

Healthcare voices of Indian households

State governments' health insurance schemes seem to be more popular than those from the centre, finds the ICE 360° survey

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mint ICE 360°
Part 13

The low penetration of health insurance and high health costs expose Indian households, especially those at the bottom of the pyramid, to severe financial shocks according to fresh data from a large-scale nationally representative survey.

The 'Household Survey on India's Citizen Environment & Consumer Economy' (ICE 360° survey) conducted this year shows that 3% of households in the top quintile (richest 20%) faced a health shock that wiped out more than a fifth of their annual income. The comparative figure for the bottom quintile (poorest 20%) was more than double at 6.8%.

The survey shows a similar divide between households living in metros and those living in underdeveloped rural areas. The ICE 360° survey 2016, covering 61,000 households, is among the largest consumer economy surveys in the country. The response period of the survey was April 2015 to March 2016.

The ICE 360° survey shows that 17% households consult a doctor at a public health facility when a family member falls ill while 38% households visit a private health facility; 14% consult an independent medical practitioner.

The preferences of the bottom and top quintile households are roughly similar in this respect but the preferences of households belonging to the top percentile are very different.

Among the top percentile, just 54% use a public health facility while the rest use a private facility or an independent medical practitioner when a family member falls ill.

The survey also shows that just 23% of households in the country are covered under any health insurance scheme. Less than a fifth of the bottom quintile has health insurance cover. The comparative figure is relatively higher for the top quintile at 36%. Among the top percentile, 42% have health insurance schemes.

The penetration of health insurance, especially among the poorer income classes because of public health insurance schemes rather than private health insurance for the so-called 'middle class' policies. Nationally, 10% of insured households reported having purchased private mediclaim policies. In the bottom quintile, only 5% insured households reported purchasing private health insurance. 26% of the insured households in the top percentile have private health insurance cover.

The low penetration of private mediclaim policies in the top quintile is largely because of lack of awareness and lack of affordability, the survey shows.

The fact that many more people are covered under public insurance schemes than under private ones, especially at the bottom of the pyramid, also indicates that affordability could be a key factor limiting the penetration of health insurance products in the country. Health insurance schemes launched by state governments seem to be more popular than those launched by the central government, the survey shows; 68% of insured households reported being covered by state government insurance schemes while 28% reported being covered by central government insurance schemes.

The ICE 360° survey was conducted by the independent not-for-profit organization, People Research on India's Consumer Economy (PRICE), headed by two of India's best-known consumer economy experts, Rama Bijapurkar and Rajesh Shukla. The urban sample of the survey is comparable to that of the National Sample Survey Office (NSSO) consumer expenditure survey conducted in 2011-12. While the NSSO surveyed 101,633 households of which 44,968 (44.2%) were urban households, the ICE 360° survey covered 61,000 households of which 36,000 (59%) are urban households. The rural sample of the ICE 360° survey is less than half of the NSSO sample. Nonetheless, the estimates of each region have been derived by adjusting for those regions.

A notable feature of the ICE 360° survey is that it is representative at the level of economic clusters. Urban India has been divided into four clusters: metros population more than 5 million, boom towns (2.5 to 5 million), niche cities (1 to 2.5 million) and other urban towns less than 1 million. Based on a district development index, rural India has been sub-divided into three different clusters: 'developed rural', 'emerging rural', and 'underdeveloped rural'. The first category includes districts such as Bathinda (Punjab) and Kangra (Himachal Pradesh). The second category includes districts such as Latur (Maharashtra) and Kamrup (Assam) while the last category includes districts such as Balahari (Odisha) and Bastar (Chhattisgarh).

In metros, 3.3% households witnessed a health shock, which wiped out more than a fifth of their annual income. The comparative figure is double in underdeveloped rural India at 6.8%, the survey shows. Overall health insurance coverage is lower in metros compared to other urban clusters, largely because of the low adoption of public health insurance schemes in metros, the survey shows. But the adoption of private mediclaim policies is significantly higher in metros compared to other clusters.

Data from NSSO surveys on healthcare expenditure also show that the penetration of private health insurance is lower among rural and lower income groups.

A recent Brookings Institute research paper based on analysis of NSSO data on health expenditure of Indian households over the past decade by Shamika Ravi, Rahul Ahluwalia, and Scott Briggstad shows that private health insurance is largely limited to the richer urban households while public health insurance is evenly distributed among income classes.

The study suggests that access to public health insurance schemes may not have lowered the health costs of households but has increased the likelihood of hospitalization.

"This could mean that people suffering from ailments are more likely to be treated if they are covered by insurance," the authors of the study wrote.

As an earlier Plain Facts column

by Isha Wadhvani pointed out, the lack of affordable and accessible healthcare facilities in India often cause people to delay or avoid recognizing illnesses, let alone seek treatment for them. If public health insurance schemes are driving people to report their illnesses and to seek treatment for them, that in itself is a significant first step in the battle against ill-health in the country.

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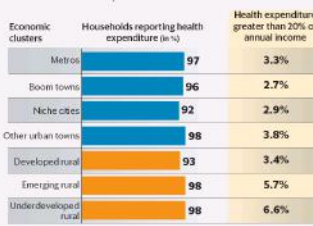
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Disruptive health shocks

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In metros, 3.3% households witnessed a health shock that wiped out more than a fifth of their annual income. The comparative figure is double in underdeveloped rural India.



Public versus private healthcare

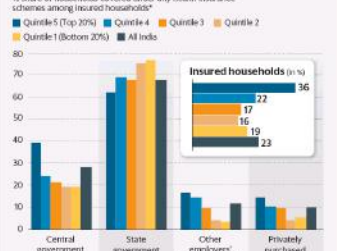
The poor income classes use public health facilities more than the rich



GRAPHIC: SARVESH SHARMA/MINT

Vulnerable nation

Less than a fifth of the bottom quintile have health insurance cover. The comparative figure, at 36%, is relatively higher for the top quintile % share of households covered under any health insurance schemes among insured households.



*Note: Insured households are often covered under multiple health insurance schemes

The proportion of households which have purchased private mediclaim policies is significantly higher in metros compared to other clusters.

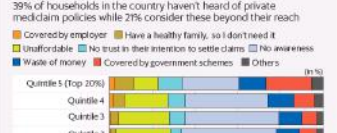
% Share of households covered under any health insurance schemes among insured households*



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39% of households in the country haven't heard of private mediclaim policies while 21% consider these beyond their reach

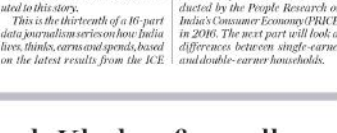
Unaffordable, No trust in their intention to settle claims, No awareness, Unavailable, Have a healthy family, so I don't need it, No one in my family has ever used it, No one in my family has ever used it, No one in my family has ever used it



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Source: ICE 360° Survey, 2016

THE YEAR WHEN THE OLD ORDER BEGAN TO UNRAVEL

CAPITAL ACCOUNT
MANAS CHAKRAVARTY

Read Manas Chakravarty's previous columns at www.mint.com/capitalaccount

2016 may well go down as a watershed year in history. It was the year when contradictions in the global economy were finally forced into the open. It was the year of Donald Trump, the year of Brexit. It was the year when the restless masses in advanced economies, fed up with a stuttering economy on the one hand and strong homilies of the liberal establishment on the other, started a political backlash against globalization and immigration. It was the year when the old order started to unravel.

Since the nineties, with the opening up of the formerly statist economies, globalization has been the mantra that was supposed to deliver growth and prosperity for all. And it did deliver stellar growth to Asia, enabling some countries to join the ranks of the developed nations with a generation and others to substantially reduce poverty. But that vision of the global free market also held down wages in the advanced economies and reduced labour's share of income. At the same time, the rise in immigration ignited racial tensions and led to the revival of nationalism and the rise of the far right.

For a time, these economic and social fissures were papered over by keeping interest rates low and stoking a debt-fueled boom, especially in housing. In peripheral Europe, fiscal deficits were ramped up to pay for social welfare programmes. At bottom, though, a

huge question, hardly smoothed, remained: how could the emerging markets supply skilled and educated labour at a fraction of the wages prevalent in the West, could the high-cost developed nations compete while carrying the burden of the welfare state? And how could these democratic societies deal with the whittling down of social welfare? Those questions, with all the social turmoil that they imply, came out in the open when the financial bubble burst in 2007.

The upshot: nine years after the great financial crisis, the backlash has finally begun. The masses in the developed economies are now raising their voices against what they see as a steady drain of jobs to immigrants and across the border. They are demanding that their companies create jobs at home instead of halfway around the globe. They are fed up waiting for the promised good times. Political and economic nationalism is on the rise. The old liberal elite has been shown the door, the gloves are off and to quote Marx, 'man at last compelled to face with sober senses his real conditions of life, and his relations with his kind'.

Consider that, according to the International Monetary Fund (IMF) database, the per capita income at constant prices of Austria, Belgium, Denmark, France, Greece, Italy, Netherlands, Norway, Portugal, Spain and Sweden were all lower in 2015 than in 2007. For the UK, per capita income constant prices was higher by a mere 0.8% in 2015 compared to 2007. For the US, it was higher by 3.2%. And if the growth of per capita income is so dismal, consider what income growth will be for the working class. A new study on economic inequality in the US by economists Thomas Piketty, Emmanuel Saez and Gabriel Zucman says that from 1980 to 2014, the

share of income received by the bottom half of the population fell from 20% of the total to just 12.5%.

The IMF has continued to mark down its estimates of global growth. And this is the state of affairs after almost limitless monetary stimulus. It's little wonder then that most people are deeply sceptical of the abilities of the old elites to get them out of the mess. Not are emerging markets doing much better. Tepid growth in the advanced economies has cut the wings of the export-oriented growth strategy pursued by Asia's 'flying geese', bringing them crashing down to earth. The slowdown in China has led to lower commodity prices, which in turn has led to slower growth in commodity producers all over the world, from Brazil to Russia, though there are now signs that commodities may finally be turning the corner. Oil producing nations are desperately trying to shore up crude oil prices. Trade growth has faltered. The IMF and the Bank for International Settlements have warned of the rise in debt levels.

As economies flare and fissures within societies grow, charismatic 'strongmen' politicians have positioned themselves as saviours who will rescue them from an effete, corrupt and incompetent establishment. They range all the way from Trump in the US to Modi in India to Duterte in the Philippines to Xi in China to Putin in Russia and Erdogan in Turkey. In a world grown disenchanting with the old ideologies, invertebrate strongmen answer to the only hope. It is another matter altogether if the fond hopes placed on these messiahs will bear fruit.

We have seen a similar movie before, in the last century. The period before the First World War was also a period of globalization, albeit with the US as the leading light. We all know how that staged end. So, as 2016 ends, we are faced with a stagnant world economy, slowing world trade, more protectionism, growing inequality, rising nationalism, increasing policy uncertainty and a motley crew of maverick strongmen steering the ships of states. It's a brave new world.

Manas Chakravarty writes at trends and issues in the financial markets. Comments are welcome at manas.chakravarty@mint.com

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Jagdish Singh Khehar formally named India's 44th chief justice

BY APURVA VISHWANATH
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NEW DELHI

Jagdish Singh Khehar has been named the 44th chief justice of India, according to the *Pres Trust of India*.

As per procedure, President Pranab Mukherjee will issue his warrant of the appointment. Khehar, 61, the first Sikh chief justice of India, will take over from chief justice T.S. Thakur on 4 January and serve until 21 August 2017.

He has been a Supreme Court judge since 2011, before which he was chief justice of the high court of Uttar Pradesh in 2009 and the high court of Karnataka in 2010. He has also served as acting chief justice of the Punjab and Haryana high court twice between 2008-09.

Khehar headed the benches that delivered the verdicts in the cases challenging the National Judicial Appointment Commission (NJAC) Act in 2014 and the constitutional crisis in Arunachal Pradesh in 2015.

In both the cases, the majority rulings went against the Bharatiya Janata Party-led government. Khehar also decided the 2G spectrum allocation case in 2012 which said that the government must not presume that any natural resource can be dissipated as a matter of largesse, charity, donation or endorsement, for private exploitation. He ruled that this can