

An empirical study on consumer's perception towards health insurance in Gwalior district of Madhya Pradesh

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Abstract

Health Insurance is insurance against the risk of incurring medical expenses among individuals. Health insurance can reimburse the insured for expenses incurred from illness or injury or pay to care provider directly. Indian healthcare sector, one of the fastest growing industry, is expected to advance at a CAGR of 22.87 percent during, 2015-2020, to reach USD 280 billion. There is immense scope for enhancing healthcare services penetration in India, this presents ample opportunity for development of the healthcare industry. The Indian healthcare industry which is composed of hospitals, health examine communications, healthcare equipments, experimental trails, telemedicine and health insurance was forecasted at worth US Dollar 280 billion in the year 2020. In 2015, industry comprised of 24 private players while LIC constituted 71% of the insurance market in the country. This research paper vividly decodes to be aware the perception among the customers towards Health Insurance of different services providers and to analyze customers determination and different factors for purchasing health insurance. In this research paper a survey method with structured questionnaire using likert scale given to the sample of population. The study was conducted in Gwalior city of Madhya Pradesh and questionnaires were sent to 160 people but I received responses from 134 persons that was found to be suitable for the purpose of analysis. The results have been analyzed and interpret the data with the assistance of various statistical tools. The outcome of this research indicates that low level of awareness and willingness to join and prime factors are barrier in subscription of health insurance.

Keywords: health insurance, consumer's perception, healthcare industry, awareness and willingness

1. Introduction

Health is most dominant subject which requirements to be specified matter of greatest importance. There is nothing is our life that is more valuable than good health. There is very common and true saying that health is wealth. If we are not healthy, wealth means nothing to us. So, our health is a real wealth. We should always try to be healthy. The term health insurance (universally known as Medial Insurance) it is a kind of insurance that covers all aspects of medical expenses risk. In other words health insurance is an insurance policy that ensures that you get cashless treatment or expense reimbursement in case you fall ill. Fundamentally health insurance policy is a contract between an insurer and an insured person and contract is renewable per annum. Health insurance policy is to compile confident that insured person to prevail the requisite cure as per contract. The health insurance is significant because the safeguard peace of mind, eliminate all the (worries) about medical treatment expenses and prevails focusing energy on more important things like acquiring improved better live and well-being. Health is a major concern on everybody's mind in the present environment. The awareness of health insurance has been extensive, enlarging new dimensions and preferable mechanism to finance the health care services in India. India is expected to rank amongst the top three healthcare markets in terms of incremental growth by 2020 and India was the sixth largest market globally in terms of size in 2014. The total market size of the insurance sector in India is projected to touch US \$ 350-400 billion by 2020. Indian health insurance industry is growing at a 15

percent compounded annual growth rate reach US \$ 158.2 billion by 2017. The Indian healthcare industry is expected to register a (CAGR) of 22.9 percent during 2015-20 to US \$ 280 billion.

Rising income level, great health awareness, increased precedence of lifestyle diseases and improved access to insurance would be the key contributors to growth. The private sector has emerged as a vibrant force in India's healthcare industry, lending it both national and international repute. It accounts for almost 74 percent of the country's total healthcare expenditure. Telemedicine is a fast emerging trend in India, major hospitals (Apollo, AIIMS. Narayana) have adopted telemedicine services and entered into a number of public private partnership (ppp).

The Government of India aims to develop India as a global healthcare hub. It has created the National Health Mission (NHM) for providing effective healthcare to both the urban and rural population. There is terrible need of health insurance in India as the world bank report exhibits that 85% of the working population in India do not have Rs. 5,00,000 as instant cash, 14% have Rs. 5,00,000 instantly but will subsequently will face a financial crunch, only 1% can afford to spend Rs. 5,00,000 instantly and easily and 99% of Indians will face financial crunch in case of my critical illness. Hence the need for health insurance in India cannot be overlooked. During the last 53 years India has developed a large Government health infrastructure with more than 3601 Ayush hospitals, 1,96,312 No. of hospitals in India, 1,56,926 sub health centres and 808 medical colleges in India.

2. Review of Literature

The several studies have been taken up to evaluate the strategies for the insurance business and consumer's perception towards health insurance. For this objectives concise literature is presented have some of them are.

Saibaba *et al.* (2002)^[10] studied that the perception and attitude of women towards life insurance policies. The study found that women feel that their lives were not as valuable as their husbands, they perceive insurance as a tool for risk coverage and not as a tax saving device, there was also lack of knowledge about suitable insurance plans.

Asgary, Willis, Taghvari and Rafeian (2004)^[11] estimated the demand and willingness to pay for health insurance by rural households in Iran and outcomed that a significant percentage of population (more than 38%) lives in rural areas, but the health care insurance currently operating in urban area.

Reddy (2005)^[9] In this article studies that the customer perception towards life insurance companies policies. This study was limited to Bangalore city only. The research concluded that majority of respondents feel that policies offered by private companies were up to their expectations but when compared with public companies policies very few policies were better alternatives.

Ahuja and De (2004)^[2] Confirmed that the demand for health insurnace is limited where a supply of health services is inadequate.

Ahuja and Narang (2005) provided an overview of existing forms and emerging trends in health insurance for low income segment in India and concluded that health insurance schemes have considerable scope of improvement for a country like India by providing appropriate incentives and bringing these under the regulatory ambit.

Sbarbaro (2010) indicate that the lower income level group is the group that faces the maximum health related issues.

Bawa & Ruchita (2011) in this article they found that as for as there is lower level of awareness for health insurance. In addition to that people have less willingness to join for health insurance.

G. Kasirajan (2012)^[5] in this study he found the consumer behaviour towards health insurance, majority of the care being provided by the private sector.

Nilay Panchal (2013)^[8] he found that respondent's knowledge and confidence about health insurance was good. In this article he exhibitly indicated that there were clear possibilities for health insurance market in India and respondents plays a vital role for purchasing health insurance.

Suman Goel (2014)^[12] in her study she suggested the awareness of health insurance and willingness to join in subscription of health insurance.

Niran R. Joshi and Suraj M. Shah (2015)^[7] found that the fact there was only unsatisfactory researches commence with the customer's perception toward health insurance.

World Health Organization (2016) have considered health insurance an important source to achieve universal health care coverage.

India Brand Equity Foundation (2016) provided various numerical facts in their reports, regarding health insurance.

3. Research Methodology

The methodology adopted for this study is based on the primary data, were extracted from the 134 respondents via structure questionnaire method, in the city of Gwalior.

3.1 Objectives of the study

The present study attempts to analyze consumer's perception towards health insurance in Gwalior city of Madhya Pradesh. The prime objectives of the study are as under:

- To understand and examine the awareness level and sources of awareness about health insurance.
- To evaluate the variety of health insurance preferred by the respondents.
- To identify the purpose of taking health insurance.
- To assess the perception of health insurance policy holder.
- To examine the barriers in the subscription of health insurance.
- To determine the willingness to join and pay for health insurance.

3.2 Research Design

The research design used for the purpose was descriptive and various factors are taken into account for understanding the consumer's perception towards health insurance in Gwalior region. In this research study I used exploratory and conclusive descriptive research studies and which information is collected without changing the environment (i.e. nothing is manipulated) convenience non-probability sampling method was followed. The data has been collected from the general public and survey method with a structured questionnaire was administered to 134 respondents in Gwalior city, using likert scale and designed to elicit specific information from the respondents. For the purpose of this research study, questionnaires were sent to 160 people, but I received responses from 134 persons that was found to be suitable for the purpose of analysis. The data relates to the month of Jan. 2017 to March 2017.

3.3 Sampling Frame

Target populations were samples, a subgroups of a population selected for the study purpose. Sample elements were health insurance policy holder. In this research study non probability with convenience sampling method was used.

3.4 Collection of Data

This Research is a descriptive and exploratory research the methodology adopted for this study is based on the primary data were extracted from the respondents of Gwalior City of Madhya Pradesh. The present study has been conducted in Gwalior city in Madhya Pradesh State. A purposive sample of 134 individuals who has an experience of offline and online insurance was taken.

3.5 Period of the Study

Time period of the study has been conducted during Jan. 2017 to March 2017.

3.6 Tools and Techniques used for Analysis

In this study the methods of collecting and gathering data from a part of population will used by the structured questionnaire method. The analysis of data collected has been carried out by using likert scale, simple frequencies, percentages and was analyzed using Microsoft Excel 2007.

3.7 Limitation of the Study

The analysis is mostly based on primary data extracted from Gwalior city and only the period of Jan. 2017 to March 2017 is taken for empirical analysis. Some of the superficial elements

prevailing the consumer’s perception towards health insurance were not appropriated into this research study. Generalization of the study cannot be universally applied as the study confines to Gwalior city M.P. only. Although different elements influencing the consumer’s perception were taken, it may be

needed that aspects and factors not taken into account it required to be explored.

4. Analysis and Interpretation

The data collected was analyzed using Microsoft Excel 2007 Software Package.

Table 1: Demographic Profile of Respondents

S. No.	Demographic Profile of Respondents	Attributes	Frequency	Percentage
1.	Gender	Male	109	81.34
		Female	25	18.66
		Total	134	100
2.	Age	Between 18-30 years	16	11.94
		Between 31-45 years	66	49.25
		Between 46-70 years	46	34.33
		Above 70 to 80 years	06	4.47
		Total	134	100
3.	Marital Status	Married	112	83.58
		Unmarried	22	16.42
4.	Type of Family	Joint	32	23.88
		Nuclear	102	76.12
		Total	134	100
5.	Education Level	Higher Education	7	5.22
		Graduation	54	40.29
		Post-Graduation	44	32.86
		M.Phil/ Ph.D.	14	10.45
		Others	15	11.19
		Total	134	100
6.	Occupation	Professionals	15	11.19
		Businessman	30	22.39
		Salaries Employees	64	47.76
		House wife	17	12.69
		Retired Employees	05	3.73
		Students	03	2.24
		Total	134	100
7.	Income	Less than Rs. 1,50,000	14	10.45
		Rs. 1,50,001 to 5,00,000	12	8.96
		Rs. 5,00,001 to 10,00,000	35	26.12
		Rs. 10,00,001 to 15,00,000	39	29.11
		Rs. 15,00,001 to 20,00,000	20	14.93
		Above Rs. 20,00,000	14	10.45
		Total	134	100
8.	Do you have Health Policy?	Yes	100	100
9.	Health Insurance coverage plan.	Individual Coverage	106	79.10
		Family plan including spouse, children or others	28	20.90
10.	Which Health Insurance policy you prefer most?	Public Sector	94	70.15
		Private Sector	39	29.10
		Others	1	0.75
11.	Monthly premium is Health Insurance	Less than – 500	56	41.79
		501-1500	64	47.76
		1501 – 5000	14	10.45
12.	Do you consult insurance agent while taking a health insurance policy?	Every Time	19	14.18
		Often	7	5.22
		Sometime	60	44.77
		Never	48	35.83
13.	Term of Health Insurance Policy?	Less than – 2 years	15	11
		Between 2-5 years	64	48
		Between 5-7 years	37	27
		Between 7-10 years	17	13
		More than 10 years	1	1
14.	How you would prefer most to pay health insurance premium amount	Monthly	12	9
		Quarterly	15	11
		Half Yearly	60	45
		Annual / Yearly	47	35

Source: Primary Data

5. Finding of the Study

Table 1 explicitly exhibited that 81% of the respondents are and remaining 19% of them are female respectively. In this research indicates that 48% of the respondents are salarised employees, 23% of them are businessman, 13% of them housewife 11% of them are professionals, 5% of them retired employees and remaining 3% are the students respectively. Research shows that 49% of the respondents are age group between 31-45 years, 34% of them are between ages of 46-70 years, and 12% of them are age of between 18-30 years and remaining 4% of the respondents are more than 70 year respectively. Research indicates that 84% of the respondents are married and remaining 16% of them are unmarried respectively. All the respondents having Health insurance policy. In this study indicates that 79% of the respondents having individual coverage plan and remaining 21% of the respondents having family coverage plan including spouse,

children or parents respectively. Research exhibits that 65.67% of the respondents prefer public sectors and 29.85% of them prefer private sector respectively. Research study exhibits that 42% of the respondent’s monthly premium is less than Rs. 500, 48% of them monthly premium is between Rs. 501-1500, 10% of them monthly premium is between Rs. 1501-5000 respectively. Research study exhibits that 48% of the respondents having term plan of health insurance policy is between 2-5 years 27% of the respondents having term plan of Health Insurance policy is between 5-7 years. 11% of the respondents having term plan of health insurance policy is less than 2 year and 13% of the respondents having term plan of health insurance policy is between 7-10 years and remaining 1% of the respondents having term plan of health insurance policy is more than 10 years respectively. Research study reveals that 45% and 35% of the respondents are paid their premium half yearly and annually respectively.

Table 2: Awareness Level and Sources of Awareness for Health Insurance

	Particulars	Frequency	Percentage
Awareness about health insurance	Not Aware / not exposed	55	41.04
	Aware/ exposed and sub scribed	33	24.63
	Aware/ exposed and unsubscribed	46	34.33
	Total	134	100
Source of Awareness	Particulars	Responses	Percentage of Responses
	Self-decision	34	8.29
	Advertisement in TV	92	22.44
	Newspaper or Magazines	51	12.44
	Internet	46	11.21
	Insurance Agents	52	12.68
	Family/ Friends suggestion	42	10.24
	Employee of insurance company	21	5.12
	Tax consultants & Doctors	35	8.53
	Any others	37	9.02
Total	410	100	

Source: Primary Data

It is prominent from the table –2 that people were already aware about health insurance yet a principal segment of the respondents i.e. 75.37% are still without health insurance and only 24.63% were having health insurance. It is remarkable in the Gwalior Division. Furthermore there are number of sources creating awareness regarding health insurance. Predominantly, the source of awareness is TV followed by insurance agents, newspaper, internet, family and friends and employee of insurance companies etc. In spite of the fact that, health insurance is not a new idea and people are also getting familiar with it, yet this awareness has not influenced to the level of subscription of health insurance products.

Table 3: Type of Health Insurance Preferred

Preference of Health Insurance	Frequency	Percentage
Public Sector	88	65.67
Private Sector	40	29.85
Others	6	4.47
Total	134	100

Table 3 exhibits that a significant proportion of population 65.67% of the respondents preferred government health insurance schemes and 29.85% of them prefer private sectors respectively.

Table 4: Objective of taking Health Insurance Policy

Purpose	Response	Percentage of Response
Risk Coverage	07	3.4
To Prefect against high and unexpected Medical cost	125	60.97
Tax Benefits	15	7.3
Medical Emergencies	53	25.85
Any Other	05	2.43
Total	205	100

Source: Primary Data

Table 4 indicates that the prime objective of taking health insurance self-acknowledged by the respondents when they were enquired on their awareness and knowledge of health insurance. Research reveals that a good majority of the

respondents (60.97%), was the perspective that the health insurance would incorporate their unexpected medical expenses and protect against high cost of medical expenses.

Table 5: The willingness Level of non-health Insurance Policy holders and weighted average scores of various conditions

Particulars	Frequency	Percentage
Ready to buy	17	12.68
Not Ready to buy	42	31.34
No response	30	22.39
Still need some time	19	14.17
Buy if conditions fulfilled	26	19.42
Total	134	100
Conditions to Buy	WAS	Rank
If comprehensive coverage provided with least cost	4.18	1
If some contribution will employer made	2.91	2
If available with least formalities	2.52	3
If friends and relatives buy	2.41	4
If someone suggest about it	1.89	5

Source: Primary Data

It is explicitly exhibited from the table 5, that 31.34%, 22.39% and 14.17% of non-health insurance policy holders are not ready to buy, not provided any response and still need some time for purchase of health insurance policy. Whereas a very few percentage that is 12.68% are ready to buy health insurance without any conditions and remaining are willing of buy only if predetermined conditions will fulfilled. The ranking of

conditions of buying are regarded, 1 rank is assigned to ‘if comprehensive coverage provided with least cost’ as its weighted average score is 4.18 is more as analyzed with all other circumstances. Although 2 rank is assigned to ‘if some contribution will employer made’, succeeded by ‘if available with least formalities, if friends and relatives buy’, if someone suggest about it.

Table 6: Barriers in the Subscription of Health Insurance

Barriers	SA	A	U	D	SD	Total
	5	4	3	2	1	
Lack of Funds to meet costly affair	52(38.80)	29(21.64)	12 (8.96)	21 (15.67)	20 (14.92)	134
Lack of awareness and willingness to join	31 (23.31)	32 (23.88)	17(12.69)	29 (21.64)	25 (18.66)	134
Lack of Intermediaries outreach and capabilities	52 (38.80)	29 (21.64)	25 (18.66)	14 (10.45)	14 (10.45)	134
Lack of availability and accessibility of services	44 (32.84)	34 (25.37)	5 (3.73)	42 (31.34)	09 (6.72)	134
Lack of reliability and comprehensive coverage	87 (65.00)	29 (21.64)	3 (2.24)	13 (9.70)	02 (1.49)	134
Prefer other mode to invest (followed by friends and relatives etc.)	72 (53.73)	8 (5.97)	16 (11.94)	30 (22.39)	8 (5.97)	134
Others	50 (37.31)	29 (21.64)	16 (11.94)	15 (11.19)	24 (17.91)	134

S.D.= Strongly Disagree, D = Disagree, U= Uncertain, A = Agree
S.A. : Strongly agree

Source: Primary Data

Table 6 indicates that there are number of components which act as obstacle in the contribution of health insurance. All these barriers were taken in the form of variables and respondents were asked to give their opinion on five point likert scale ranging from ‘strongly agree to strongly disagree’ where 5 represented strongly agree, 4 represented agree, 3 represented uncertain, 2 represented disagree and 1 represented strongly disagree. The research exhibited extremely considerable barrier in the subscription of health insurance is lack of reliability and comprehensive coverage 65% and another dominant affecting element is preferred other mode to investment followed by friends and relatives is 53.73%. These are the mostly affecting obstacles in the subscription of health insurance.

6. Scope for Further Research

The additionally research can be carried out at a different location with a population composed of clients with a different

cultural, demographics and social background. In this study I have not included comparison options, so future study can be done on comparing the different choices of customers. Present study reveals that there is low awareness and insurance agents being major catalyst is buying health insurance in Gwalior city. After taking health insurance people feel more relaxed about hospital expenses. To conclude, most of the people were think that government should make an explicit policy where the public can be made to contribute compulsory for health insurance scheme and also best utilization of their health care facilities without any mental pressure.

7. Conclusion

The concept of health insurance is not new, over the last few years its importance and visibility have significantly increased. In this paper people are also getting aware regarding health insurance but this awareness has not yet extended the level of subscription. As the result indicates that just 24.6% are being

encrusted by the health insurance and large chunk of the population is still financing health care expenditure without taken health insurance. The analysis indicates that of willingness of join and pay for health insurance has been made to know whether non health insurance policy holders are ready to buy it or not and the results provided that very few percentage i.e. 12.6% are ready to buy health insurance without any conditions and 19.4% are willing to buy only if certain conditions will fulfill. Remaining is not ready to buy. Ranking of conditions buying are concerned, 1 rank is assigned to “if comprehensive coverage provided with least cost, as its weighted average score is 4.18 is more as compared with all other conditions.

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