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A Study Of Barriers Related To Purchase Health Insurance And Willingness To Pay Of Health Insurance Policies – In Selected Districts Of Haryana

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Introduction

Today, India's healthcare industry is one of the fastest-growing sectors and it is expected to reach $280 billion by 2020. The country is catapulting towards becoming a nation with high-end diagnostic services and tremendous capital investment for advanced diagnostic facilities for its citizens, thanks to the important initiatives introduced by the incumbent government in recent years.

Health insurance is very well established in many countries, but in India it still remains an untapped market. Less than 15% of India's 1.1 billion people are covered through health insurance. And most of it covers only government employees. At any given point of time, 40 to 50 million people are on medication for major sickness and share of public financing in total health care is just about 1% of GDP. Over 80% of health financing is private financing, much of which is out of pocket payments and not by any pre-payment schemes. Given the health financing and demand scenario, health insurance has a wider scope in present day situation in India. However, it requires careful and significant efforts to tap Indian health insurance market with proper understanding and training. In this respect, from this paper barrier to subscription and willingness to pay has been studied from some district of Haryana.

Literature Review:

Literature review is foremost measure in research. The review of publications enlightens our path to define the Future with the relevancy of past. This literature concerns with health insurance and their market.

Bhatia M at al. (2018) in their study reviewed the evolution of health insurance sector. Study found that not even ¼ th of population covered under health insurance schemes. Health insurance gained popularity over the years. Study reviewed the insurance sector under year wise framework like 1990- 2000 focus on public health spending, in this decade need for private

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sector players arises. Studies conducted from 2000 to 2005 found the importance of NGOs and CHIS schemes; this was growth period for health insurance sector. In 2006-10 found that higher income group started purchasing health insurance more. Private health insurance customers found more satisfied than public health insurance customers. From 2011 onwards there is huge shift because of digitization. The shift is towards customer satisfaction and service quality.

NarwarePC(2017) analyzed consumer perception towards health insurance in Gwalior district of Madhya Pradesh. It has found 24.6% are being insured by health insurance. Only 12.6% are ready to buy health insurance where as 19.4 % are willing to join but on fulfilment of certain condition. In the study, it is found that main barrier in subscription for health insurance is lack of reliability and coverage.

Ghosh Maumita (2013) studied awareness and willingness to pay for health insurance in Darjeeling districts in which they found people are getting aware about health insurance but only 18% are being covered under medical insurance but large portion of population are spending on medical expenses from their pockets. In Darjeeling, tea garden labours are getting basic health facilities by their employers. It showed educated people are investing more in health insurance.

Khan A.M & Ahmed S (2013) in their study, author tries to assess the impact of educational intervention on willingness to pay health insurance premium in Bangladesh. It concluded that educational intervention can be used for increasing demand for health insurance policies

Lavanya V.L (feb 2012) assessing willingness to pay in urban population for health insurance in Coimbatore. Study found that there is association exist between age, education and monthly income of policy holders with their willingness to pay for medical insurance. Study found that people with higher education are having higher level of willingness to join, same as income. It found Lack of coverage, poor coordination between companies and hospitals, Lack of reliability are barrier to subscription of health insurance.

BinnerdijkEatal(2012) studied willingness to pay for health insurance among rural poor in India. Study found that willingness to pay health insurance can be calculated on basis as % of average food expenditure. People consider health insurance as important as food. They want to

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spend as much as food. They want to spend as much as amount on health insurance premium as on food items. Even poor are taking it as necessity. It concludes community based health insurance is easier to implement in rural area, It will cater their needs. Study uses Engel's Law, found that WTP depends on overall income, discretionary income and food expenditures. Coefficient of variation was .50, 0.43, and 0.36 respectively for WTP.

kansra and Pathania (2012) examined the factors affecting demand for health insurance in Punjab. The study revealed only 11.5% of population has subscribed for insurance schemes. There is no significance relation between age, gender and awareness about health insurance. They found formation, agent related problem, overage issue, awareness and Negative feedback as main barriers in health insurance.

Madhukumar(2012) studied in Bangalore on rural population majority was male (94.9%) Hindu (60%) and literate (85%). Only one third were aware about health insurance. Consumers are interested to pay premium was Rs 500 per year by 31% of the families. It was concluded that the main barrier to subscription of health insurance was low income or uncertainty of income, are not reliable, friends are not preferring, looking for other investment options, they don't feel the need.

Dror at al. (2007) conducted study on willingness to pay on 3024 persons in seven different Locations in India. In their paper, they calculated willingness to pay and found households are interested to pay 230 Rs per person per year. Large household are interested to pay Rs 150 per person per year. It is found that willingness to pay is positively related with income with the increase in income willingness to pay and purchase of medical insurance also increased. Study concluded that there is positive relation between WTP and Education. Respondents household those have experienced high cost event are more interested in health insurance.

Research Objectives:

Following are the objectives of the paper;

- To study the barriers regarding subscription of health insurance policies.
- To study the willingness to pay of health Insurance policies.

Data Analysis

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Health insurance's Willingness to pay means there are population those who are aware about the insurance product, due to any reason did not invest in the products. But they are willing to pay some certain amounts and for certain time. Willingness to pay can be tested by question like: - Are customers ready to but, not ready to buy, amount of premium paid, conditions for buying. In previous sections, it can be seen from 500 respondents there 349 respondents those who are having health insurance and there are 151 customers those are not having health insurance. Survey has been done to ask about their willingness to pay. Frequency tables & factor analysis has been used for the same.

Table 1.1Frequency distribution of awareness of non-users of health insurance

		Frequency	Percent
Do you know about Health Insurance?	Yes	97	64.2%
	No	54	35.8%
	Total	151	100.0%

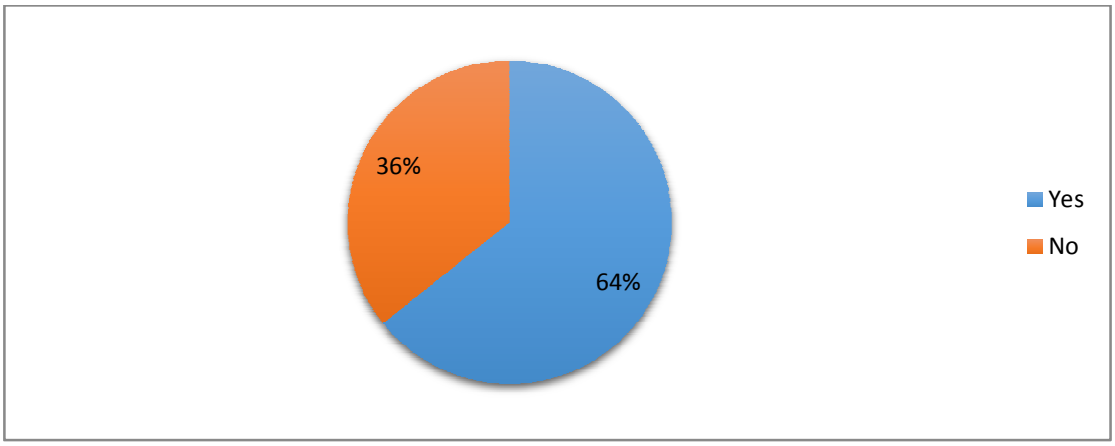


Fig 1.1 : Respondents regarding the awareness of non-users of health insurance

Table depicts that there are 64.2% respondents know about the medical insurance where as 35.8% respondents did not know about the medical insurance.

Factor Analysis

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Table 1.2 showed the value of KMO and Bartlett's test recommended value of KMO measure should be from 0.5 to 1 and KMO measure was 0.589. It shows factor analysis is useful. Bartlett's test of sphericity is significant when value is < 0.5, so results support the factor analysis.

Table 1.2: KMO & Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.589
Bartlett's Test of Sphericity	Approx. Chi-Square	968.008
	Df	45
	Sig.	000.1**

Table 1.3: Table of communalities

	Initial	Extraction
Lack of funds	1.000	.857
High premiums charged	1.000	.733
Did not feel the need	1.000	.322
Lack of awareness	1.000	.693
To do investment in other insurance	1.000	.902
Don't have trust in Health Insurance	1.000	.648
Hidden cost	1.000	.890
No returns for investment	1.000	.895
Availing services in hospitals seems difficult	1.000	.721
Hospitals linked with insurance are not easily accessible	1.000	.669

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Table 1.4 Total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.506	35.064	35.064	3.506	35.064	35.064	3.310	33.102	33.102
2	2.343	23.427	58.491	2.343	23.427	58.491	2.124	21.240	54.342
3	1.481	14.813	73.304	1.481	14.813	73.304	1.896	18.962	73.304
4	.966	9.663	82.967						
5	.682	6.823	89.790						
6	.398	3.978	93.768						
7	.212	2.121	95.889						
8	.191	1.910	97.799						
9	.155	1.546	99.344						
10	.066	.656	100.000						

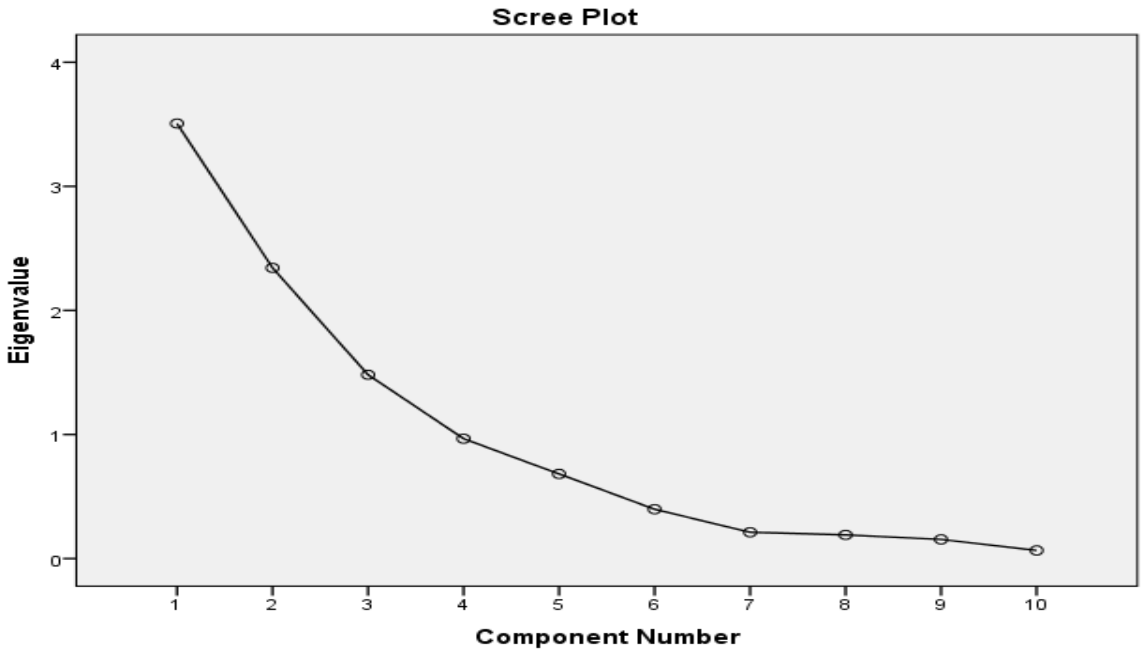


Fig 1.2: Scree plot of factors

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Table 1.5:Component Matrix

	Component		
	1	2	3
Q24.5	.920		
Q24.1	.919		
Q24.2	.840		
Q24.6	.735		
Q24.9	.410	.715	
Q24.7		-.709	.543
Q24.4		.671	.485
Q24.10	.460	.534	.415
Q24.3		.492	
Q24.8		-.567	.722

Table 1.6 : Rotated Component Matrix

Items	Factors		
	1	2	3
Lack of funds	.948		
High premiums charged	.898		
Did not feel the need	.838		
Lack of awareness	.793		
To do investment in other insurance		.827	
Don't have trust in Health Insurance		.774	
Hidden cost		.761	
No returns for investment		.462	
Availing services in hospitals seems difficult			.946
Hospitals linked with insurance are not easily accessible			.912
Initial Eigen value	**3.506**	**2.343**	**1.481**
% of variance	**33.102**	**21.240**	**18.962**
Cumulative %	**33.102**	**54.342**	**73.304**

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Table 1.7: component transformation matrix

Component Transformation Matrix			
Component	1	2	3
1	.950	.220	.222
2	-.043	.795	-.605
3	-.310	.565	.765

To identify the factor that people who are not taken health insurance policies. For this, questions have been asked on Likert's scale, 1 represent strongly agree, 5 represent strongly disagree, factors those are having loadings more than 0.5 is considered to relevant. There are 3 important factors having eigen value ranging from 1.481 to 3.506

Above table explained the factors which affect the responses regarding not to buy health insurance with the help of factor analysis following factors which have been extracted:

FACTOR 1 – PERSONAL BARRIERS

Factor 1 explained 33.102% of total variance labelled is monetary factors. It includes four factors i.e. lack of funds, high premium imposed by insurance company, consumers did not feel the need, lack of awareness. These factors indicated that respondents feels that companies are charging high premium for their services, respondents also do not have enough funds to invest in the policies which is the main concern for not investing in health insurance. With funds there is lack of awareness. Rural areas are still far behind. Some people generally do not feel the need to take the health insurance, might be thinking that we will never fall ill. These factors are considered to be very important. Factor loading from these ranges from .79 to .94.

FACTOR 2 – INVESTMENT CONCERNS

Second factor has been labelled as investment concerns. It consists following sub factors like:-

- Consumers prefer some other sectors for investing their money

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- Don't have interest in health insurance.
- Hidden cost
- No return on investment.

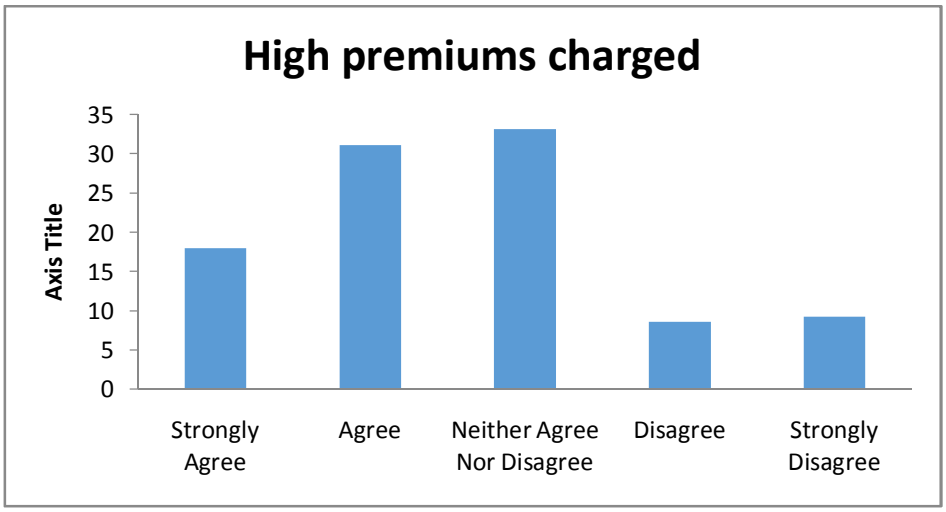
Factor loading for these ranges from **0.46 to 0.82**. This factor explained 21.24% variation in used tool. Outcome show that people prefer investment in some other areas rather than health insurance and life insurance is still lucrative sector than health insurance. Respondents feels that there is no return for the investment in health insurance policies. Respondents have trust in health insurance.

FACTOR 3 – COVEREAGE RELATED HASSELS

Third factor is coverage related hassles which covered difficulty in availing services in hospitals and linked hospitals are not accessible. Those factors influence consumers for not investing in health insurance policies. It is considered that hospitals which are covered in policies are not easily accessible. Factor loadings for these factors are 0.912 to 0.946. It covers Eigen value of 1.481.

Table 1.8Frequency tables to depict the barrier while buying health insurance

		Frequency	Percent
High premiums charged	Strongly Agree	27	17.9
	Agree	47	31.1
	Neither Agree Nor Disagree	50	33.1
	Disagree	13	8.6
	Strongly Disagree	14	9.3
	Total	151	100.0



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Fig 1.3: High premium depicted as barrier while buying health insurance.

Table 4.61 depicts that there are 33.1% respondents those who are neither agree nor disagree about the high premium charged followed by 31.1% respondents they are agreeing on the fact that health insurance companies are charging high premium for their products. Consumer consider it the main reason for not investing in health insurance policies.

Table 1.9Frequency tables to depict the barrier while buying health insurance

		Frequency	Percent
Did not feel the need	Strongly Agree	18	11.9
	Agree	83	55.0
	Neither Agree Nor Disagree	25	16.6
	Disagree	23	15.2
	Strongly Disagree	2	1.3
	Total	151	100.0

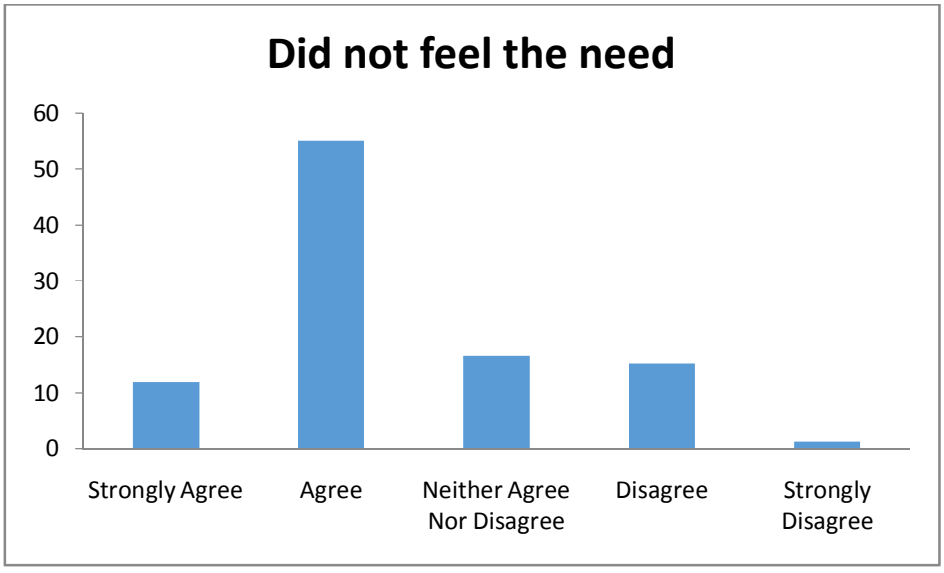


Fig 1.4: Did not feel the need depicted as barrier while buying health insurance

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In above table it is found that 55% of respondents those who don't have health insurance thinks that they don't have any need to buy health insurance. Followed by 16.6% respondents those who are neither agree or disagree regarding this.

Table 1.20 :Frequency tables to depict the barrier while buying health insurance

		Frequency	Percent
No return for investment	Strongly Agree	63	41.7
	Agree	34	22.5
	Neither Agree Nor Disagree	35	23.2
	Disagree	14	9.3
	Strongly Disagree	5	3.3
	Total	151	100.0

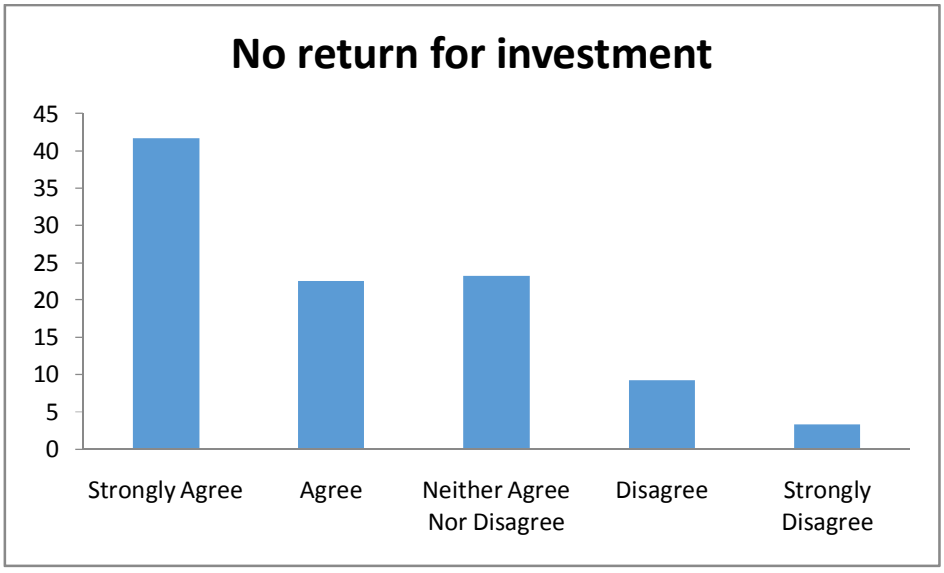


Fig 1.5: No return on investment depicted as barrier while buying health insurance

In above table, 41.7% respondents strongly agree that there is no return for investment. Health insurance products are providing any return for the investment whereas life insurance policies provide return. 22.5% respondents are agree that there is no return for investment.

Table 1.22Frequency tables to depict the barrier while buying health insurance

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		Frequency	Percent
Prefer to invest money in some other area	Strongly Agree	49	32.5
	Agree	77	51.0
	Neither Agree Nor Disagree	8	5.3
	Disagree	17	11.3
	Total	151	100.0

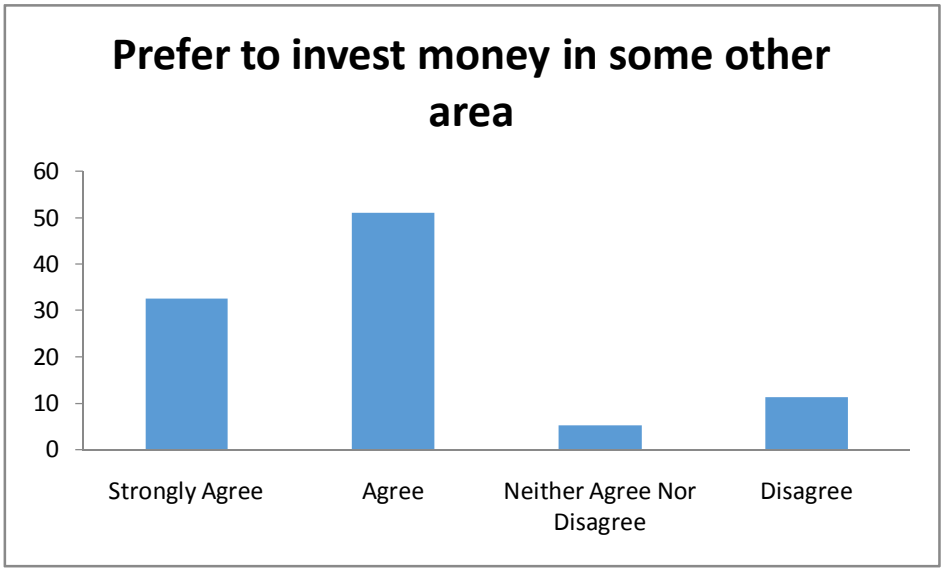


Fig 4.37 : barrier while buying health insurance

Graph 4.37 depicts, 51% of people answered that they prefer to invest money in some other area like life insurance, mutual funds than investing in health insurance products. Followed by 32.5% of respondents those who are strongly agree on this fact.

Table 1.23Frequency tables to depict the barrier while buying health insurance

		Frequency	Percent
Lack of funds	Strongly Agree	25	16.6
	Agree	60	39.7
	Neither Agree Nor Disagree	33	21.9
	Disagree	22	14.6
	Strongly Disagree	11	7.3
	Total	151	100.0

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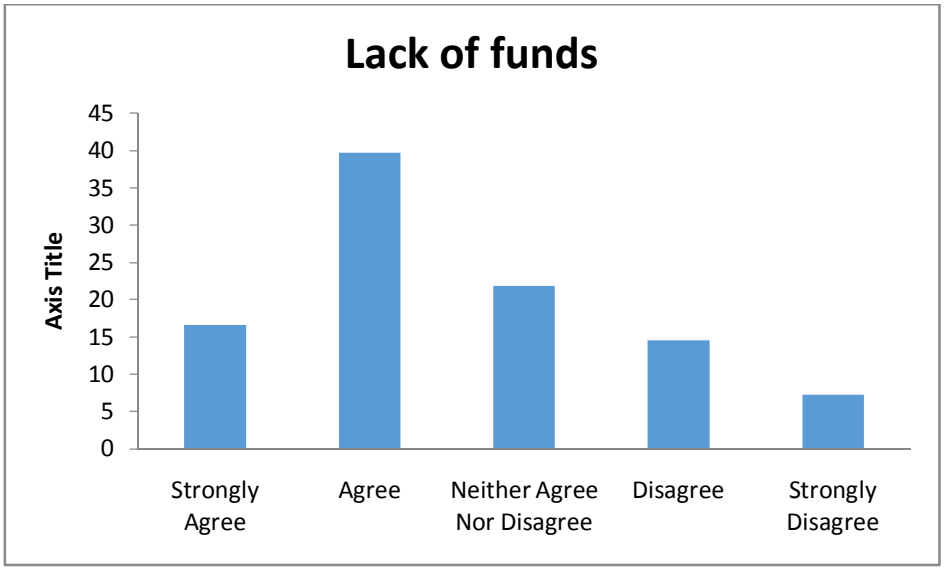


Fig 1.6 : Lack of fundsdepicted as barrier while buying health insurance

Above table 4.65 depicts that 39.7% respondents did not buy health insurance because insufficient funding while 21.9% are neither agree nor disagree. It is 16.6% respondents who thinks that lack of funds are the main cause for not buying the health insurance

Table 1.24Frequency tables to depict the barrier while buying health insurance

		Frequency	Percent
Lack of awareness	Strongly Agree	25	16.6
	Agree	58	38.4
	Neither Agree Nor Disagree	18	11.9
	Disagree	19	12.6
	Strongly Disagree	31	20.5
	Total	151	100.0

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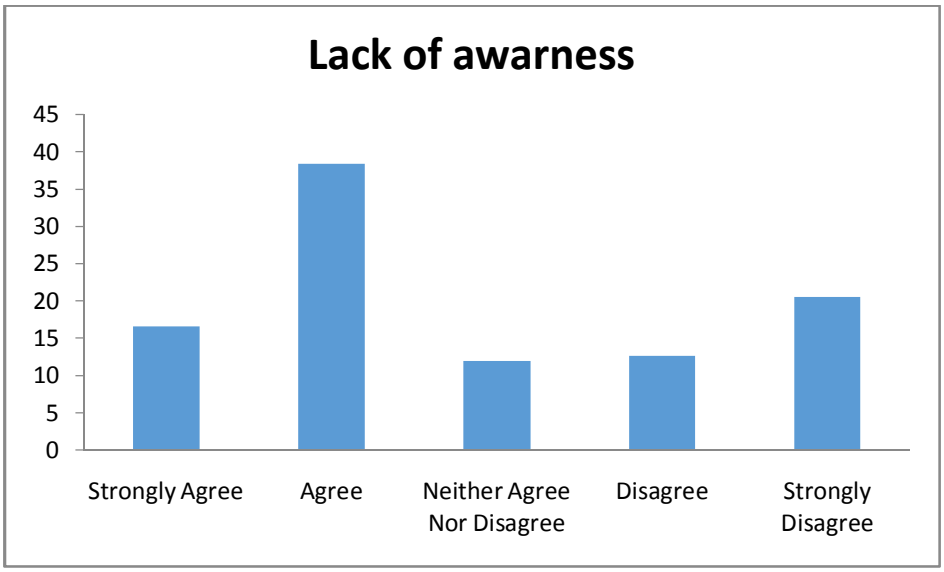


Fig 1.7 :Lack of awarenessdepicted as barrier while buying health insurance

Table 4.66 depicts, 58 % of consumers are agree on the fact that there is inadequate awareness regarding medical insurance products.16.6% respondents are strongly agree that there is lack of awareness. Rural population are not aware about the insurance products.

Table 1.25: Frequency tables to depict the barrier while buying health insurance

		Frequency	Percent
Linked hospital are not easily accessible	Strongly Agree	16	10.6
	Agree	40	26.5
	Neither Agree Nor Disagree	68	45.0
	Disagree	19	12.6
	Strongly Disagree	8	5.3
	Total	151	100.0

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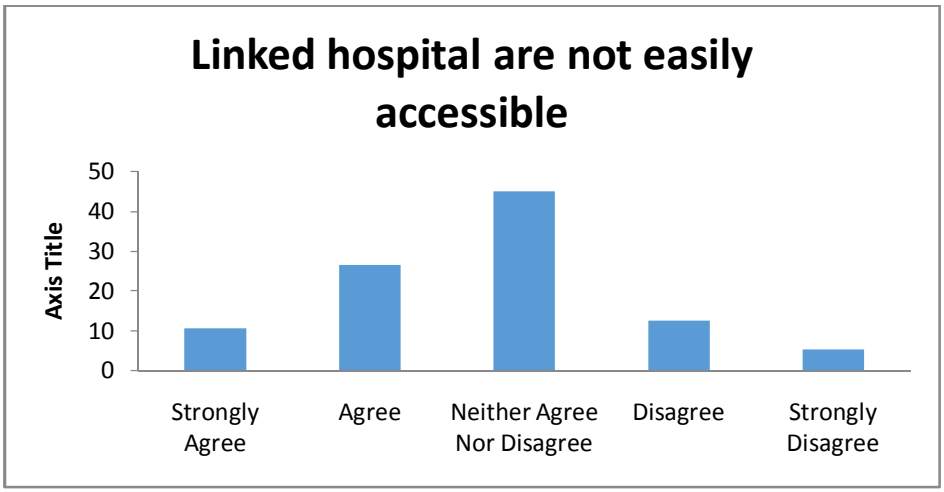


Fig 1.8: Barrier while buying health insurance

found from table 4.67 that 45% of respondents are neither agree nor disagree followed by 26.5% agreed that linked hospital are not easily accessible.

Table 1.26: Frequency tables to depict the barrier while buying health insurance

		Frequency	Percent
Don't have trust in health insurance	Strongly Agree	21	13.9
	Agree	36	23.8
	Neither Agree Nor Disagree	61	40.4
	Disagree	32	21.2
	Strongly Disagree	1	.7
	Total	151	100.0

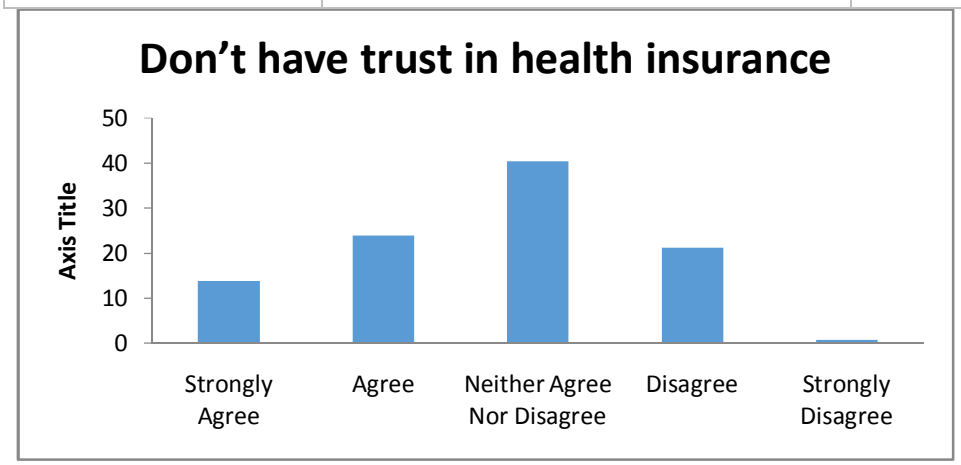


Fig 1.9: Barrier while buying health insurance

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Table depicts that 23.8% of people interviewed are agree that they don't have trust in health insurance and 13.9% are strongly agree about that. 21.2% respondents are disagree about the same, they have trust on health insurance.

Table 1.27: Frequency tables to depict the barrier while buying health insurance

		Frequency	Percent
Hidden cost	Strongly Agree	63	41.7
	Agree	26	17.2
	Neither Agree Nor Disagree	57	37.7
	Disagree	5	3.3
	Total	151	100.0

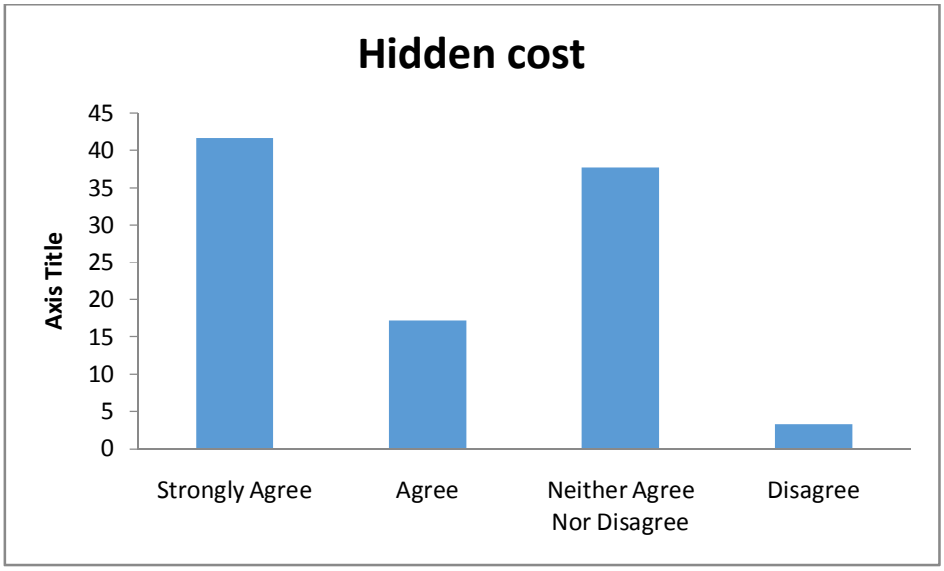


Fig 1.10: Barrier while buying health insurance

From the frequency diagram 4.67, 41.7% respondents found that health insurance companies usually hid terms and conditions, which in turn hide some cost of the health insurance.

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Table 1.28: Frequency table to show the willingness to purchase

		Frequency	Percent
Are you ready to buy Health Insurance Policy?	willing to purchase	13	8.6%
	Not willing to purchase	68	45.0%
	need time to purchase	40	26.5%
	Willing to Buy after certain conditions	30	19.9%
	Total	151	100.0%

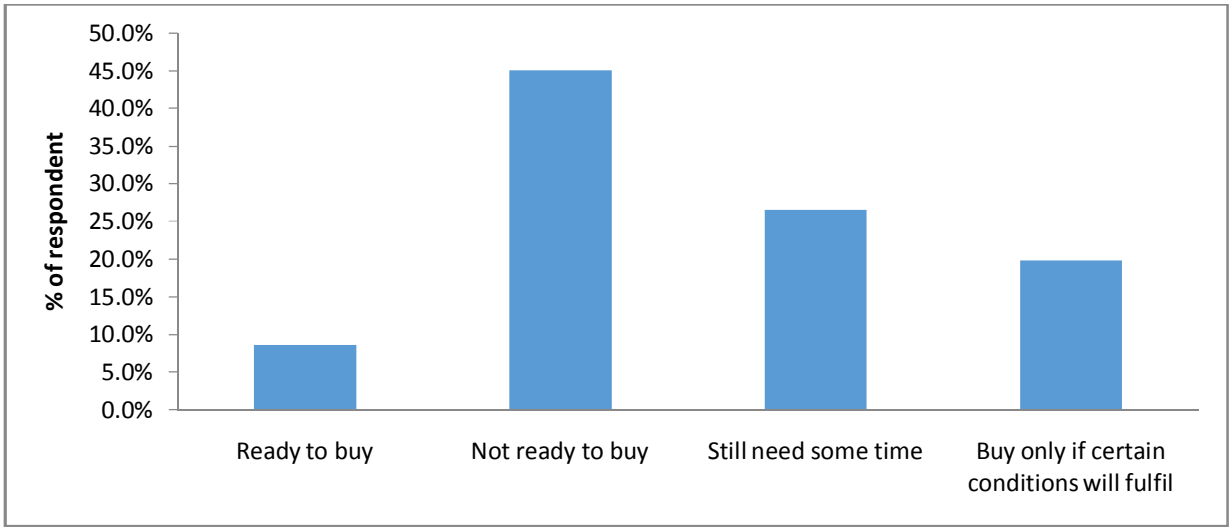


Fig 1.11: Respondents' Willingness to buy

Table 4.68 depicts that frequency of respondents who are ready to buy medical insurance. 45 % of respondents those who are not willing to purchase the medical insurance policies. Followed by respondents 26.5% still need some time to take decision of buying health insurance. 20 % respondents want to purchase the health insurance if certain conditions being fulfilled by the providers. 8.6% respondents are ready to buy the policies.

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Table 1.29Frequency distribution of preferred age for buying health insurance.

	Age	Frequency	Percentage
At what age would you prefer to get health insurance?	20-25	2	1.3%
	25-35	8	5.3%
	35-45	16	10.6%
	45-55	80	53.0%
	55-65	19	12.6%
	65 above	26	17.2%
	Total	151	100.0%

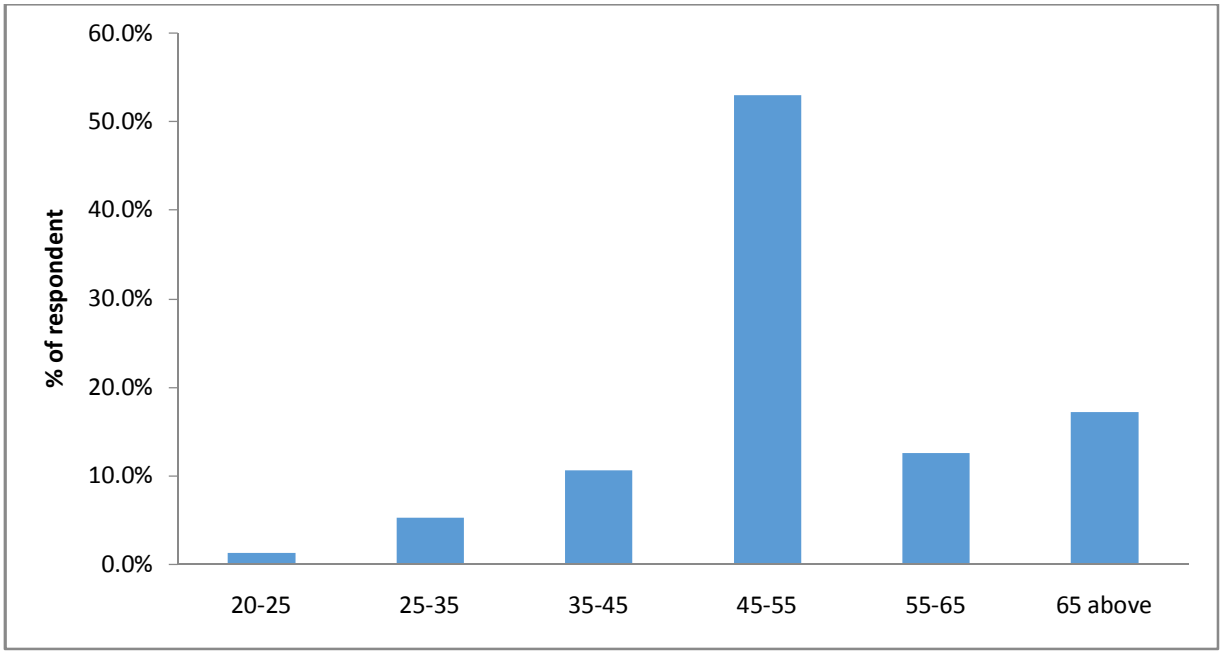


Fig 1.12 : Preferred age group while buying health insurance

Table4.69 depicts that 53% of respondents preferred health insurance at the age of 45 to 55 years. Whereas 17.2% of respondents want to buy health insurance at the age of 65 years and above. 12.6% of respondents thinks that they will buy insurance at the age of 55 to 65. 10.6% respondents want to buy at the age of 35 to 45.People don't want to take health insurance at

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young age. Generally respondents thinks that they will not get ill in young age. It concludes that middle age customers preferred health insurance.

Table 1.30Frequency distribution of respondents of choice of premium

		Frequency	percentage
How would you like to pay Health insurance premium amount?	Half yearly	7	4.6%
	Monthly	52	34.4%
	Quarterly	47	31.1%
	Yearly	45	29.8%
	Total	151	100.0%

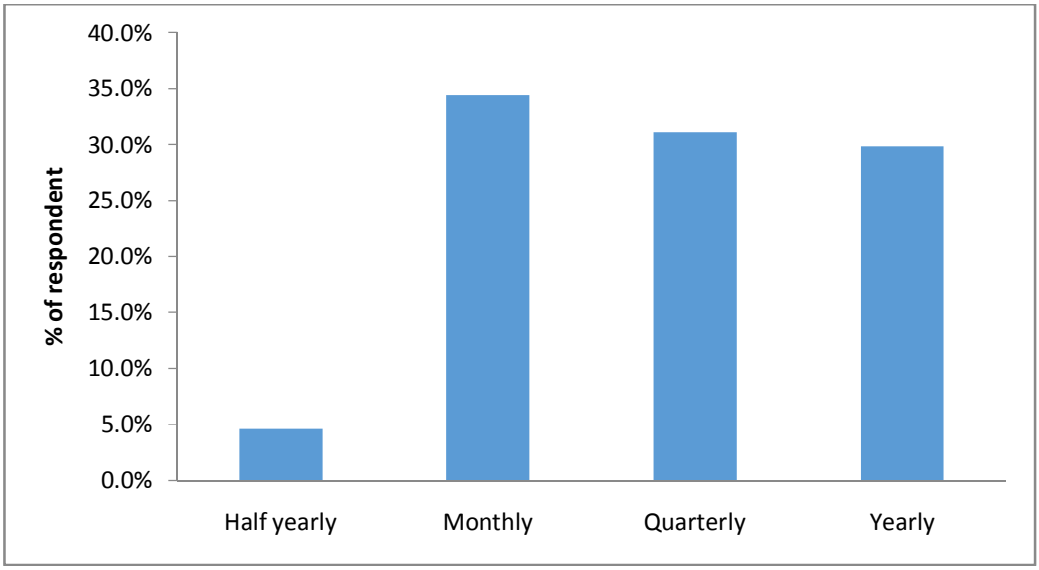


Fig 1.13: **Respondents of choice of premium**

Table 4.70 exhibits that 34.4% respondents want the health insurance policy with monthly premium where as 31.1 % respondents want to pay quarterly premium.29.8% respondents wants to pay yearly premium.4.6% respondents wants to pay half yearly premium.

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Table 1.31: Frequency distribution of respondents of choice for premium amount

		Frequency	Percentage
How much amount of premium you prefer?	500-1500	6	4.0%
	1500-4000	55	36.4%
	4000-6500	80	53.0%
	6500 & above	10	6.6%
	Total	151	100.0%

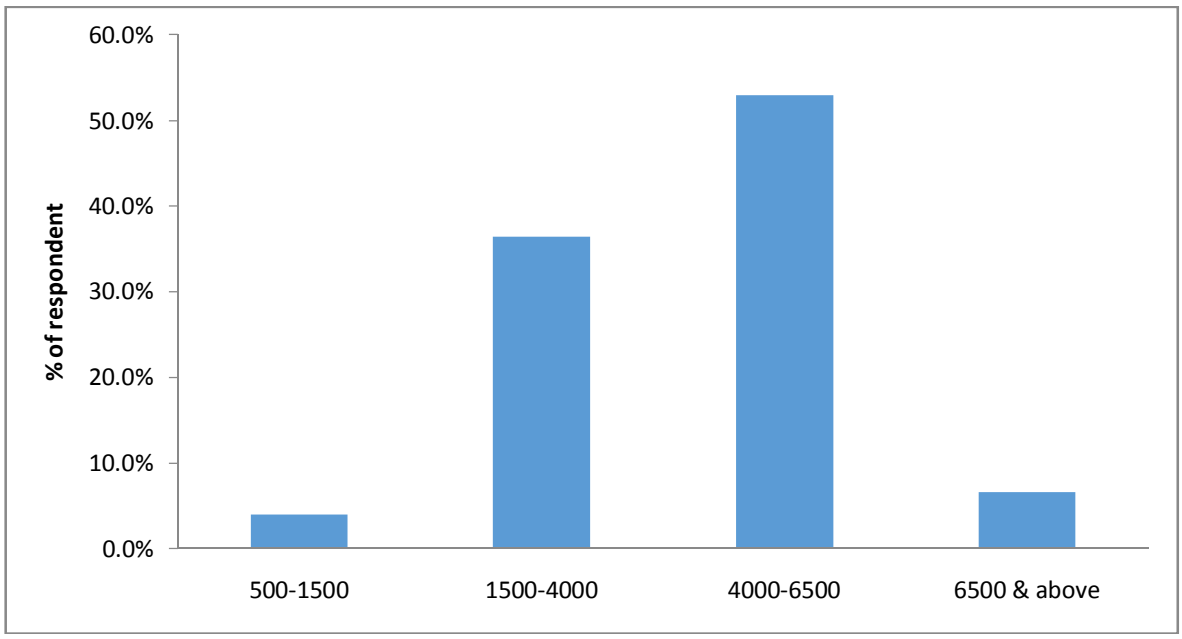


Fig 1.14: **Respondents of choice for premium amount**

Table 4.71 reveals that 53% of respondents want to pay the premium amount from Rs 4000 to 6500. 36.4% of respondents want to pay premium amount from 1500 to 4000. Only 6% of respondents are interested in premium higher than Rs 6500.

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Table 1.32Frequency distribution of respondents of preference of health insurance provider

		Frequency	Percentage
Which insurance company you will prefer?	Public Company	82	54.3%
	Private Company	65	43.0%
	Any Other	4	2.6%
	Total	151	100.0%

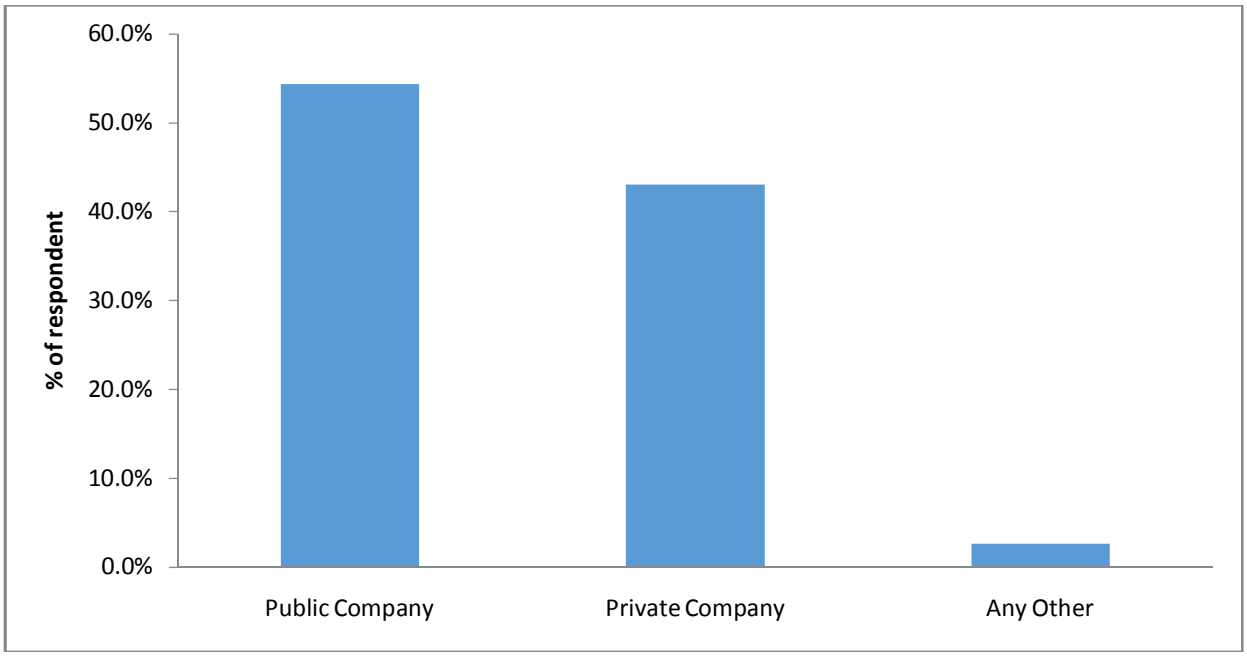


Fig 1.15:Respondents of preference of health insurance provider

Table 4.72 depicts that 54.3% of respondents invest in public company or prefer to buy health insurance from Public Sector Company and 43% of respondents want to buy health insurance from private companies.

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Conclusion

Further in analysis, we try to find out the reason that if population is aware about population is aware about health insurance products, then why are not they investing in health insurance.

- Factor analysis has been used to extract the factor for not to buy health insurance. Following are the main factors
  - ❖ Personal barriers
  - ❖ Investment concerns
  - ❖ Coverage related hassles

It is found that from personal factor, they don't feel the need, might be thinking they might not fell ill. Respondents also feel that there is no return for investment in health insurance policies and it is considered that hospital which are covered in policies are not easily accessible.

There are 45% of respondents those who are still not willing to purchase health insurance. Regarding willingness to pay respondents in age of 45-55 are more willing to buy insurance. It seems young people are not interested in health insurance. Respondents want to pay monthly premium amount and preferred 4000-6500 as premium amount. Respondents wants to buy health insurance from public companies.

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