

A Comparative Study of ESIC Health Insurance with Ayushman Bharat scheme and Health Insurance Policies

Banerjee Joydeep Dilipkumar¹ and Dr. Geeta Tomar²

¹ -Research Scholar, Mansarovar Global University- Sehore (MP), India.

² - Research Guide, Mansarovar Global University- Sehore (MP), India.

Abstract

Medical facilities in India are developing at fast pace and today we have one of the best medical facility in South East Asia. Super specialized medical care is now available even in non metro cities as a result of increase in public and private investment in healthcare sector. However, the cost of medical facilities is also rising year on year. Medical Inflation is higher than inflation in food and other articles. Treatment cost and post treatment care cost can be between somehow manageable to massive in private hospitals. The above reasons have contributed towards need for financial security to meet with any health emergencies. All these factors have added to the growth of health insurance companies in India. Today India boost about 28 health insurance companies that offer various health insurance plans. ESIC provides health care services for the workers of organized sectors in India. Ayushman Bharat scheme was launched by Government of India to provide Universal Health Coverage (UHC). The scheme tries to undertake path breaking initiative to address the healthcare system (covering prevention, promotion and ambulatory care) at the primary, secondary and tertiary level. The purpose of this study is to compare services provided by Health Insurance Companies, ESIC and Ayushman Bharat scheme.

KEY WORDS: Employee State Insurance (ESIC), Health Insurance, Employees medical benefit, Ayushman Bharat, Healthcare

Introduction

Public health is very crucial as it focuses towards health challenges which affect the well-being of citizens of any country. Public health system aims to address populations’ health requirements and challenges, especially of those people who are at risk and left out. A public health intervention includes immunization, sanitation, outbreak response, etc. Public health has an indirect and major impact on the economic and social development of the country. Therefore an improvement in health of people will also improve

their overall well-being. Further, improvements in public health can increase productivity, reduce workforce absenteeism, boost human capital, saves money and stimulate innovations and initiatives of any kind which is good for the nation.

As per World Bank report India’s total expenditure on healthcare in 2021 was 3.28 % of GDP. Which when compared to China, European Union, Malaysia where in 2021 total expenditure on healthcare in 2021 as a percentage of GDP was higher than India.

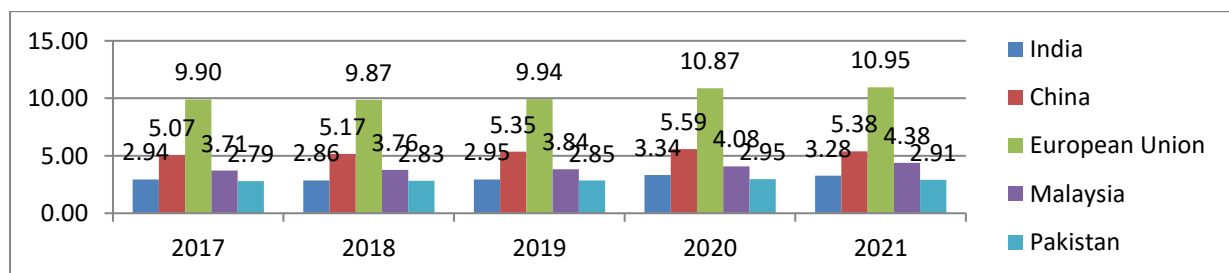


Figure 1: Source – World Health Organization report

Above graph shows health expenditure as a percentage of GDP from 2017 to 2021.

Point to be kept in mind is year on year there is also positive growth in GDP of India, therefore absolute figures would show health expenses higher over previous years.

Review of Literature

Jain, et al (2021) in their paper have studied health insurance scene of select countries like the USA, China, and Canada. They found that the public sector should ramp up its expenditure for primary health and public health. They have also pointed that private sector is required to play a larger role. ON the other hand they found that Employee State Insurance Scheme is able to give suitable institutional support to provide insurance to the sections who are unable to get access to private sector healthcare. They recommended that the scheme can be tried to expand to those who are not covered.

Garg and Singh (2019) has studied life insurance and health insurance policies of insurance companies and also studied benefits provide by ESI. They are of opinion that ESI is a good health insurance cover offered by employer to their employees at a very affordable premium. Those covered under ESI can benefit for healthcare treatments in ESI hospitals or hospitals which are empanelled under tie-up and located all over India. They suggested that such scheme should be service personnel, abnormal delays in reimbursement when there is out-of-pocket expense due to treatment taken from outside, lack of prompt support from employers and lack of awareness about ESI procedures.

Methodology

Our method for collecting data has been from secondary sources like government reports, media reports and other published information. The objective was to gain insights into scope of services provided under ESIC, private insurance companies and Ayushman Bharat scheme. To validate our findings we have also gathered expert opinions and findings of research papers resources from secondary data.

also extended to workers of unorganized sector. They also mentioned that the services of insurance companies are by far better than ESIC. But there are areas of improvements long procedural delays, if employee avails leave for treatment it may result into problem of salary cutting, etc.

Verma Ramesh Kumar, (2013) has studied patient's satisfaction about Service Quality under ESI Scheme at hospitals. They have tried to throw light on quality of individual attention towards patients and caring attitude towards them. The quality of service was considered from cleanliness and hygiene of facility, application of clean instruments and internal procedures followed at the hospital which must be easily to understandable by any patient. Service quality factors under ESI Scheme which can impact patient satisfaction level are availability of doctors, quality of medicines, basic test facilities like laboratory, radiology, etc., hygiene and cleanliness in ESI health care facilities.

Dash and Muraleedharan (2011) in there study using primary data collected from households understand the utilisation pattern check extent of support that ESI Scheme provides to protect the beneficiaries from the mammoth health expenditure. Their findings show that utilisation level overall is very low and there are many reasons for same like the supposedly low quality drugs, there is always long waiting periods, rudeness of

ESIC, Ayushman Bharat and Health Insurance Schemes

ESIC

To give social security for workers post independence and support rapid industrialization the Employees State Insurance Act, 1948 was passed by the Government of India. To boost industrial revolution manufacturing industries started to employ huge workforces to augment manufacturing processes. This legislation's was to make available a security system to workers, particularly at the time of health-related eventualities.

The ESI Act 1948 provide medical assistance and related essential benefits to those working in non-seasonal factories, business organizations like

hotels, transport, cinemas, printing press, education institutes or medical institutions, shops where there are minimum 10 or more employees. Scheme covers workers, employees and their dependants also. The scheme is only for those workers and employees whose monthly wages are only up to Rs. 21,000.

Main benefits under ESIC are:

Sickness Benefit: In case if an Employee cannot attend work due to sickness of any kind of injury then employee is eligible to be paid during that period for maximum 91 days in a year. Under this benefit wages are paid up to 90% of average daily wages.

Disablement Benefit: If due to an accident employee has become disabled and is therefore unable to attend work, then for a maximum period of 2 years disablement benefit is provided. Under this benefit wages are paid up to 90% of average daily wages.

Maternity Benefit: For a maximum period of 26 weeks female employees are provided maternity benefit during and after pregnancy. Extendable by an additional month on doctor’s advice. Under this benefit wages are paid up to 100% of average daily wages.

Apart from these there are many benefits unemployment benefit, confinement expenses,

vocational training, physical rehabilitation, skill up gradation training and funeral expenses.

.Ayushman Bharat

Ayushman Bharat¹ program was launched in 2018. This is one of the most high impact health missions which has ever been implemented to expand universal health coverage. In order to meet Sustainable Development Goals (SDGs) the scheme was conceptualized. There is one clear goal i.e. "leave no one behind."

The aim of the program is to provide necessary health services all over the country, through

1. Ayushman Bharat Health and Wellness Centres (HWCs) •
2. Pradhan Mantri Jan Arogya Yojana (PM-JAY)

Ayushman Bharat Health and Wellness Centres:

In order to provide comprehensive range of services, with a mix of prevention, promote, cure, rehabilitate and provide soothing care for all ages the program was designed and launched. These centres bring a wide-ranging health services like maternal care and child health, address transmissible and non communicable diseases and emergency medical care as well. Medicines and diagnosis, tele-consultation, and also promotion of wellness activities like yoga are under the scope of services. As on

(in 1,000s)

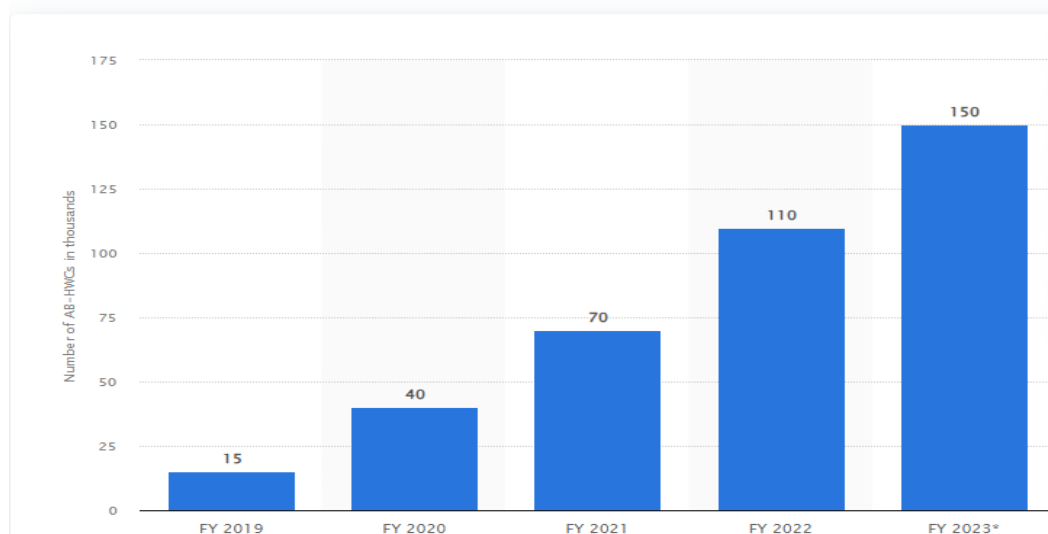


Figure 2: Source – Statista report

As per Statista as of December 2022, across India there were about 150 thousand operational Ayushman Bharat Health and Wellness Centers (AB-HWCs).

Till 28 April 2022, screening for hypertension have been done for more than 19 crore patients and for diabetes 15.73 crore screenings were done. At the same time, these 10.33 crore people were examined for oral cancer, and more than 3.41 crore women were examined for cervical cancer and more than 5.06 crore were examined for breast cancer in AB-HWCs all over India.

Pradhan Mantri Jan Arogya Yojana (PM-JAY)

This is the second module under Ayushman Bharat. It is the largest health insurance scheme in the world which is totally financed by the government. It will provide financial shield to poor, disadvantaged rural families and listed urban occupational categories workers and their families. Under the scheme, a cover of Rs. 500,000 for a family annually is provided. Scheme covers medical and hospitalization costs for most of secondary care and tertiary care. Costs of treatment, including drugs, consumables, diagnosis, physician's fees, room rent, all kind of charges like OT charges, etc.

As of June 2024, more than 34.7 crore Ayushman cards have been issued all over India. Total number of hospital admissions under the scheme was recorded as 7.37 crore all over India.

Health Insurance Companies

In 1993-94 LIC of India which was the only public sector life insurance company introduced for the first time benefit based cover. Under this sum assured was given to customers on detection of some specific critical illnesses.

After liberalization, MNCs were allowed to invest in various sectors, insurance was one such sector. Few international health insurance companies opened up their operation in India. Today there are 34 insurance companies which are offering health insurance. Health insurance comes under non-life insurance business. There has been a steady growth in premium collection however still more penetration is required.

Group Mediclaim: Group Mediclaim insurance is target specifically towards employers who want to provide health insurance plan to their employees and immediate family members. It is a type of health insurance scheme that can be taken to cover a employees group with minimum 50 members. These plans are allowed to be used to provide cover for other types of group eg. associations, corporate bodies, institutions, etc.. These plans provide financial cover to members against expenses incurred for injuries, illnesses any other medical conditions. The coverage can also be extended for the dependents.

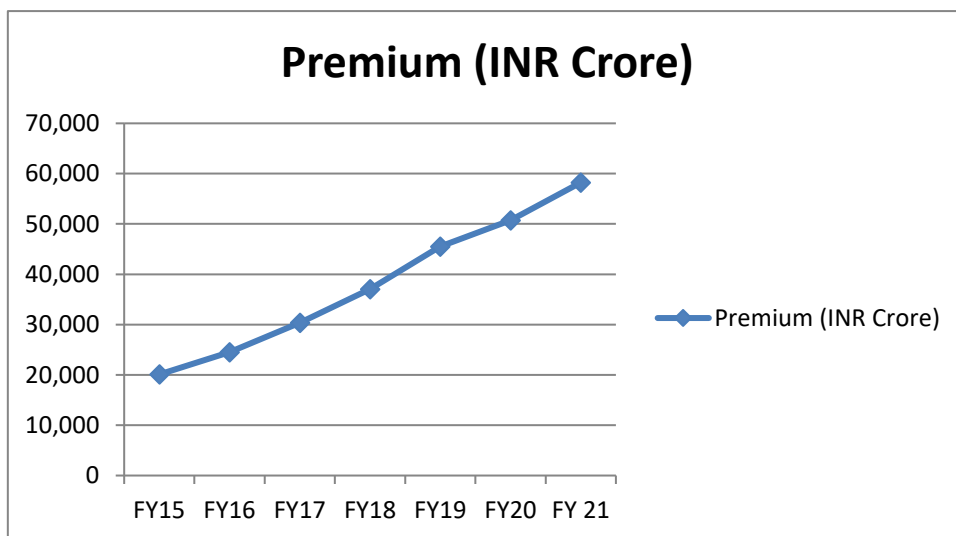


Figure 3: Source ARDAI data

Gross Premium Collection of Health Insurance in INR Cr

Conclusion

Only 9% of the total population of 135 Cr is insured through private health sector insurance.

A massive 61% population is covered under Central and state government schemes and other

social health schemes.

So it is evident that 70% of Indian population is covered under some kind of, while 30% population of around 41 Cr have no health benefits. Niti Aayog has mentioned this as a "Missing Middle."

Number of individuals and families eligible or covered, by health insurance scheme type

Insurance Scheme	Individuals Eligible or Covered (cr.)	Percentage of Population Eligible	Families Eligible or Covered (cr.)
Government Subsidized Schemes	69	51%	15.3
AB-PMJAY (w/o State Extension Schemes)	49	36%	10.9
AB-PMJAY State Extension Schemes	20	15%	4.4
Social Health Insurance Schemes	14	10%	3.6
Employees' State Insurance Scheme (ESIS)	13.6	10%	3.5
Central Government Health Scheme	0.4	0.3%	0.13
Private Voluntary Health Insurance (PVHI)	11.5	9%	2.6
Total Eligible or Covered (assuming no overlap)	94.5	70%	21.5
Total Population / Families	135		30
Uncovered Population / Families	40.5	30%	8.5

Figure 4: Source ARDAI data

The above statistics tells us the picture about percentage of Indian population protected under any kind of healthcare cover.

One of the primary reason for this is decentralized approach towards penetration of health insurance across India. It is still a matter of personal option in India whether to have a health insurance policy only for self or for the entire family. Due such low penetration policy coverage, a larger section of the population ends up paying a major amount of their hard savings on healthcare services because they do not have health insurance cover.

One of the major reason for not all people voluntarily buying health insurance is high cost of premium. Government should think about

extending ESIC type scheme to people of all sectors including small businessmen and people who are working in unorganized sectors or those who are freelancers or entrepreneurs. For such section government may think of keeping only the healthcare cover and remove other benefits like sickness benefits, maternity benefits, etc. At the same time must expand ESIC infrastructure so that additional people who would get added to the scheme could be easily accommodated by dispensaries, hospitals and network hospitals.

Pradhan Mantri Jan Arogya Yojana (PM-JAY) spread and reach should be increased to cover all those who are still not covered under any health cover.

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