

Health Insurance - A Safety NET: An Empirical Investigation Into The Factors Influencing Individuals' Decisions To Forgo The Purchase Of Health Insurance Policies.

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ABSTRACT: Health insurance functions as a vital financial asset that offers peace of mind to individuals and their families in the face of unforeseen health-related events. The possession of multiple health insurance policies is undoubtedly beneficial. In light of the significant expenses associated with healthcare, numerous individuals regard health insurance premiums as excessively high. This viewpoint prevents them from exploring other health plans that might offer financial protection in case of unforeseen medical costs. The results of this survey suggest that a significant number of people are worried about the ease of access to physicians and other healthcare providers, along with the quality of healthcare and the overall health services available. This level of skepticism prevents individuals from safeguarding themselves with health insurance, causing them to relinquish their coverage options. The analysis centers on a range of factors that impact how individuals choose their health insurance providers and the plans they offer.

Key Words: Health insurance, High costs of Health Care, Insurance a financial tool.

1. INTRODUCTION

Health represents our most significant asset, and safeguarding it should be our foremost concern. In the current unpredictable environment, where healthcare costs are escalating, possessing sufficient health insurance coverage has become essential.

A health insurance policy provides financial assistance during medical emergencies. It constitutes a contractual agreement between the policyholder and the insurance provider, covering medical costs associated with illness, injury, or accidents. Policyholders are required to pay regular premiums, and in exchange, the insurance plan encompasses a range of medical services, including hospitalization, surgeries, medications, and preventive care. The primary objective of health insurance is to reduce the financial strain of medical treatments, thereby enhancing access to essential healthcare services and contributing to overall well-being. Health insurance is vital for all individuals, offering financial security against substantial medical expenses. It holds particular significance for those with chronic illnesses, families with dependents, and individuals aiming to reduce the risk of unforeseen healthcare costs.

There exists a variety of health insurance policies tailored to meet specific individual needs. These policies encompass a wide array of medical expenses. The different categories of health insurance policies include

Individual Health Insurance, Family Health Insurance, Senior Citizens Health Insurance, Maternity Health Insurance, Critical Illness Health Insurance, Group Health Insurance, and Top-up Health Insurance. Acquiring a health insurance policy is crucial for protecting financial stability, ensuring access to high-quality healthcare, and allows for potential deductions on premiums paid under Section 80 D of the Income Tax Act. With a health insurance policy in place, individuals can concentrate on their recovery without the additional worry of financial strain. When purchasing a Health Insurance Policy, several key factors the cost of the premium, the claim settlement ratio, the extent of coverage, the list of network hospitals and the terms and conditions of the policy should be considered:

The report published by Business Standards regarding health insurance in India is both alarming and difficult to comprehend. A staggering 73% of the population is without health coverage.

Despite numerous benefits, the resistance offered by the individuals may be due to the prevalent absence of trust, standard of healthcare services, the intricate nature of the claims process and the anxiety regarding undisclosed terms and conditions.

LITERATURE REVIEW

The subsequent literature has been examined to identify and analyze the research gap, and addressing this gap may result in ground breaking research.

Dutta. M. M (2020)The health insurance sector is a key driver of growth within India's general insurance industry, contributing nearly 29% to the total premium income. The progress of this sector is vital for the comprehensive advancement of the general insurance landscape. Nevertheless, it is essential to recognize that various issues within this sector are hindering its overall performance.^[1]

Balakamakshi T Y & Dr R Savithri (2021)The primary objective of this study is to explore the correlation between a family's annual income and the factors influencing their choice of health insurance policy, as well as their commitment to premium payments. Additionally, the study aims to examine the relationship between the premium amount and the sum assured. Health insurance has proven to be transformative, benefiting the insurance sector, the medical community, and the general public by making peace of mind more accessible. The findings indicate that while there is a general awareness of health insurance among the populace, there remains a reluctance to purchase such coverage. Health insurance is moving from just an idea to a real-world service. It's wise to see health insurance as a way to prepare for unexpected costs in the future. Yet, the low number of people getting health insurance is due to not knowing enough about it. It's crucial to use good plans to improve how people understand health insurance, which can offer a lot of comfort.^[2]

Datta, S., &Bagli, S. (2024)The function of health insurance in promoting Universal Health Coverage is to facilitate access to healthcare services and mitigate the potential financial burden of unforeseen medical expenses. Socio-economic and demographic factors such as household income, educational attainment, gender, religious affiliation, and geographic location play a crucial role in influencing the utilization of healthcare services. The study finds that individuals from lower socioeconomic backgrounds tend to have a lower likelihood of being hospitalized. Females, particularly during their reproductive years, are more inclined to utilize healthcare services compared to their male counterparts. The implementation of health policies at the state level, along with health insurance programs, significantly influences both participation in health insurance and the utilization of healthcare services.^[3]

STATEMENT OF THE PROBLEM

The shift towards modern lifestyles, coupled with unhealthy eating habits, insufficient physical activity,

extended and irregular working hours, and a lack of sleep, has contributed to the rise of lifestyle diseases and increased the demand for high-quality healthcare services. As the cost of healthcare services continues to soar, the importance of health insurance is becoming more evident among the educated population. In India, over 80% of healthcare expenses are borne out of pocket. A lack of awareness and foresight has resulted in a decline in the uptake of health insurance among the general public. It is crucial to identify the barriers preventing people from subscribing to health insurance and to examine the impact of factors such as education level, income, and other variables associated with the decision not to purchase health insurance.

OBJECTIVES OF THE STUDY:

1. To examine the landscape of health insurance in India.
2. To assess the degree of awareness regarding the factors that affect individuals' choices in selecting an appropriate Health Insurance Company.
3. To evaluate the extent of understanding of the factors that impact individuals' decisions when choosing a suitable Health Insurance Plan.

RESEARCH METHODOLOGY

This study uses a research approach to examine and explain how people perceive the factors that affect their decision to choose a health insurance company and plan.

DATA COLLECTION

The study sample was obtained from Chengalpattu District and Chennai District. A total of 155 respondents were selected for participation in the study using a random sampling technique. Data collection was conducted through questionnaires, which serve as an effective means for gathering primary data, while secondary data was acquired from various websites, previous research papers, and academic journals. The research methodology included the formulation of a hypothesis, the development of a hypothesis plan, the analysis of the sample data, and the interpretation of results to derive conclusions about the general population.

STATISTICAL ANALYSIS

The hypotheses presented below have been formulated following an analysis of the various dependent and independent variables used in the study. A significance level of 5% was established to determine whether to reject or accept the null hypothesis. Both descriptive and inferential statistics have been used to analyze the data and draw conclusions regarding the sample and the general population.

Reliability Analysis

Cronbach's Alpha value for 6 scale items (Reputation, Network Hospitals, Customer Reviews and Testimonials, Claims settlement Ratio, Claim based loading, Claims processing procedures) influencing selection of the Health Insurance Provider was found to be 0.772 which indicated high reliability and consistency. Similarly for the 9 scale items (Inclusions and exclusions, Policy premium and Sum insured, Day care procedures, Room rent limits, Add on covers, out of pocket expenses, maximum number of claims in a year, coverage for preventive health check-ups,) influencing the choice of Health Insurance plan was found to be 0.826 indicating very high reliability and consistency.

Descriptive Analysis

- ❖ Most used source of funds for meeting Medical Expenditure was from their own savings.
- ❖ Most of the Individuals obtain information for the health coverage through Internet.
- ❖ Neatly 51% spend more than Rs. 1000 per month on an average for their medical expenses.
- ❖ Majority 69% of the family members have dependents more than 2 members.

The study finds that claims processing procedures, claims settlement ratio and customer reviews are the key

factors in the selection of the insurance provider and day care procedures, room rent limits, pre and post hospitalisation coverage and premium amount in relation to sum insured are the factors which determines the choice of selection of health insurance plan.

Inferential Analysis

❖ Test statistics revealed the following results at 5% level of significance

- There is no significant difference in means of Gender, Marital Status and Age groups with regard to the factors influencing the choice of selection of health insurance provider and the plan.
- There is significant difference in means of Educational Qualification with regard to the factors influencing the choice of selection of health insurance provider and the plan.

Limitations of the study:

Time Constraints

Restricted availability of data

Researcher Subjective perspectives

Nature of statistical analysis

CONCLUSION

In recent times, younger generations are increasingly grappling with health complications as a consequence of shifts in lifestyle choices. Health Insurance plans not only serves as a financial safeguard but also provide reassurance. Acquiring a health insurance plan promptly can significantly protect one's family from the escalating costs of medical treatment. Health insurance should be viewed not merely as a safety net but as a strategic financial investment in overall well-being. In summary, health insurance is essential for protecting both your health and financial stability. By taking into account the key factors outlined above prior to purchasing health insurance, you can ensure that you choose a policy that aligns with your healthcare requirements and financial situation. It is important to recognize that investing in health insurance is an investment in your future health and tranquility. Take the necessary time to compare various policies, familiarize yourself with their terms and conditions, and select the one that provides the optimal balance of coverage, benefits, and affordability. Engage in proactive measures and stay informed about the health insurance claims process to minimize stress. With appropriate health insurance coverage, you can confront any medical challenges with assurance, knowing that both your health and finances are secure.

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