

A Study to Assess the Awareness and Perception of Young Adults Regarding Health Insurance and Factors Controlling Their Policy Enrolment

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Abstract: *The purpose of the present study is to examine the determinants of health insurance coverage for young adults. Results of the present study suggest that socioeconomic factors are most important in determining which young adults have health insurance and which do not. If a person is a young adult and does not have a full-time job, then that person, in all likelihood, will not have health insurance. Although the specific reasons a person does not have health insurance may vary, it is no doubt due to the cost of the insurance and to the belief that health insurance is unnecessary because the person is healthy.*

Keywords: Health-insurance, Young Adults, Third party administrators, Awareness, Perception, Policy holders

1. Introduction

The issues of health insurance coverage and health care costs have been of concern to the public and to the government for decades. It is estimated that the Indian health care industry is now worth of Rs. 96,000 crore and expected to surge by 10,000 crore annually. The share of insurance market in above figure is insignificant. Out of one billion population of India 315 million people are estimated to be insurable and have capacity to spend Rs. 1000 as premium per annum. Many global insurance companies have plans to get into insurance business in India. Market research, detailed planning and effective insurance marketing is likely to assume significant importance¹. The primary reason for these efforts at instituting universal health insurance coverage is the belief that health insurance is a necessity and that lack of insurance may result in prolonged illness, bankruptcy, and even premature death.

Since individual health insurance is relatively expensive, most efforts at health insurance reform typically include some type of risk pooling; such pooling exists in employer-provided health insurance plans. In most employer-provided plans, a new employee is automatically enrolled in the company's health insurance without needing any type of physical examination. In addition, typically all employees pay the same premium, regardless of their health status².

In the individual health insurance market, however, most applicants for insurance must submit to physical examinations and answer lengthy questionnaires regarding their health history. If an individual has a chronic condition or was seriously ill in the past, then, in all likelihood, that person would not be able to obtain insurance. Hence, most proposals for universal health insurance contain some version of risk-pooling, either by the establishment of a government-operated insurance program, such as Medicare, or by creating a quasi-government cooperative that would be able to pool customers and thus lower premiums for those who would not otherwise be able to afford individual health insurance³.

One particular demographic group which is typically discussed in regards to its rate of uninsured is the young adult segment (18-40) of the population. This group has much higher uninsured rates than the general population. Thus, an examination of the determinants of insurance coverage for this age group would be instructive since it would illustrate the factors that keep these relatively healthy persons, persons for whom health insurance should be somewhat inexpensive, from acquiring such insurance.

2. Review of Literature

One of the first studies to examine the determinants of young adult health insurance coverage was in US by Markowitz, Gold, and Rice (1991). Their results suggest that permanent, full-time employment is the strongest predictor of health insurance coverage. In addition, those young adults who have lower incomes, less education, live in rural areas, are unmarried are less likely to be insured.

2.1 Awareness of Health Insurance in India- A Review:

The study conducted by Kumar et al.(2012) shows low level of awareness and willingness to join health insurance schemes and six key factors are barrier in subscription of health insurance. Moreover significant association exist between the gender; age; marital status; education; occupation; income of respondents with their willingness to pay for health insurance. The paper concluded that the determinants of awareness of health insurance were religion, type of the family, education, occupation, annual income, when considered except type of the family; the other determinants had a statistically significant relation. The higher education and higher income had positive relation to the awareness of health insurance⁴.

In a study conducted by Yellaiah, (2012) the determinants of awareness of health insurance in Hyderabad city of Andhra Pradesh were identified. The main objective of the study was to analyze awareness level and determinants of awareness of the health insurance; the main emphasis was on the variables

like the Age, Education, Gender, Occupation, Income, type of the family, and Health expenditure etc⁵.

2.2 Extent of coverage of health insurance in India

According to the recent Human Development report (2004), India ranks 171 out of 175 countries in terms of public spending on health, while in terms of private spending, the country ranks 18. Increasing per capita income in the country is further increasing the skewness of health expenditures. For every 1% increase in state per capita income, per capita public health expenditure has increased by around 0.68% while for every 1% increase in real per capita income the real per capita expenditure on health has gone up by 1.95%⁶.

2.3 Perception of young adults towards enrollment in health insurance

There are several possible reasons why a sizeable proportion of young adults do not have health insurance. First, young adults are typically in low-paying, entry-level positions that do not offer health insurance as a benefit. Second, since young adults have lower incomes than most other age groups, health insurance may be viewed as a prohibitively costly. Finally, most young adults are not concerned about becoming ill and hence view health insurance as being a luxury and thus unnecessary. These and a variety of other factors that may explain the rate of uninsured among this age group will be examined in the present study.

It is also important to note that health insurance is like any other good or service; hence, demand for health insurance should be affected by variables such as price, income, prices of related goods, and preferences. Although the specific reasons a person does not have health insurance may vary, it is no doubt due to the cost of the insurance and to the belief that health insurance is unnecessary because the person is healthy³.

Ages of members of a household are likely to affect the health insurance decision of the members of that household. In the researcher's view, young people are of the belief that they are healthy and do not usually see the wisdom in being risk averse. Out of the 30 households the study interviewed, only a small number of the age group (30-39) that is only 16.7% enrolled in the NTMHIS (North Tongu Mutual Health Insurance Scheme) as against a large number from the age groups of 40-49 (20%) and 50-59(33.0%) who appear to be more risk averse⁷.

3. Methodology

Survey type research was carried out on randomly selected young adults who visited Fortis Escorts Hospital, Amritsar for their treatment or are patients' attendants or close relatives. Research approach adopted in this study included collection of information, opinions from policy holders and non policy holders of Fortis Escorts Hospital, Amritsar through well structured questionnaire.

3.1 Inclusion Criteria

- 1) People sample age between 18 and 40 years.

- 2) Sample visiting Fortis hospital.
- 3) Patient's attendants and close relatives.
- 4) Health insurance Policy holders empanelled with Fortis Escorts Hospital Amritsar.
- 5) Non policy holders.

3.2 Exclusion Criteria

- 1) Policy holder and non policy holder age less than 18 years.
- 2) Policy holder and non policy holder age more than 40 years.
- 3) Policy holder and non policy holder suffering from neurological disorders or mental retardation are totally excluded from the survey.

3.3 Procedure

Those subjects were chosen who either in a condition to fill questionnaire themselves or who had their attendants with them. They were asked to read the questionnaire thoroughly and clearly before marking the options and they were asked to clarify if they had doubt in any question. Questionnaire filling procedure and objective of the study were explained to each subject and their informed consent was taken on questionnaires provided to them individually.

4. Results and Discussion

The present study has been conducted to know about the awareness and perception of young adults visiting Fortis Escorts Hospital, Amritsar in various clinical specialties regarding the health insurance policy and the factors controlling their enrolment. Sample size considered in this study was 200 randomly selected young adults out of which 125 are non policy holders and 75 are policy holders. Among the non policy holders the percentage of male that responded was 52.8 percent (66) as compared to women whose percentage was 47.2 percent (59), holding all else constant.

Non Policy Holders

Regarding the uninsured people of all age groups under the study, the results suggested that 32% respondent belonged to age group 25-30 years and 35.2% had no income as shown in figure 1 and 2.

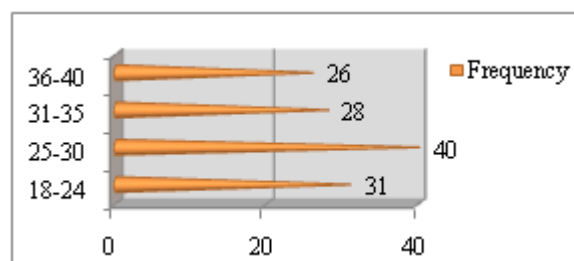


Figure 1: Age distribution

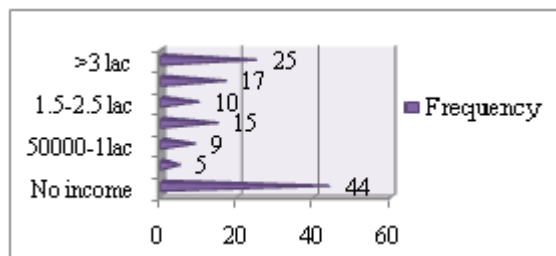


Figure 2: Income Levels

63.2% of the uninsured people considered health insurance policy to be beneficial as shown in figure 3.

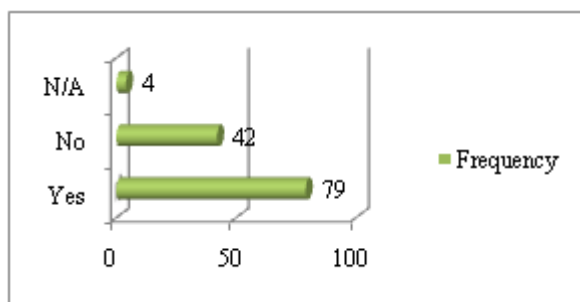


Figure 3: Is health insurance beneficial

48% respondents said that they do not want to enrol in health insurance policy and 52% respondents said that they would like to enrol in for health insurance in near future while. The reasons quoted by both are given in table 1 and 2 respectively.

Table 1: Reasons for not enrolling into health insurance policy

Reason For Not enrolling	Frequency	Percent
Hidden Clauses	13	10.4
Unemployed	3	2.4

No risk of illness in near future	11	8.8
Inadequate income	10	8
Poor word of mouth	3	2.4
High premium	10	8
Denied claim in the past	2	1.6
Denied health insurance due to existing illness	0	0
Hidden clauses/Poor word of mouth	4	3.2
Hidden clauses/High premium	3	2.4
Unemployed/ No risk of illness in near future	1	.8
Inadequate income/Poor word of mouth	2	1.6
Inadequate income/High premium	1	.8
High premium/Denied claim in past	4	3.2
N/A	58	46.4
Total	125	100

Table 2: Reason for enrollment

Reason for enrolling	Frequency	Percent
Tax planning measure	0	0
Travelling abroad	4	3.2
Employer's contribution	2	1.6
Existing illness	2	1.6
Advertisement	1	.8
Risk coverage against future illness	60	48
Tax planning/Travelling Abroad	1	.8
Existing illness/Risk coverage	1	.8
N/A	54	43.2
Total	125	100

Policy Holders

48% of the insured people were found in the age group 36-40 years where 36% subjects were graduates and 32% subjects belonged to employed category as shown in figure 4, 5 and 6.

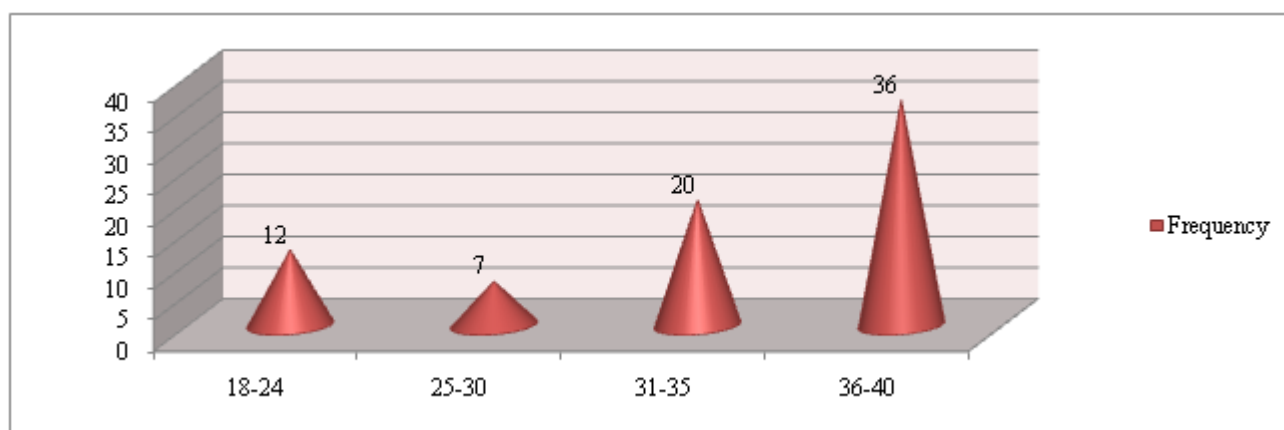


Figure 4: Age distribution among policy holders

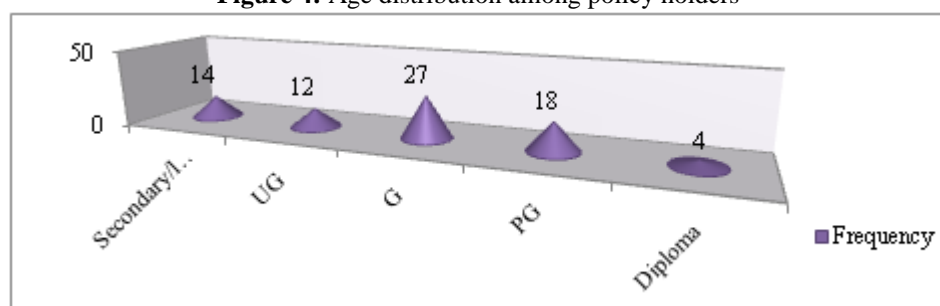


Figure 5: Education levels among policy holders

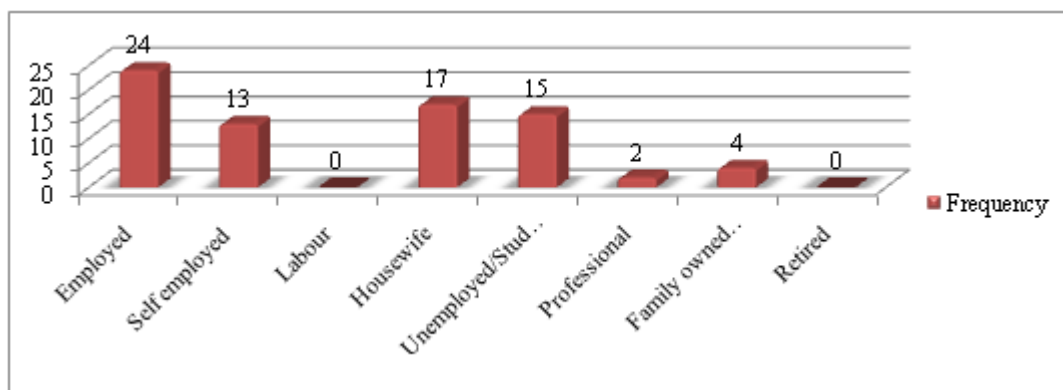


Figure 6: Occupation of the policy holders

57.3% subjects were full time job holders and 94.7% insured subjects consider health insurance to be beneficial as shown in figure7.

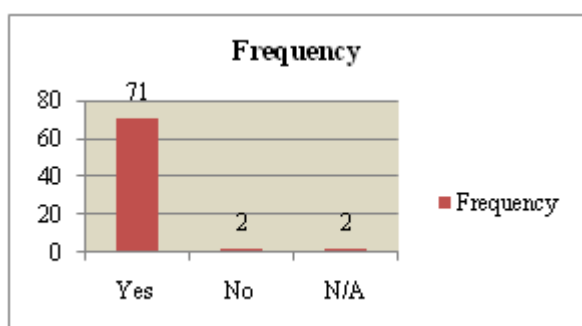


Figure 7: Is health insurance beneficial

Various reasons quoted for enrollment by the policy holders are stated in table 3. 49.3% of the policy holders knew about the existence of TPA's as shown in fig.8.

Table 3: The reasons quoted for enrollment into the health insurance policy

Reason for enrolling	Frequency	Percent
Tax planning measure	6	8
Travelling abroad	7	9.3
Employer's contribution	10	13.3
Existing illness	2	2.7
Advertisement	0	0
Risk coverage	50	66.7
Total	75	100

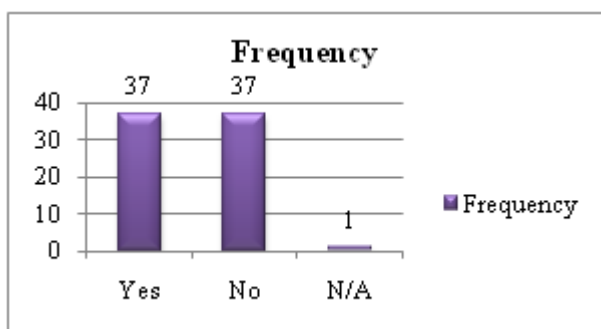


Figure 8: Knowledge about existence of TPA's

5. Conclusion

The present study differs from the prior research in several ways. First, an individual-level analysis of health insurance

was employed. Secondly, only young adults were examined; this is an interesting age group to study since most individuals in this group are healthy and thus should have little to no difficulty in obtaining health insurance, and yet this group has some of the highest uninsured rates of any age group. The compelling question then is "why does this age group have such high uninsured rates?" The present study has attempted to answer that question.

The results of the study suggested that socioeconomic factors are most important in determining which young adults have health insurance and which do not. If a person is a young male, who does not have a full-time job, then that person, in all likelihood, is found not to have health insurance. Although the specific reasons a person does not have health insurance may vary, it is no doubt due to the cost of the insurance and to the belief that health insurance is unnecessary because the person is healthy. Respondents of such age group were seen to be insured only if they have enrolled in corporate sector where there is compulsory group health insurance policies or tax saving strategy.

In order to develop an empirical model of health insurance coverage, it is important to identify those factors that affect the individual-level demand for health insurance by young adults. There are several possible reasons why a sizeable proportion of young adults do not have health insurance. First, young adults are typically in low-paid, entry-level positions that do not offer health insurance as a benefit. Second, since young adults have lower incomes than most other age groups, health insurance may be viewed as a prohibitively costly. Finally, most young adults are not concerned about becoming ill and hence view health insurance as being a luxury and thus unnecessary. These and a variety of other factors that may explain the rate of uninsured among this age group has been examined in the present study.

It is also important to note that health insurance is like any other good or service; hence, demand for health insurance is observed to be affected by various variables such as price, income, prices of related goods, and preferences such as no risk of illness in near future, unemployment, poor word of mouth from family and friends, denied health insurance due to pre-existing condition etc.

However, for young adults between the ages of 18 and 40 who purchase their own health insurance, results of the

present study indicate that those individuals who believe that they are healthy are more likely to have health insurance. This, no doubt, is due to the fact that healthy individuals have much less difficulty in obtaining individual as well as group health insurance and pay much less for it than unhealthy young adults.

6. Future Scope

The present study was based on questions which were of prime interest to a policy holder in simplest language understood. The feedback on a wider sample was taken personally and it clearly depicted the point of view of common people and not with the administrative level.

The study of awareness of young adults regarding health insurance and the socioeconomic factors controlling their policy enrollment is still in its nascent level of research. Lots of research issues can be undertaken as to assess the areas of weakness in service delivery by TPAs. A larger sample can improve the feedback both qualitatively and quantitatively. Moreover this study was based on a single super specialty hospital in one region. The results can be compared to the feedback from other regional hospitals and also with patients visiting government hospitals.

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