



Analysis of the Customers Perceptions with respect to Health Insurance in Ahmedabad City

Dr. Rajesh P Ganatra

Assistant Professor

Sabarmati Arts and Commerce College, Ahmedabad – 5

Abstract Health Insurance is expected to play a critical role in ensuring healthcare access to people in India. The level of penetration of Health Insurance in India has been on a steady rise; however, it is clear that there is still a long way to go from single digit access figures to meeting global penetration levels. In the current scenario, medical expenses cannot be afforded by everyone and in addition are still going sky high in a rapid force. In short, one can say it's already gone out of the reach of common people's budget. Health insurance saves money and covers unexpected calamities. It provides cover for hospitalization expenses, pre and post hospitalization expenses, day care procedures, etc. In this context researcher aims to examine the perceptions of the customers who have availed the facility of health insurance with respect to common motives of availing health insurance and the impediments associated with it. Further the perceptions are analysed in the context of the demographics of the customers and the researcher tries to identify whether there is any difference in the perceptions of customers who have purchased health insurance across Ahmedabad City relative to their age, income, education and occupation.

Key Words: Ahmedabad City, Demographics, Health Insurance, Perceptions.

Introduction

Health Insurance industry in India is one of the fastest growing segments. Households without health insurance are increasingly exposed to financial shocks. Research in rural areas of India proves that 40% of the households have been seriously affected by sickness over a period of 20 years. Not only illness is considered high-risk, death and the loss of an income-earner is also ranked high. When a breadwinner gets sick for a long time, out-of-pocket expenditure increases due to the high medical costs. A lot of pressure is put on the partner with caring for the sick and children, and earning an income to pay for the increased medical costs (also referred to as indirect costs). Health insurance is expected to result in lower (catastrophic) out-of-pocket health care expenditure and increased financial security. Out-of-pocket expenditure on health care comprises of costs for transport, co-payments for outpatient consultation and admission, costs for lab tests, medicines, consultation, operation and ward charges. Severity of illness, whether or not the illness is chronic, distance from the hospital

largely determine the amount of health care expenditure; and this could result in a catastrophe if it threatens a household's capacity to maintain its subsistence needs. For those households with health insurance, the scheme covers the majority of the expenses, catastrophic spending is protected, and reliance on out-of-pocket health spending becomes lower.

Literature Review

Browne and Kim (1993) identified the factors that lead to the variations in life insurance demand across nations. Important factors found in their study were dependency ratio, national income, social security provided by government, inflation, education level, average life expectancy, price of insurance and religion. The findings that life insurance is positively correlated with national income and negatively correlated with inflationary expectations, suggested that economic development and economic stability greatly increase life insurance consumption. Saibaba et al (2002) 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. Reddy (2005), in this article studied 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. Rajesham and Rajender (2006) also discussed the changing scenario of the Indian insurance sector. They point out the challenges in the present situation as growing India's share in the global insurance market, having qualified, skilled actuaries, dispersion in rural markets, rising personalized policy for clients etc. Frank and Enkawa (2009), in this article found that how economic processes influence customer satisfaction. The study examined the separate impacts of economic growth and economic expectations on perceived value, quality expectations and customer satisfaction. The results had shown a strong correlation between economic expectations and (overall and industry-specific) quality expectations. Selvakumar (2010) suggested that the insurance companies are targeting semi urban areas and rural areas with an aim to differentiate themselves from others. They also suggested that insurance companies are focusing on risk mitigation and protection. Sbarbaro (2010) suggested that the lower income level group is the group that faces the maximum health related issues. Bawa and Ruchita (2011) found that as far as there is lower level of awareness for health insurance. In addition to that people have less willingness to join for health insurance. Panchal Nilay (2013) concluded that respondents' knowledge and confidence about health insurance was good. Further research shown that awareness about the existence of health insurance was fine but liking is average. Most respondents' know about health insurance but some of them don't have any policy because of low awareness or lack of information regarding health insurance. Research concluded that there were clear possibilities for health insurance market in India; there were also possibilities for the public and private

health insurance companies, come of respondents plays a vital role for purchasing health insurance.

Research Methodology

The methodology section outline the plan and method that how the study is conducted. This includes Universe of the study, sample of the study, Data and Sources of Data, study's variables and analytical framework. The details are as follows;

Objectives

Following are the objective of this research study:

1. To examine the perceptions of the customers who have purchased health insurance.
2. To analyse the perceptions of the customers with respect to health insurance relative to their age group.
3. To analyse the perceptions of the customers with respect to health insurance relative to their education.
4. To analyse the perceptions of the customers with respect to health insurance relative to their income level.

Population and Sample

The sampling process has been used for the study. The samples of the population (the customers who have purchased health insurance products have been selected. The non-probability convenience sampling method has been used in the research. The sample size is of 384. The samples include the customers located in Ahmedabad city who have purchased health insurance products. Data have been collected from the customers as per the availability of them at the time of research.

Data and Sources of Data

For the research work the primary data have been used. The primary data have been collected from the customers who have purchased health insurance products located in Ahmedabad city in Gujarat state. For research purpose relating to the topic for collection of data from respondents the instruments used includes telephone, internet, questionnaire, interview, and mail. Survey and observation methods have been used for data collection in this research work. The topic of the research work is a theoretical topic and there is no need to have experiments.

Theoretical Framework

Following hypotheses is framed for analyzing the objectives of the research study.

H0: There is no significant difference in the perceptions of the customers who have purchased health insurance products relative to their age group / education / income level.

H1: There is significant difference in the perceptions of the customers who have purchased health insurance products relative to their age group / education / income level.

Statistical Tests & Tools

The statistical tools used for this research paper are frequency, percentage, tables, one way anova tests and SPSS software.

Results and Discussion

This section includes demographic detailing of the customers, rating of the perceptions of the customers stating their motives of purchasing the health insurance products, rating of the perceptions of the customers' revealing the impediments for not availing health insurance and hypothesis testing on the basis of one way anova statistics

Demographic Detailing

It states about the gender wise, age wise, education wise and income wise distribution of the respondents surveyed with the help of tables.

Table 1: Gender wise Distribution of Customers

Sr. No.	Gender	No. of Customers	Percentage
1	Male	257	66.9
2	Female	127	33.1
	TOTAL	384	100

Table 2: Age-wise Distribution of Customers

Sr. No.	Age Group (years)	No. of Customers	Percentage
1	18-30	120	31.3
2	31-40	94	24.5
3	41-50	118	30.7
4	51-60	35	9.1
5	Above 60	17	4.4
	TOTAL	384	100

Table 3: Educational Qualification Wise Distribution of Customers

Sr. No.	Education	No. of Customers	Percentage
1	Graduate	209	54.4
2	Post Graduate	90	23.4
3	Professionals	32	8.3
4	Others	53	13.8
	Total	384	100

Table 4: Annual Income Wise Distribution of Customers

Sr. No.	Annual Income	No. of Customers	Percentage
1	Less than Rs. 250000	161	41.9
2	Between Rs 250000-500000	93	24.2
3	Between Rs 500001-1000000	80	20.8
4	Above Rs. 1000000	50	13.0
	TOTAL	384	100

Rating of the perceptions of the customers stating their motives of purchasing the health insurance products

It states the perceptions of the customers as to why they purchase health insurance products. The perceptions are measured on the Likert Scale of Strongly Agree to Strongly Disagree.

Table No. 5: Likert Scale Rating of Customer Perception as to why do they buy health insurance products (in %)

Sr. No	Motives	Likert Scale (1-5)					Total	% of Favourable Responses
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree		
1.	Payment of Hospital Bills	6.5	6	14.8	30.2	42.4	100	72.6
2.	Payment of medical expenses other than of hospital expenses	1.8	10.9	13	34.4	39.8	100	74.2
3.	Pre-hospitalization Expenses	7.3	15.1	19.5	29.4	28.6	100	58.0
4.	Post- hospitalization Expenses	8.3	12.8	25.3	28.4	25.3	100	53.7
5.	Cashless Access	4.4	6	12.2	35.4	41.9	100	77.3
6.	Income Tax Benefit	11.5	8.6	14.3	31.3	34.4	100	65.7
7.	Ambulance Charges	20.6	18	18	25	18.4	100	43.4

Rating of the perceptions of the customers stating their views on impediments while purchasing the health insurance products

It states the perceptions of the customers as to what impediments are observed while they purchase health insurance products. The perceptions are measured on the Likert Scale of Strongly Agree to Strongly Disagree.

Table No. 6: Likert Scale Rating of Customer Perception as to what are the impediments observed while buying health insurance products (in %)

Sr. No	Impediments are seen in providing Health Insurance	Likert Scale (1-5)					Total	% of Favourable Responses
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree		
1	Lack of awareness among the customers	3.9	4.2	22.4	38.3	31.3	100	69.6
2	Difficulty in pricing	1.3	2.3	14.6	42.7	39.1	100	81.8
3	Complex nature of the product	2.1	4.4	24	40.6	28.9	100	69.5
4	New Treatments	5.2	10.4	25	39.6	19.8	100	59.4
5	Changing Life Style	6	8.1	21.6	35.7	28.6	100	64.3
6	Lack of Government Support	2.1	5.2	25	47.4	20.3	100	67.7
7	Medical Inflation	6.5	20.6	29.2	29.2	14.6	100	43.8

Hypothesis testing on basis of one way anova statistics

The below mentioned table no. 7 shows the difference in the perceptions of the customers with respect to health insurance relative to their demographic characteristics.

Table No. 7 Hypothesis testing on basis of one way anova statistics

Sr. No	Variables	Groups	Sum of Squares	D.F	Mean Square	F-test Statistic	Sig Value	Result
1	Age Group & Perceptions	Between Groups	14.202	4	3.551	2.577	0.037	Sig. Value is less than 0.05. Hence H1 is accepted.
		Within Groups	522.212	379	1.378			
		Total	536.414	383				
2	Education & Perceptions	Between Groups	5.968	3	1.989	1.425	0.235	Sig. Value is more than 0.05. Hence H0 is accepted.
		Within Groups	530.446	380	1.396			
		Total	536.414	383				
3	Income level & Perceptions	Between Groups	14.230	4	3.558	3.212	0.013	Sig. Value is less than 0.05. Hence H1 is accepted.
		Within Groups	419.759	379	1.108			
		Total	433.990	383				

Source: Spss Output

Findings

1. On the basis of the survey results it is inferred that major motives for buying the health insurance products were payment of hospital bills, Payment of medical expenses other than of hospital expenses, Cashless Access and income tax benefits.
2. According to the survey results, the customers perceived that Lack of awareness among the customers, Difficulty in pricing, Complex nature of the product and Lack of Government Support act as major impediments for the customers to avail health insurance products.
3. On the basis of the One Way Anova tests, it can be deduced that there is significant difference in the perceptions of the customers who have purchased health insurance products relative to their age group.
4. On the basis of the One Way Anova tests, it can be deduced that there is no significant difference in the perceptions of the customers who have purchased health insurance products relative to their education.

5. On the basis of the One Way Anova tests, it can be deduced that there is significant difference in the perceptions of the customers who have purchased health insurance products relative to their income level.

Suggestions

1. The customers perceive that health insurance is mainly purchased to bear the hospitalization expenses, getting cashless as well as income tax benefits. Thus it can be suggested to the to the insurance companies that that if health insurance products also provides other coverages like costs for transport, co-payments for outpatient consultation and admission, costs for lab tests, costs of medicines than more customers will purchase health insurance products.
2. The customers perceive that Difficulty in pricing, Complex nature of the product and Lack of Government Support act as major impediments. Hence it can be suggested that the health insurance product must be priced considering the low income households. Further the relaxation in price in form of waivers or concessions can be provided by the government to the low income households to ensure more penetration of the health insurance products.
3. From the One Way Anova Tests it is deduced that age and income are the significant demographic variables which can have impact on the decision of the customer whether to buy the health insurance product or not. Thus it can be suggested that insurance companies must consider the age as well as income profile of the customer before marketing the suitable health insurance product to the customers. If they consider this two demographic dimensions as part of their decision making while promoting the health insurance products than they can position their products easily in the market.

Conclusion

Households having health insurance have on average a lower out-of-pocket expenditure on health care and that insurance decreases the likelihood that out-of-pocket expenditure on health care become catastrophic. The risk-coping strategies are borrowing and the sale of assets or valuables to cover the expenses related to health care and health insurance. Households that are not insured and have more difficulty to cover health care expenses are more likely to use these risk-coping strategies. Furthermore, out-of-pocket expenditure can vary a lot for those uninsured and where financial means are low, expenses for health care always occur unexpectedly. Generally, a variation in costs in combination with a large variation in income makes an individual less financially secure. For those insured the variation in costs is lower due to insurance. The costs for health care will only increase and vary in case of chronic illnesses. Costs related to incidental or short-term illnesses are covered by the scheme. Consequently, the only costs are those that remain, the co-payments are fixed, lower for those insured and known by the insured in advance. Predictability of health care costs is larger which should, in theory, make one more secure. Households with health insurance have more assets to draw on, are less vulnerable, better able to cope with shocks and that leads me to expect that households having health insurance feel more financially secure about the future. If the financial protection is increased

and financial barrier is decreased for the low-income segment, they are more likely to make use of health care services in case of illness.

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