



Best Practices in Health Insurance Strategies & Accountability



Dr. Saini, Secretary General, Indian Medical Association; Prof. George E Thomas, Associate Professor, College of Insurance; Mr. S.K. Sethi, Director, Insurance Brokers Association of India; Dr. Praneet Kumar, CEO, B L Kapur Memorial Hospital; Mr. Sanjay Seth, Executive Vice President, IFFCO TOKIO General Insurance Co Ltd; Ms. Rounak Jha, Member, Advisory Group on Health Insurance, Institute of Actuaries of India and Mr. Vivek Seigell, Sr. Secretary, PHD Chamber.

PHD Chamber organized a seminar on 'Best Practices in Health Insurance Strategies & Accountability' on May 17, 2013 at PHD House, New Delhi.

The session began with Mr. Vivek Seigell, Senior Secretary, Expert Committee on Health, PHD Chamber welcoming the Guest of Honor Mr. Sunil Gupta, Director, General Insurance Corporation and Dr. Mr. N. V. Kamat, Director, Directorate of Health Services, Government of NCT of Delhi.

Mr Sunil Gupta expressed his views on how insurance companies can play a role in improvising the current state of the health sector. He mentioned the difference in the facilities available to elite and poor class and suggested a fair and equal treatment to everyone across the country. He also pointed out that the treatment meted out to a patient with or without insurance is different when they approach the hospital for treatment which should not be so. Mr. Gupta said that he failed to understand why someone has to stay in the hospital for 24 hours to get an insurance claim settled when the treatment can finish in a few hours only. Mr. Gupta recommended the Day Care and pathology tests to be covered in the insurance policy to prevent hospitalization. This indeed will reduce the un-necessary hospital admissions and save the resources.

He agreed to the suggestion that inclusion of alternate system of medication such as Ayurveda / Homeopathy and Naturopathy should also be covered in the insurance policy. He further added that the government and the insurance companies should work together and there is a need of inflation oriented insurance policy as the expenditure on health care is increasing every year.

Dr. Praneet Kumar, CEO, B L Kapur Memorial Hospital added to the discussion that there is a major mistrust amongst the Customer-Provider-Insurance/TPA for several reasons. The economic incentive of the provider and the insurance company seems to have fallen flat on the ground. The insurance company likes to bear the minimum expense and the hospital would indeed like to maximize the

revenue. Non-standardized process and documentation are creating a lot of problems in terms of execution and delivery of the service. He further claimed that online authorization is not available with the TPAs.

As profitability is the primary goal of all business ventures and without it businesses will not survive in the long run. Alongside, business ethics are the moral values and principles set forth for a company or market. Based on these facts, Mr. Sanjay Seth, Executive Vice President, IFFCO TOKIO General Insurance Company Limited spoke about settling of claims and emphasized on the inter-relation between Business ethics and profitability. Ethics which are not a pre requisite to a financial success but also they are not impediments to financial success. He insisted on building



View of the audience at the seminar



up the trust with the primary stake holders as Customers prefer dealing with the organizations they trust

While speaking about the role of brokers, Mr. S.K. Sethi, Director, Insurance Brokers Association of India said that each one of us has a perception about a brand. Insurance brokers are intermediates in the insurance industry and each customer as an individual or as a corporate has a right to go through Insurance Broker Firms or Individual Agents or Banks/Corporate Agents or Direct Sales Force of Insurance Companies. He pointed out the big brands in India such as Ambanis, Birlas, Thapars and Maruti have now gotten into the insurance brokerage business. While talking about product differentiation, he mentioned as a major part of the population is advised to take homeopathic medicine post surgery and also as the number of Ayurvedic hospitals is increasing in the country, these systems of medicine should be included in the Insurance policies and it should just not stay limited to allopathic treatment. He insisted that a broker should have a sound knowledge of what he is selling along with what is being sold in the market so that the customer can go for a desired policy/product.

Ms. Raunak Jha, Member, Advisory Group on Health Insurance, Institute of Actuaries of India, explained in detail the role of actuaries in filling the gap between the policyholder and insurer. Several conflicts like cost of treatment, data sharing, and scope of insurance cover among policy holders and insurance companies and care providers were discussed during the seminar.

Dr. George E. Thomas, Associate Professor, College of Insurance, Insurance Institute of India said that the insurer's business and focus has changed amidst high competition where large amounts have replaced large numbers with high cost of service, manpower and time.

Dr. Saini, Hony. Secretary General, Indian Medical Association recommended that

the insurance companies should develop products for the poor at reasonable and low premiums. The government spends 0.9-1% of GDP towards health sector, where as the private sector spends 5% of GDP. That is where Insurance companies should pool in and health care services rendered by everyone across society.

In conclusion, Mr Scigell, emphasised the need for a structured interaction between the private hospitals and the insurance companies so as to benefit from maximum co-operation and eliminate information gaps in the process.

Insurance is an equitable transfer of risk of a loss, from one entity to another in exchange for payment. It is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. At present, there are 27 general insurance companies and 24 life insurance companies operating in India. Large number of people in India are not insured which means that quality healthcare is not rendered by this group of community. It would be apt to say that health insurance has now days become a significant portion of the general insurance companies. Major type of health insurance in India includes: Voluntary Health Schemes, Employer based Schemes and Insurance offered by NGOs and Government run Health Insurance schemes.

Suggestions made to improvise the current insurance model:

There is a need for innovative plans to cover different groups of people exposed to specific risks and extending the coverage of the schemes to the families of the employees. Insurance policies for parents pertaining to their medical conditions are available and told to the customer at the time of the deal.

- Role of brokers in the health insurance proved to be an eye opener for the audience. It was made apparent that in spite of making money how these brokerage firms can actually help a customer in deciding the desired policy. An emphasis was made that there is a range of products available in the market for customers with different needs.
- Ethics followed in the insurance business has led to the gates of success. Insurance process should be transparent enough to see through what is best for the customer.
- Need of introduction of affordable plans on policies for senior citizens and retired corporate employees
- In case of transition to some other company, an employee should be allowed to carry forward their current corporate and group policies.
- A suggestion was made to include alternate medicines like naturopathy, homeopathy, ayurveda and yunani covered in the insurance policies. A considerable number of population follow alternate treatments rather than following the allopathic system.
- As per Human Resource survey, India needs to open 600 medical hospital (100 seat per college) and 150 nursing colleges (60 seats each) in order to reach the global averages and to conquer challenges in health sector which includes high incidence of communicable diseases, increasing Non-Communicable Diseases and neglect of Women & Child Health care.

As there is a neglect of preventive and primary care due to underfunding by the government in healthcare, insurance companies should come forward and join hands with the private sector to overcome the increasing need of customers and to control the increasing cost of healthcare these days.