



# 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...

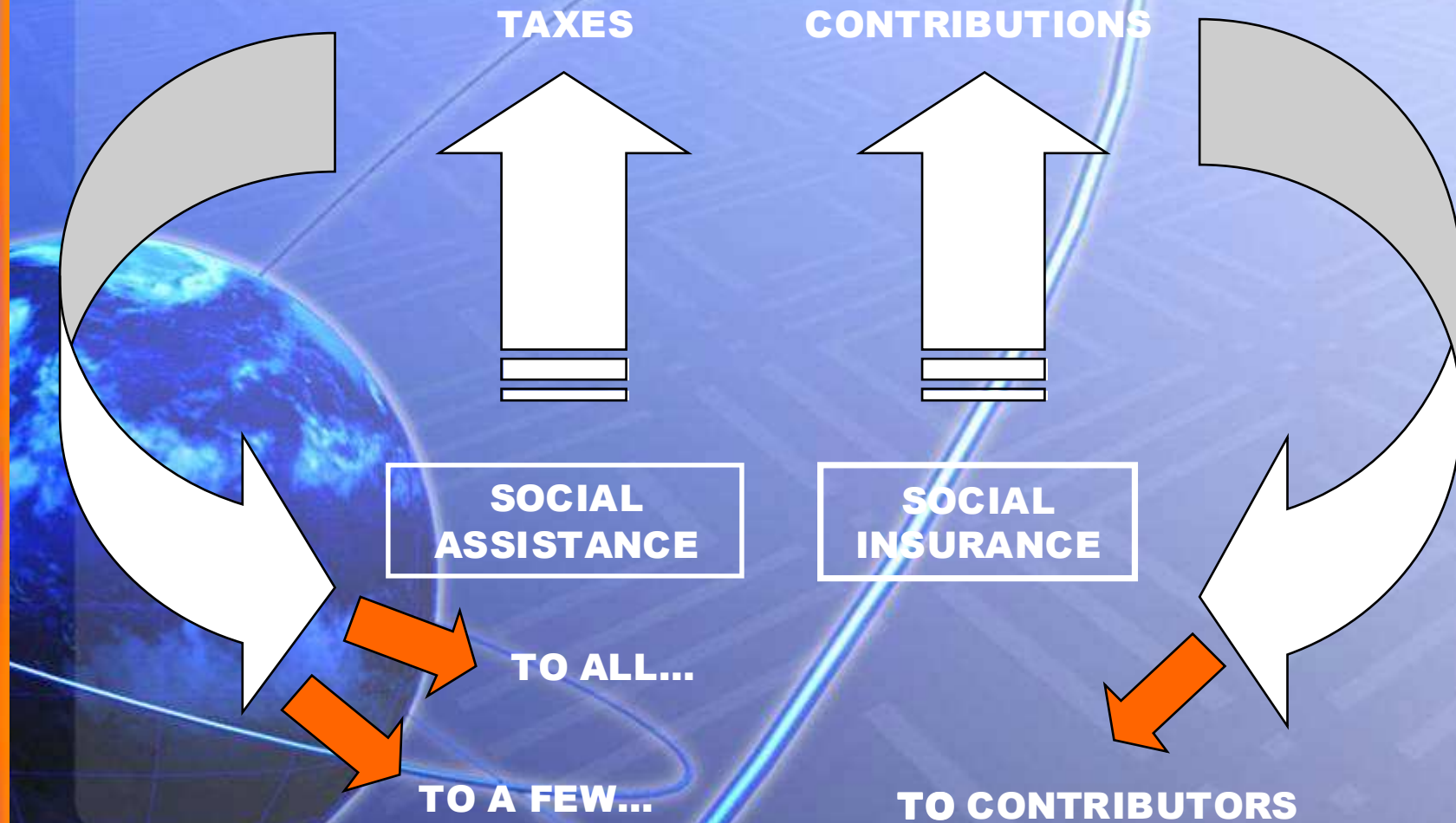


## **SOCIAL PROTECTION: A RIGHTS-BASED APPROACH...**

- 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...

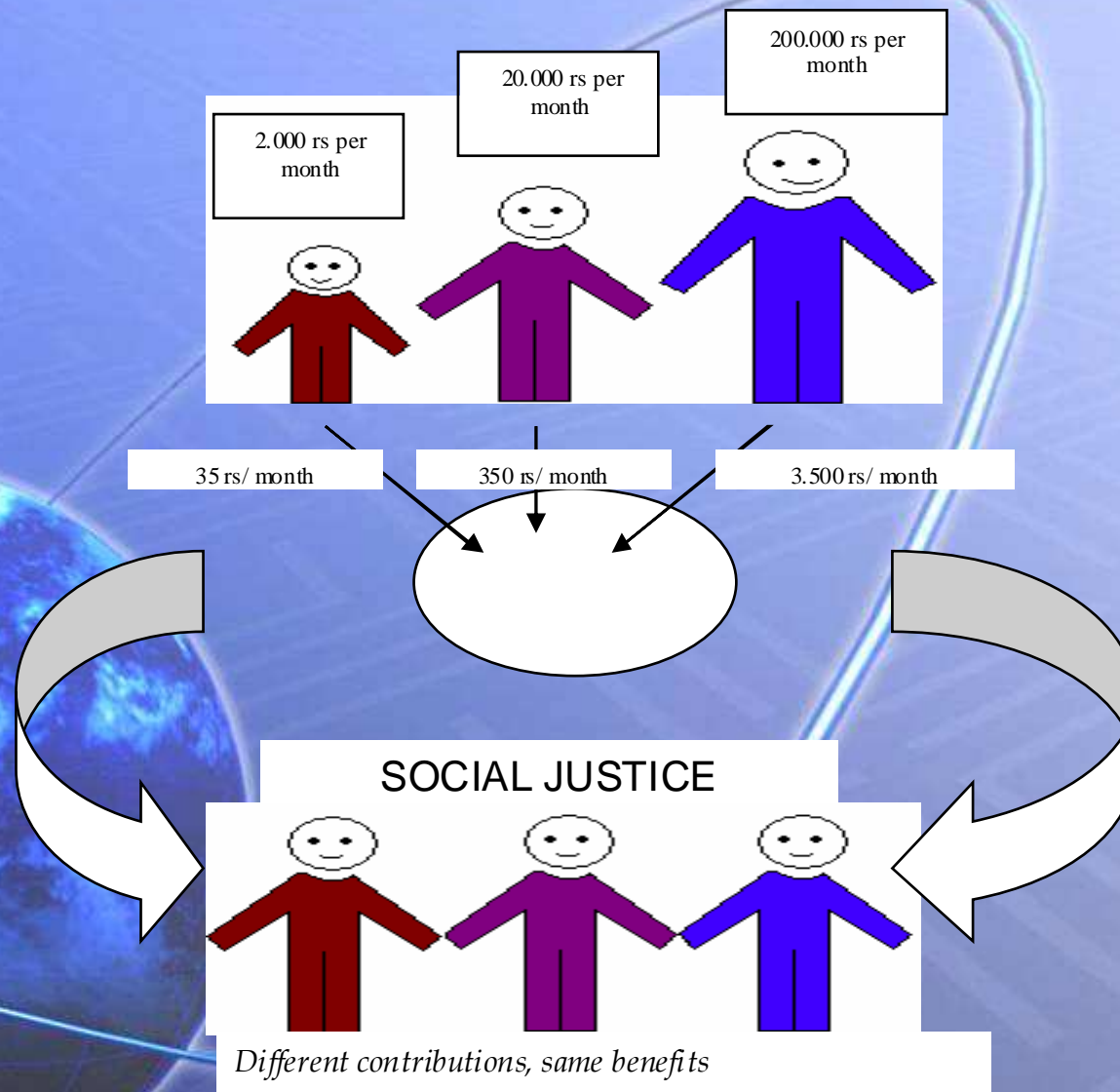


# SOCIAL SECURITY MECHANISMS





# CONTRIBUTION: HOW DOES IT WORK?





## 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

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



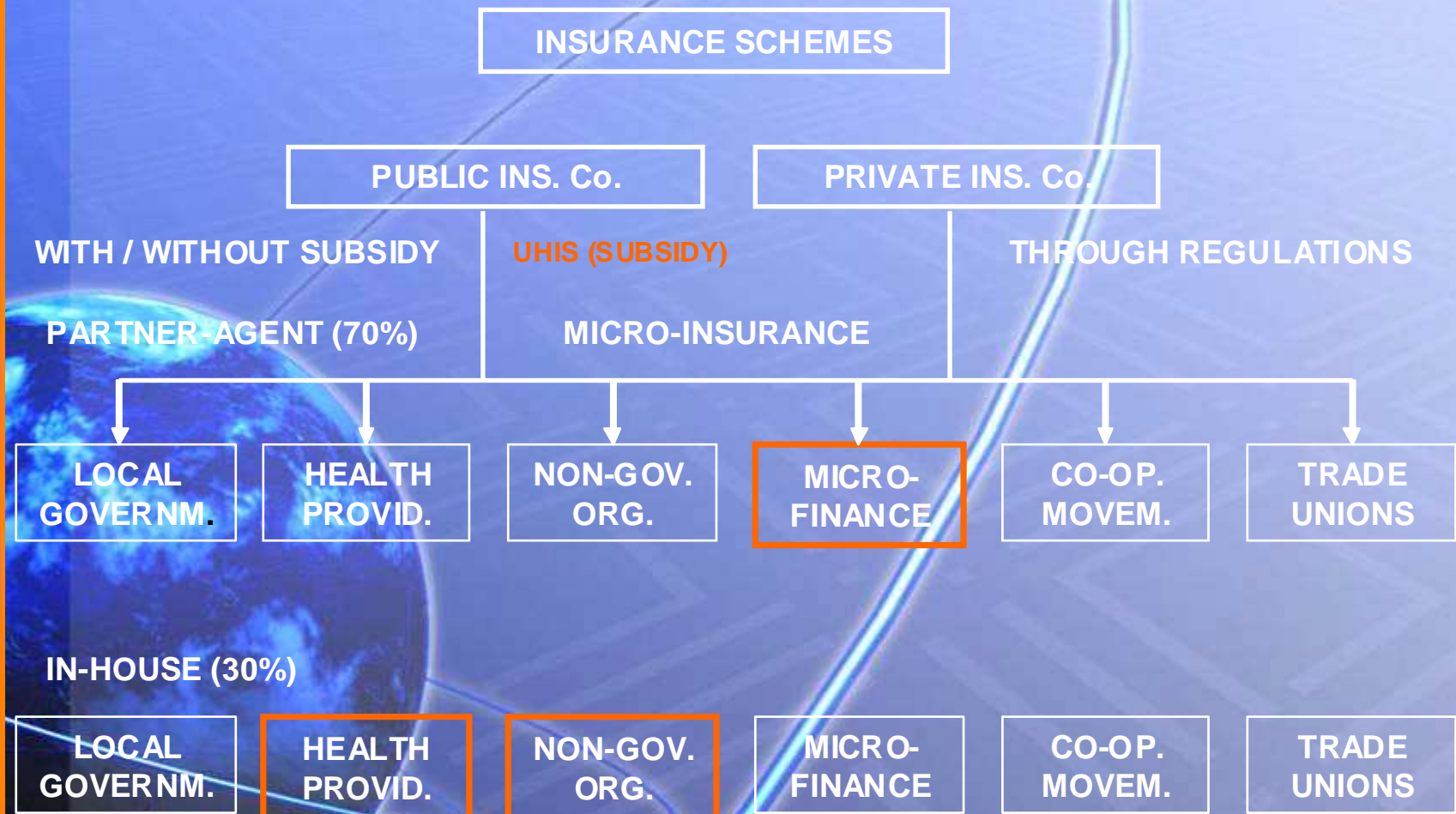


## MAIN HEALTH PROTECTION EXTENSION MECHANISMS

- 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



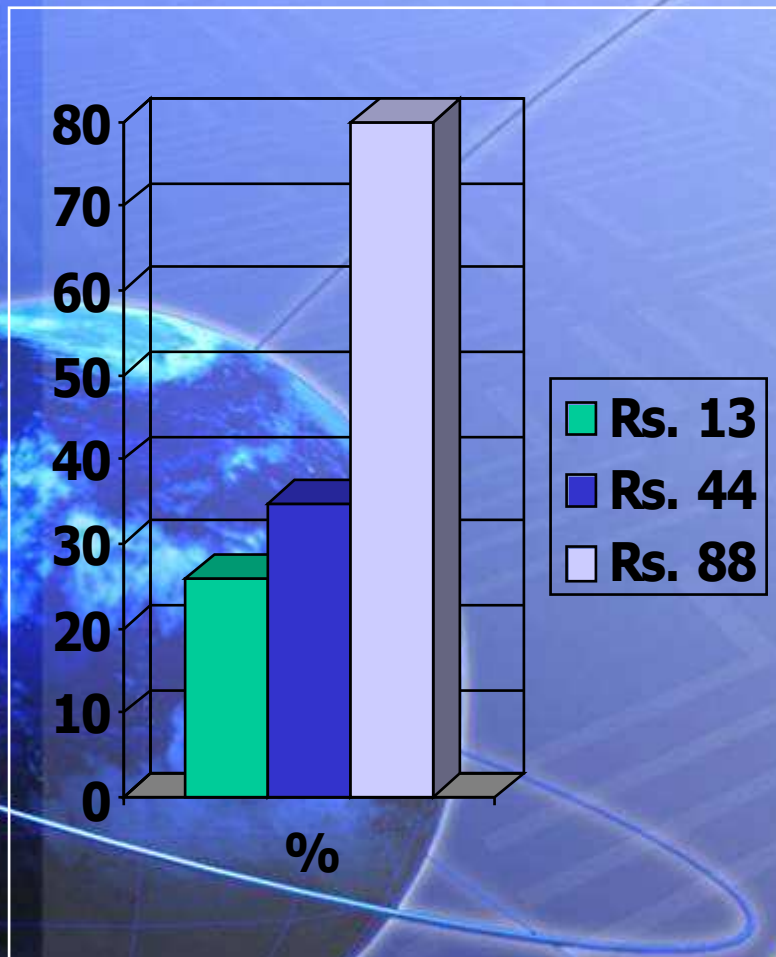


## HEALTH MICRO-INSURANCE: TOWARDS SELF-RELIANCE?

<b>SCHEMES</b>	<b>NO OF BENEFIC.</b>	<b>TYPE OF SCHEME</b>	<b>TYPE OF COVERAGE</b>	<b>TYPE OF BENEFIT</b>	<b>TYPE OF SUBSIDY</b>
YESHASVIN	1,854,000	IN-HOUSE	TER.	CASHL.	DIRECT
DHARAMST.	400,000	P.AGENT	SEC.	CASHL.	-
SEWA	194,000	P.AGENT	SEC.	REIMB.	INDIRECT
VHS	124,000	P.AGENT	PR/ SEC	CASHL.	INDIRECT
PREM	108,000	IN-HOUSE	SEC.	CASHL/ REIM	INDIRECT
RAHA	80,000	IN-HOUSE	PR/ SEC.	CASHL.	IND/ DIRECT
NAANDI	60,000	IN-HOUSE	PR+SEC+TER	CASHLESS	IND/ DIRECT
AROGYA	55,000	P.AGENT	SEC.	CASHL.	INDIRECT
INDORE	49,000	P.AGENT	SEC.	CASHL.	DIRECT
H.FIELDS	30,000	P.AGENT	SEC.	CASHL/ REIM	INDIRECT
UPLIFT	16,000	IN HOUSE	SEC.	REIMB.	INDIRECT
KARUNA	12,000	P.AGENT	PR/ SEC.	REIMB	IND/ DIRECT
ASHWNI	12,000	P.AGENT	PR/ SEC	CASHL.	IND/ DIRECT



## HEALTH MICRO-INSURANCE: THE FINANCING CHALLENGE...



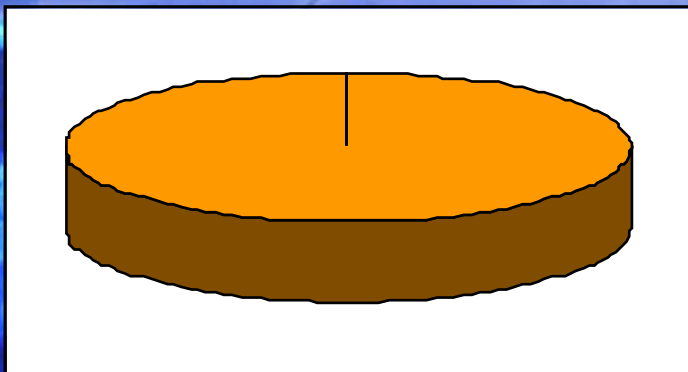
- ☹️ PLANNING COMMISSION DEFINITION: VALUE OF A SPECIFIED NUTRITION REQUIREMENT
  - 26%
  - 278 MILLION
- ☹️ UNDP DEFINITION: LESS THAN 1 US/ DAY/ PERSON
  - 35%
  - 374 MILLION
- ☹️ UNDP ANALYSIS: LESS THAN 2 US/ DAY/ PERSON
  - 80%
  - 855 MILLION

...AT THE END OF THE DAY... NOT MUCH LEFT TO PAY FOR INSURANCE...



# HEALTH MICRO-INSURANCE: THE EQUITY CHALLENGE: NEED TO SHARE THE BURDEN...

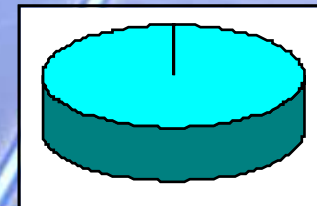
**FORMAL ECONOMY WORKER**  
**INCOME: Rs. 2,000/MONTH**  
**ESIS CONTRIBUTIONS: RS 1.700**



CONTRIBUTIONS FROM WORKERS,  
EMPLOYERS AND GOVERNEMENT

**LARGE CONTRIBUTION  
RESOURCES**

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



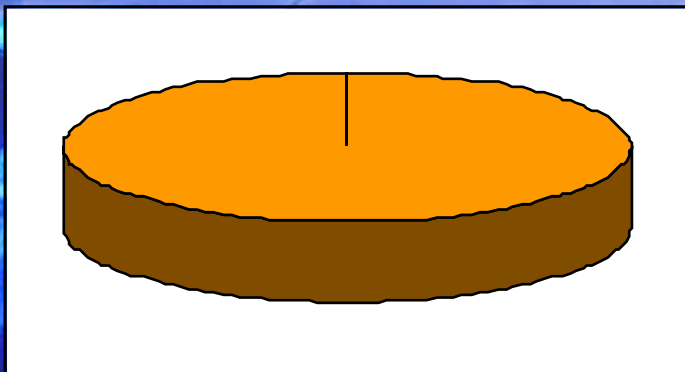
WORKERS LEFT ALONE TO PAY  
FOR THEIR OWN PROTECTION?

**LIMITED CONTRIBUTION  
RESOURCES**



# HEALTH MICRO-INSURANCE: THE EQUITY CHALLENGE: NEED TO SHARE THE BURDEN...

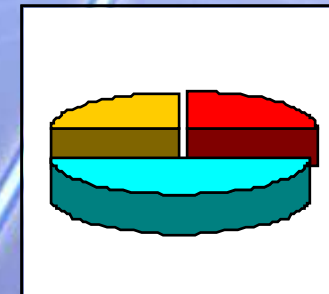
**FORMAL ECONOMY WORKER**  
**INCOME: Rs. 2,000/MONTH**  
**ESIS CONTRIBUTIONS: RS 1.700**



COMPULSORY SYSTEM AND  
OWNERSHIP/CONTROL OF  
HEALTH FACILITIES

**BROAD SCOPE AND HIGH LEVEL  
OF BENEFITS**

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



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

