A STUDY OF HEALTH INSURANCE LITERACY- CONCEPT AND ANALYSIS BASED ON AWARENESS AND CLAIMS AMONG PRIVATE SECTOR EMPLOYEES

Ms.B.Pushya, Ms.B.Pushya, Research Scholar, Department of Commerce, Cauvery College for Women (Autonomous), Trichy-620018, Affiliated to Bharathidasan University
Dr.M.Neela, Research Supervisor, Associate Professor, Department of Management, Cauvery College for Women (Autonomous), Trichy-620018, Affiliated to Bharathidasan University

ABSTRACT:
Health expenditure is one of the ever-increasing unavoidable commitments of a citizen. As the burden of family increases, the amount set out for health expenses keeps increasing. On the other hand, the healthcare cost keeps increasing as Hospitals and Health supplies face drastic inflation making them vulnerable to the cost of healthcare. At this juncture, each citizen needs to insure their health expenditure through Health insurance provided by various players in the market. Each citizen must be literate regarding health insurance and have to make informed decisions when taking health insurance and when making a claim. The paper analyses the policyholders' perspective on making a health insurance claim, giving importance to knowing the information provided by the insurer and the usage of insurance intermediaries for effective insurance subscriptions.
Keywords: Health expenditure, Health insurance, Literacy, Health insurance claim, Policy information, Intermediaries
JEL codes – G22 - Insurance; Insurance Companies

INTRODUCTION:
Health Insurance Literacy is the measure of the capability, ability, and willingness of people of a Nation to make well-informed and proactive decisions regarding Health-related expenses for themselves and their family members. India has the largest young population with a median age of 28.2 years. The country's working population is the highest and runs the wheel of the economy. Changing the Lifestyle, activities of young people, work culture, changing fashion preferences, technological advancements, etc makes the life of a young man more sophisticated and it relies more on getting impressed day by day and their focus is mainly on achievements rather than being involved in traditional time-consuming activities. One of the major factors getting affected is the food habits getting revamped for the youth. Throughout technological advancements, the lifestyle of people has changed drastically, and eating a healthy meal has dropped largely for the earning youth.

The expenses made for healthcare are on a constant rise due to the increase in chronic diseases among youth such as Heart diseases, Diabetes, Thyroid, and Kidney at the age of 40-60. Health insurance awareness is increasing rapidly in the current years but often the policyholders fail to make a health claim at the time of their need. The policyholders should go for more coverage, less premium, and user-friendly. Many disease-specific health insurance plans are in the country offered by private players which requires extra documentation and declarations to prove the viability of the disease. Numerous signs suggest that individuals find it difficult to carry out their duties pertaining to complexity of the healthcare systems and lack of necessary abilities, resources, or drive to fulfil their crucial duty as consumers. A lot of people find it difficult to comprehend simple financial phrases like deductible and premium that are prevalent in health insurance policies. As a result, many consumers struggle to make a logical decision about a good health insurance plan. In the end, this may result in citizens having insufficient coverage, unanticipated expenses, or subpar insurance. Choosing a well-fitting insurance policy may benefit people's health in addition to their finances when they select a less-than-ideal coverage. Although the Indian market for health insurance is expanding, there is still inequality in the country's general distribution of health insurance plans. Additionally, the public healthcare system is severely underfunded, so for Indians, the best remaining alternative is to purchase private health insurance from companies that dominate the health insurance market. Due to the better

and faster services provided by private companies, the majority of people look to them for insurance coverage. According to Forbes Advisor, statistics of 2023, around 30% of the population in India is devoid of any health insurance.

The paper focuses on studying the very essence of Health Insurance Literacy, its constituents, and the level of awareness based on primary data collected from 124 respondents employed at various levels. The paper mainly focuses on analyzing the perspective of respondents about the importance they rest upon knowing the full information about Insurance documents and the Usage of Insurance intermediaries like Agents, brokers, bankers, etc.

REVIEW OF LITERATURE:

i. Laurens Holst, Jany J.D.J.M. Rademakers, Anne E.M. Brabers, Judith D. de Jong (2022) researched the topic "Measuring health insurance literacy in the Netherlands – First results of the HILM-NL questionnaire" revealed that there is a wide variation in HIL among citizens in the Netherlands. Citizens who complete less education or earn a lower income are relatively more likely to have difficulty choosing a health insurance policy or using policy benefits to pay for health services once enrolled. Health Insurance Literacy Measure (HILM) was used in his study.

ii. Victor G. Villagra, MD, Bhumika Bhuva, MA (2019) researched the topic "Health Insurance Literacy: Disparities by Race, Ethnicity, and Language Preference" and concluded that Health insurance rules confuse utilisers who are especially falling under racial and ethnic minority. The study stated that a low Health Insurance Literacy can lead to reduced knowledge about health insurance which in the state reduces the premium collection of health insurance firms.

iii. Jean Edward, Ph.D., RN, Amanda Wiggins, Ph.D., Malea Hoepf Young, MPH, CHES, and Mary Kay Rayens, Ph.D. (2019) researched the topic "Significant Disparities Exist in Consumer Health Insurance Literacy: Implications for Health Care Reform" and concluded that half of The U.S. adults tend to rate themselves as having an inadequate HIL. Gaps in self-reported sociodemographic information in addition to attempts to streamline the healthcare system by supporting delivery system changes, promoting value-based care, and developing services that are sensitive to the needs and capacities of consumers with HIL, HIL highlight the necessity for more consumer education.

UNDERSTANDING THE NEED FOR HEALTH INSURANCE IN INDIA:

Insurance is a type of financial instrument that imposes a legal obligation on the insurance company to reimburse policyholder damages in the case of a specified occurrence. In return for a charge, the premium, the insurer assumes the risk that the event would transpire. In a country with the largest young working population who are technologically advanced, are prone to more diseases forced to face an increasing health expenditure in their day-to-day lifestyle. Healthcare has been neglected in quite a few states for generations. The reasons are lack of basic labor, cost issues, lack of trained doctors, less Doctor-patient ratio, sanitation issues, etc. Cost is the underlying stumbling block for both hospitals and Policyholders when it comes to health insurance. Policyholders go for policies with lesser premium amounts to save on their interests. On the other hand, hospitals facing increased maintenance and labor costs, find it difficult to reimburse the health cost claimed by the policyholders and hence they reinforce many terms and conditions for the public to reduce reimbursement amount.

HEALTH INSURANCE LITERACY (HIL):

The scant research indicates that consumers' knowledge of health insurance is unclear. The observations were that cost-sharing jargon, such as coinsurance, authorized amount, yearly benefit limit, and out-of-pocket maximum, can be confusing to consumers. Individuals find it difficult to use some forms of information. When there are more options and more complex options, consumers are less able to select the "optimal" plan. Self-efficacy issues include customers' fear of shopping for health

insurance and their lack of confidence in their capacity to make informed decisions. Numeracy issues impact customers' comprehension of health plans, causing delays or non-enrolment in any health plan, among other issues. Simply explained, Insurance literacy is the ability to understand the health insurance plan completely and use the coverage appropriately.

KNOWLEDGE ABOUT INSURANCE AGREEMENT:

Every policyholder has the right and responsibility to make himself aware of the terms provided in the health insurance product before subscribing to it. Also, at the time of claim, he must provide the required documentation as specified in the regulations. This is of utmost importance when it comes to Health insurance, as the diseases are uncertain and the terms of the agreement might have to be studied in depth to avoid confusion.

AWARENESS OF HEALTH INSURANCE CLAIMS:

Health Insurance Claims Settlement Process- The insurance companies typically choose a Third-Party Administrator (TPA) to handle claims handling. The insurer gives the TPA all the information once the health insurance policy is sold. In the event of a claim, the insured must contact the TPA to complete all necessary paperwork and verification. The claim settlement is done in two ways- (i) Cashless: Without cash to receive cashless treatment during a planned hospital stay at an authorized network hospital, the TPA must be alerted either in advance or within the allotted time frame in the event of an emergency. (ii) Reimbursement: Both networked and non-networked hospitals offer reimbursement services.

Coverages under health insurance- Hospital room rent or room charges, Operation theatre charges in case of surgeries, Organ transplant costs, Cost of medicines, Cost of X-rays, MRI scans, and CT scans, Expenses towards surgical tools and devices, ICU room charges and Any other expense which is made to treat you to wellness. The requirements also depend on how long you stay in the hospital. Usually, a minimum of 24 hours is required for admission; **Pre and Post Hospitalization Expenses**- Are the costs that you incur for any medical care before being admitted to the hospital. The total bill that has to be paid after the patient is released from the hospital is known as post-hospitalization expenditures; **Day Care Procedures**- A patient may need to stay in the hospital for fewer than twenty-four hours depending on the illness they have or the symptoms they experience. Patients can obtain maximum advantages at a reasonable cost for these daycare treatments or small surgical operations, which can be counted as out-patient features in the health insurance plan or medical insurance. These procedures may involve ENT treatments, such as removing ear wax or inserting fluids, or radiology therapies, such as an MRI scan or an X-ray to check for a suspected fracture; **Home Treatment Features**- treatment at home for a minimum of three days; **Major Exclusions from the coverage:** Investigation and Evaluation, Rest, Cure, Rehabilitation, and Respite Care, Obesity and Weight Control, Gender Change Treatment, Cosmetic and Plastic Surgery, Hazardous or Adventure Sports, Treatment for Alcoholism, Drug or Substance Abuse. Treatment Received in Nature Cure Clinics, Health Hydros, and Spas, Unproven Treatments that lack medical evidence to support their effectiveness, Expenses for contraception, sterilization, assisted reproductive services, gestational surrogacy, and reversal of sterilization are excluded, Maternity, Ancillary Hospital Charges, Dental/Oral Treatment, Hormone Replacement Therapy, Costs of Medical Equipment to be Used at Home, Sexually Transmitted Diseases, Sleep disorders, Treatment outside India, Unrecognized Physician/Hospital expenses, Artificial Life Maintenance and AYUSH Treatment.

STATEMENT OF THE PROBLEM:

Health Insurance literacy has gained much importance as it plays a long-term effect on the satisfaction of policyholders. The paper analyses the major factors in Health Insurance Literacy namely, being aware of Insurance agreements, Knowledge about eligible claims, and Seeking information from Intermediaries. Every policyholder has the responsibility to read the agreement as every essence of the

policy is contained in the same. The Insurance Regulatory and Development Authority of India(IRDAI) lays down the medical expenses that are covered and those excluded from a medical insurance scheme. As an insurer, it is important to get clarity on such details to avoid confusion and conflicts at the time of making a claim. Based on the proper claim being made by a policyholder, the insurance company shall reimburse the amount and this ratio is Claim Settlement Ratio. The rate of Claim Settlement Ratio is also released by IRDAI and the policyholder can make a study of the prevailing settlement ratio of various insurance companies. As marketers of the industry, the role of intermediaries is inevitable as every citizen relies upon an agent consultant or known peer group before getting themselves insured. From the given scenario, a citizen needs to make a smart choice of Insurance plan and make use of it in the right manner.

OBJECTIVES OF THE STUDY:
- To bring out an understanding of basic concepts of Health Insurance Literacy in India
- To develop a conceptual understanding of Health Insurance claims and settlements done by insurers.
- To analyse the level of Health insurance literacy by Private sector employees

HYPOTHESIS:
1. H_{a1}: There is no significant difference between awareness about the terms and conditions of the Health Insurance Policy and the Occupation of the respondents
2. H_{a2}: There is no significant difference between awareness about the terms and conditions of the Health Insurance Policy and Taking Health Insurance the respondents
3. H_{a3}: There is no significant difference between the use of Intermediaries and the Occupation of respondents
4. H_{a4}: There is no significant difference between Using Intermediaries and Taking Health Insurance for respondents

DATA ANALYSIS:
(i) Being aware of Insurance agreements:

Occupation	Fully aware of the terms and conditions of the Insurance policy				
	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Teaching profession	15	7	4	2	2
Government employed	0	2	0	0	0
Profession	9	6	9	1	1
Private sector	26	15	13	6	6

Table 8.1: Occupation and Knowledge of Insurance agreement- crosstabs
Private sector employees and those in the Teaching profession give more importance to being fully aware of the terms and conditions of a Health Insurance policy. Also, in general, most of the respondents voted "Strongly Agree" to gain knowledge about the terms and conditions of an insurance policy.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	34.896[a]	23	0.053
Likelihood Ratio	42.823	23	0.007
N of Valid Cases	124		

Table 8.2: Occupation and Knowledge of Insurance Agreement- Chi-square
The value of the chi-square statistic is 34.896. The p-value (.053) appears in the same row in the "Asymptotic Significance (2-sided)" column. The result is significant if this value is equal to or less than the designated alpha level (normally .05). In this case, the p-value is greater than the standard alpha value, so we would accept the null hypothesis that asserts the two variables are independent of each other. The result is significant – the data suggests that the variables Occupation and Knowledge about Health insurance terms are not related to each other. Respondents who work in different areas act uniformly when it comes to studying the terms and conditions of Insurance agreements.

Taken a Health Insurance	Fully aware of the terms and conditions of the Insurance policy				
		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
	No	13	8	6	2	1
	Yes	37	22	20	7	8

Table 8.3: Taken a Health Insurance and Knowledge of Insurance agreement- crosstabs

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.066ᵃ	4	0.900
Likelihood Ratio	1.214	4	0.876
N of Valid Cases	124		

Table 8.4: Taken a Health Insurance and Knowledge of Insurance agreement- Chi-square
The value of the chi-square statistic is 1.066. The p-value (.900) appears in the same row in the "Asymptotic Significance (2-sided)" column. The result is significant if this value is equal to or less than the designated alpha level (normally .05). In this case, the p-value is greater than the standard alpha value, so we would accept the null hypothesis that asserts the two variables are independent of each other. The result is significant – the data suggests that the variables 'Taking Health Insurance' and Knowledge about Health Insurance terms are not related to each other.

(ii) Knowledge about eligible claims:

Type of expense claimed and reimbursed	Frequency
a. Admission charges(bed charges, Surgery, Labour, etc)	48
b. Lab tests as part of hospital admission	6
c. Lab tests separately(not as part of hospital admission)	6
d. Doctor fees/ Consultation charges	22
e. Pharmacy expenses as part of hospital admission	32
f. No claim made	10
g. No reimbursement received	2
h. None of the above	2
i. Not covered	6

Table 8.5: Frequency of expenses claimed for reimbursement
Admission charges ranked first and Pharmacy expenses ranked second, followed by doctor fees and Lab tests. It was also observed certain respondents either did not make any claim or were not refunded for any.

(iii) Usage of middlemen like Agents, Banks, Brokers, etc for taking health insurance: By cross-tabulating the responses, it is observed that the majority of them disagree with the usage of middlemen.

Occupation	Usage of middlemen like Agents, Banks, Brokers, etc				
		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
	Teaching profession	16	8	5	1	30

Government employed	0	2	0	0	2
Profession	10	12	3	1	26
Private sector	32	18	10	6	66

Table 8.6: Occupation and Usage of middlemen- crosstabs

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	75.305ᵃ	69	0.282
Likelihood Ratio	77.057	69	0.237
N of Valid Cases	124		

Table 8.7: Occupation and Usage of middlemen- Chi-square

The value of the chi-square statistic is 75.305. The p-value (.282) appears in the same row in the "Asymptotic Significance (2-sided)" column. The result is significant if this value is equal to or less than the designated alpha level (normally .05). In this case, the p-value is greater than the standard alpha value, so we would accept the null hypothesis that asserts the two variables are independent of each other. The result is significant – the data suggests that the variables 'Occupation' and Usage of Middlemen for Health Insurance are not related to each other. Respondents who are employed in various sectors behave equally in the usage of middlemen in subscribing to their health insurance. On cross-tabulating the variable of Taking Health Insurance and utilizing middlemen. It was observed that many respondents agree with the fact that middlemen are of much importance in subscribing to Health Insurance.

	Making use of middlemen like Agents, Brokers, Bankers, etc			
Taken a Health Insurance		Strongly agree	Agree	Neutral	Disagree
	No	13	11	3	3
	Yes	45	29	15	5

Table 8.8: Taken health insurance and Usage of middlemen- crosstabs

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.667ᵃ	3	0.644
Likelihood Ratio	1.637	3	0.651
N of Valid Cases	124		

Table 8.9: Taken health insurance and Usage of middlemen- Chi-square

The value of the chi-square statistic is 1.667. The p-value (.644) appears in the same row in the "Asymptotic Significance (2-sided)" column. The result is significant if this value is equal to or less than the designated alpha level (normally .05). In this case, the p-value is greater than the standard alpha value, so we would accept the null hypothesis that asserts the two variables are independent of each other. To put it simply, the result is significant – the data suggests that the variables 'Taking Health Insurance' and Usage of Middlemen for Health Insurance are not related to each other. Respondents who are very interested in taking a health insurance policy, do it mostly using their employer or are not aware of with whom they are subscribing.

SUGGESTIONS AND CONCLUSIONS:
Based on the responses to the survey, the respondents feel the need for getting a health insurance package. However, they act independently about their occupation and whether or not they have

subscribed for health insurance. They feel the importance of knowing the information provided in the insurance document. Their occupation does not affect this factor. Regarding claiming various expenses in medical policy, the respondents are observed to have received reimbursement for Admission charges and Doctor fees the most. The policyholders need to have a more Enlighted vision about the eligible expenses so that they can make a wise claim with their insurer. The influence of intermediaries is not affected by the place of employment or whether or not they have taken health insurance of the respondents. More emphasis can be given at various stages of employment to promote awareness about Health Insurance Literacy among the citizens.

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