

PGDM-IBM, 2016-18

Health Insurance –I

INS-205

Trimester – II, End-Term Examination: December 2016

Time allowed: 2 Hrs 30 Min
Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section A

Q1. What are disease management products? Explain any one of them in details

Q2.a) What are Value added customer services? Explain with examples from health insurance industry of India

b) What are benefits of value added services?

Q3. Explain the role of TPA in settlement of claims in details

Q4. Explain the major regulations wrt the health insurance industry of India

Q5. How can technology help in making the claim settlement process more robust of health insurance industry? Explain with examples

Section B

Q1. Explain the Health Insurance System in India in details

Q2. You are working in a health insurance company in their claims department. You have received claim intimation from the relatives of a health insured for Rs 3, 50,000. The insured had undergone a By Pass surgery of heart and has filed a reimbursement claim with your company.

Explain the procedure to settle this claim.

Q3 a) what are the initiatives taken by the government of India to decrease the out of pocket expenditure of the citizens of India.

b) Explain any two government initiated schemes to reduce the out of pocket expenditure (OOP) in details.

Section C

Insurance is a contract (policy) that helps an individual to reduce the potential financial loss or hardship by getting a reimbursement against losses from an insurance company. According to Lloyds of London "Insurance is the main way for businesses and individuals to reduce the financial impact of a risk occurring"

Insurance is social device which has become a driving pillar of a nation's risk management system. It is broadly categorized into life, health and non-life insurance. Life Insurance provides financial support to a family in case of death of a family member. While purchasing a LI policy, a beneficiary's name called nominee is given who will be entitled to get the benefit specified upon death of the individual purchasing the policy. Health insurance is against the medical expenses incurred by individuals.

General Insurance or non life insurance includes automobiles and homeowners policies. The **insurance sector is a colossal one** and has been growing at a rate of 15-20%. Banking and insurance services together add about 7% to the country's GDP.

Health Insurance

Health Insurance is a medical insurance given by an insurance company, wherein it reimburses the medical expenses incurred for a valid hospitalization. The individual has to pay a certain amount (subject to conditions) once each year, known as premium, to keep the health insurance policy active.

Health insurance in India is considered same as "hospitalization", where the policy covers the hospitalization expenses. The expenses for hospital bed, nursing, surgeon's fees, consultant doctor's fees, cost of blood, operation theatre charges are all covered. Certain diseases which are mentioned in the policy's terms and conditions shall be excluded from coverage or may be covered only after one or two years of the policy issue date.

Health insurance is the most emerging sector in India nowadays due to increasing rates of illness and diseases and high expenses incurred in hospitalization and treatments for these diseases. Various health insurance schemes are existing in the market which is providing benefits from an individual to an entire family also called family floater policies. Health Insurance sector also came up with critical illness covers which covers illness like blindness, deafness, alzheimer's disease, kidney transplant, organ transplant, paralysis etc.

Innovations in Health Insurance:

There are various innovations in Health Insurance sector in India which have taken place in the recent past. Some of them are listed below:

Health Insurance portability: This will allow all existing health insurance policyholders to freely switch their policy to another insurance company, without losing on benefits like the credit earned on pre-existing diseases and no claim bonus etc. Thus, if you are shifting locations, changing jobs, or dissatisfied with your insurer, you can move from your present insurance

policy. Or if you find different or more suitable features in another policy, you may shift from your present insurance policy. However, you need to weigh the pros and cons of the same at your end as well.

Rashtriya Swasthya Bima Yojna: RSBY is a National Health Insurance Programme for the people below poverty line. This scheme provides cashless hospitalization in public as well as private hospitals for the people living below poverty line with a sum assured of Rs. 30,000 by paying Rs.30 as premium.

Hybrid Product: This is a combination product which includes health insurance as well as life insurance cover under one policy only. This was first developed by Sriram Life Insurance and Star Alliance health Insurance in India by the name of Star Shri Individual Care Insurance.

Critical Illness cover: Under this cover of critical illness the insurer (the insurance company) is liable to pay a lump sum amount to the policyholder if he is diagnosed with the critical illnesses listed as follows: blindness, deafness, alzheimer's disease, kidney transplant, organ transplant, paralysis etc.

Upcoming innovations in Health Insurance sector in India:

Critical illness cover for HIV positive patients: Critical illness insurance or critical illness cover is an insurance product, where the insurer is contracted to typically make a lump sum cash payment if the policyholder is diagnosed with one of the critical illnesses listed in the insurance policy. The IRDA has proposed a critical illness cover for HIV patients which were not included earlier.

Collaboration of Aam Aadmi Bima Yojna with RSBY: Aam Aadmi Bima Yojna (AABY) provides for insurance of head of the family or an earning member of the family of rural landless household between the age of 18 to 59 years against natural death as well as accidental death and partial/permanent disability. AABY is now collaborating with RSBY to provide a hybrid cover which will include health care benefits as well as life insurance benefits under one cover only.

Challenges

The Indian insurance industry currently is in a state of instability. After a decade of strong growth, the Indian insurance industry is currently facing severe headwinds owing to:

- Slowing growth
- Rising costs
- Deteriorating distribution structure
- Stalled reforms

For the Non life sector the problem areas include Micro-insurance in non-life widening reach, Improved fraud control mechanisms, Standardization to reduce claims loss, Reducing inefficiencies by revisiting third party administrator (TPA) agreements. On another front, policyholders have very little knowledge about the empanelled hospitals for cashless hospitalization services. Hospital administrators perceive significant burden in terms of effort and expenditure after introduction of TPA.

Another challenge for the industry is tendency of insurance companies to under price their products to gain an edge over competition, which is also allowing the industry to bleed. Artificial pricing leads to artificially excessive competition.

The inadequate development of health related infrastructure in the country is one of the major challenges today for the health insurance sector. The industry is also required to work on the education and awareness levels of the market to resolve the situation partly. Going forward, Indian health insurance sector may evolve into a scenario of an independent regulator for health insurance but that will be a function of the growth of the market and the dynamics it entails.

Q1. List the major stakeholders involved in health insurance industry of India. Explain each of them briefly. [5]

Q2. What are the major challenges being faced by the health insurance industry of India? Explain in details [5]

Q3. Please suggest some innovative solutions to overcome the challenges faced by the health insurance industry of country. [5]