<td>400,000</td>
<td>P.AGENT</td>
<td>SEC.</td>
<td>CASHL.</td>
<td>-</td>
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<tr>
<td>SEWA</td>
<td>194,000</td>
<td>P.AGENT</td>
<td>SEC.</td>
<td>REIMB.</td>
<td>INDIRECT</td>
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<tr>
<td>VHS</td>
<td>124,000</td>
<td>P.AGENT</td>
<td>PR/SEC</td>
<td>CASHL.</td>
<td>INDIRECT</td>
</tr>
<tr>
<td>PREM</td>
<td>108,000</td>
<td>IN-HOUSE</td>
<td>SEC.</td>
<td>CASHL/REIM</td>
<td>INDIRECT</td>
</tr>
<tr>
<td>RAHA</td>
<td>80,000</td>
<td>IN-HOUSE</td>
<td>PR/SEC</td>
<td>CASHL.</td>
<td>IND/DIRECT</td>
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<tr>
<td>NAANDI</td>
<td>60,000</td>
<td>IN-HOUSE</td>
<td>PR+SEC+TER</td>
<td>CASHLESS</td>
<td>IND/DIRECT</td>
</tr>
<tr>
<td>AROGYA</td>
<td>55,000</td>
<td>P.AGENT</td>
<td>SEC.</td>
<td>CASHL.</td>
<td>INDIRECT</td>
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<tr>
<td>INDORE</td>
<td>49,000</td>
<td>P.AGENT</td>
<td>SEC.</td>
<td>CASHL.</td>
<td>DIRECT</td>
</tr>
<tr>
<td>H.FIELDS</td>
<td>30,000</td>
<td>P.AGENT</td>
<td>SEC.</td>
<td>CASHL/REIM</td>
<td>INDIRECT</td>
</tr>
<tr>
<td>UPLIFT</td>
<td>16,000</td>
<td>IN HOUSE</td>
<td>SEC.</td>
<td>REIMB.</td>
<td>INDIRECT</td>
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<tr>
<td>KARUNA</td>
<td>12,000</td>
<td>P.AGENT</td>
<td>PR/SEC</td>
<td>REIMB</td>
<td>IND/DIRECT</td>
</tr>
<tr>
<td>ASHMINI</td>
<td>12,000</td>
<td>P.AGENT</td>
<td>PR/SEC</td>
<td>CASHL.</td>
<td>IND/DIRECT</td>
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</tbody>
</table>
HEALTH MICRO-INSURANCE: THE FINANCING CHALLENGE...

- **PLANNING COMMISSION**
  - Definition: Value of a specified nutrition requirement
    - 26%
    - 278 million

- **UNDP**
  - Definition: Less than 1 US/Day/Person
    - 35%
    - 374 million

- **UNDP Analysis**: Less than 2 US/Day/Person
  - 80%
  - 855 million

...at the end of the day... not much left to pay for insurance...
HEALTH MICRO-INSURANCE: THE EQUITY CHALLENGE: NEED TO SHARE THE BURDEN...

FORMAL ECONOMY WORKER

INCOME: Rs. 2,000/MONTH

ESIS CONTRIBUTIONS: Rs 1,700

CONTRIBUTIONS FROM WORKERS, EMPLOYERS AND GOVERNMENT

LARGE CONTRIBUTION RESOURCES

INFORMAL ECONOMY WORKER

INCOME: Rs. 2,000/MONTH

MI CONTRIBUTIONS: Rs. 365?

WORKERS LEFT ALONE TO PAY FOR THEIR OWN PROTECTION?

LIMITED CONTRIBUTION RESOURCES
HEALTH MICRO-INSURANCE: THE EQUITY CHALLENGE: NEED TO SHARE THE BURDEN...

FORMAL ECONOMY WORKER
INCOME: Rs. 2,000/MONTH
ESIS CONTRIBUTIONS: Rs 1,700

INFORMAL ECONOMY WORKER
INCOME: Rs. 2,000/MONTH
MI CONTRIBUTIONS: Rs. 365?

COMPULSORY SYSTEM AND OWNERSHIP/CONTROL OF HEALTH FACILITIES

BROAD SCOPE AND HIGH LEVEL OF BENEFITS

LESS: PROMOTION/ADMIN COSTS AND COST OF ADVERSE SELECTION AND OVER-PRESCRIPTION

VERY LIMITED SCOPE AND LOW LEVEL OF BENEFITS
HEALTH PROTECTION: LOOKING AT SOME CO-CONTRIBUTION EXPERIENCES...

- UNIVERSAL HEALTH INSURANCE SCHEME (THROUGH PUBLIC INSURANCE COMPANIES) – CENTRAL GOVERNMENT CONTRIBUTION

- YESHASVINI (NO INSURANCE COMPANY) – STATE GOVERNMENT CONTRIBUTION

- INDORE MUNICIPAL CORPORATION (THROUGH PUBLIC INSURANCE COMPANY) – LOCAL GOVERNMENT CONTRIBUTION

- NAANDI FOUNDATION (NO INSURANCE COMPANY) – CORPORATE SECTOR/ CIVIL SOCIETY CONTRIBUTION

- JHARKHAND (NO INSURANCE COMPANY) – CORPORATE SECTOR/ STATE GOVERNMENT CONTRIBUTION