

## A STUDY ON HEALTH INSURANCE OF HOUSEHOLDS IN VARCA

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### ABSTRACT

Health Insurance is an insurance coverage that pays for the medical and surgical expenses of an insured person. Based on the type of health insurance a person has purchased either the insured person pays the amount to the health-care provider first and then gets it reimbursed from the insurer or the insurer pays the sum directly to the health-care provider. There are various health insurance schemes provided by the public sector as well as the private sector. This study is confined to the households of Varca Village in South Goa and aims at finding out if there exists an association between the age groups below and above 35 in availing a health insurance policy. Econometric tools have been used for the purpose of data analysis.

**Keywords:** health insurance; households; significance; association

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### Introduction

Health insurance means insurance towards hospitalization. It is a policy to refund one's medical expenses due to hospitalization of over 24 hours i.e. mediclaim. Lately the public and private sector insurance companies are trying to provide cashless mediclaim facility in India just as in the developed countries (Patukale 2009). The main idea behind providing a health insurance scheme is to ensure that the increasing health care costs are taken care off during times of emergency or indebtedness which would otherwise cause a



major dent on the household saving. This health insurance basically helps cover up a huge sum of money which the poor and the middle class people would require when they suffer from serious health problems, diseases and other sicknesses ("Annual Report 2009-10", n.d.). Health insurance could be of many types like the individual, family or community based depending on each one's priorities. Today we have got the public as well as the private health insurance companies. As each one has different preferences some people would prefer a public health scheme while there are few who would go for a private health insurance as long as the scheme is befitting them. A major concern here is that, although there is a lot of awareness regarding the health insurance schemes, its coverage is minimum. One reason behind this could be that many of the health insurance companies refuse to pay the claiming insured parties second could be the lack of health care awareness. The existing literature on health insurance emphasizes the increasing health care costs and their drastic impact on the poor and middle class people of the society. The lack of proper health insurance coverage in Goa and the emergence of the various private insurance companies is the main focus. Outpatient care and drug reimbursement must be kept out of the health insurance program while strengthening of the public health institutions and sprucing up medicine procurement and distribution is given importance. In addition, as large part of medicines purchased by the households occurs at the private chemists the need here is to strengthen the drug price control (Arora and Bhokare 2011).

For the purpose of protection of poor people from the health care financial burden, the government announced "Universal Health Insurance Program" in 2003. Under this scheme, with a premium of Rs 365 per year per person, Rs 548 for a family of five and Rs 730 for a family of seven, health care for a assured sum of Rs 30000 was provided. But the program is not a big success because the poor

are not still aware of this scheme and are yet to get the benefit (Ahuja 2005).

Health care is an essential factor and those with diseases definitely will spend money to save their life, even if it results in financial disaster. Hence health insurance has emerged as an alternative financing tool in meeting the health care needs of the people. However this alternative financing has not reached vast sections of the people in India (Shijith and Sekher 2013).

Health insurance is very well established in many countries. But in India it is a new concept for the organized sector employees. Health insurance needed to be given higher priority in India because of the rising cost in health care and financial burden of people to meet health care. One of the most important point is that health insurance per se is just a financing mechanism and does not ensure in any way that health services are delivered efficiently and effectively.

The following are objectives of the study:

- To study the coverage of health insurance in Varca.
- To find out the reasons for availing or not availing of a health insurance policy.
- To inquire about the various health insurance schemes provided by the various health insurance companies in Goa.

## 2. Research Methodology

This is a case study of Varca village and is conducted using a Systematic Random Sample of families in Varca. This study was conducted over a period of six months. A sample of 100 families was obtained using the Systematic Sampling Technique. Personal interviews were conducted with company officials to obtain information regarding various Public and Private health insurance schemes in Goa. Econometric tools have been used for the purpose of data analysis. Although the sample was taken as per the voters list the survey was not restricted only to the individual sampled but it



included the entire household and importance was given to the person who had a health insurance policy who was mainly the heads of the households.

**H<sub>0</sub>:** There is no association between the proportion of households in availing a health insurance with the age groups below and above 35.

### 3. Data Sources

**3.1 Primary Data:** A structured questionnaire was provided to the respondents to find out their preferences for private or public health insurance policy, the premium they have to pay, etc. Personal interviews were also conducted with the company officials to obtain information on the various health insurance schemes.

**3.2 Secondary Data:** Secondary data has been collected through books, research articles and websites.

#### 3.2.1 Public health insurance schemes in Goa

**Goa Mediclaim Scheme:** Covers people whose annual income is less than Rs1.50 lakhs and who are residents of Goa for at least 15 years. Minimum coverage is Rs 50,000 and maximum coverage is Rs 8,00,000.

**Employees State Insurance Scheme:** Covers the worker and his family and those who earn less than 10,000 salary. 1.75% of the worker's salary and 4.75 % of the worker's salary is contributed by the employer.

**Central Government Health Scheme:** Covers the worker and his family.

**State Bank of India (SBI's General Group Health Insurance Policy):** Covers insurer, spouse and 2 children. Minimum coverage of Rs 1,00,000 and maximum coverage of Rs 5,00,000.

**Baroda Health (Mediclaim Insurance Policy):** Covers the insurer, wife/husband and 2 children. Minimum coverage of Rs 50,000 and

maximum coverage of Rs 5,00,000.

**Canara Bank:** Covers insurer, spouse and 2 children+ parents. Minimum coverage of Rs 50,000 and maximum coverage of Rs 10,00,000.

**Corporation Bank:** Covers a family of 6 members. Minimum coverage of Rs 50,000 and maximum coverage of Rs 8,00,00.

**Bank of India (National SwasthyaBima Policy):** Covers insurer, spouse, 2 children. Minimum coverage of 2 lakhs and maximum coverage of 50 lakhs.

**Life Insurance Corporation ( Jeevan Arogya):** It covers insurer, spouse, 2 children, parents and in laws.

#### 3.2.2 Private Health Insurance Schemes in Goa.

**Health Suraksha (HDFC Bank):** Covers insurer, spouse and 2 children. Minimum coverage of Rs 3,00,000 and maximum coverage of Rs 10,00,000.

**Max Bupa Health Insurance ( Max Insurance):** Covers insurer, spouse, 2 children. Minimum coverage of 2 lakhs and maximum coverage of 50 lakhs.

### 4. Data Analysis.

The following data is based on the 31 households out of 100 that have availed of a health insurance policy:

**Table 4.1: Preference for a Health Insurance Company**

Age	Public	Private	Total	Proportion
Below 35	0	11	11	0.355
Above 35	1	19	20	0.6545
Total	1	30	31	
Proportion	0.032	0.968		

Source: Compiled by the author for the purpose of this study



In Table 4.1, the proportion of households who have a public health insurance is 0.032 and those that have a private one is 0.968. The maximum proportion of households that is 0.655 is in the age group of above 35 years. The chi square value for the given table is 0.569. This is not significant at the 0.05 level. This indicates that there is no association between the proportion of households holding private and public health insurance with the age groups below and above 35.

**Table 4.2: Type of health insurance policy**

Age	Individual	Group	Family	Total	Proportion
Below 35	2	1	8	11	0.355
Above 35	2	1	17	20	0.645
Total	4	2	25	31	
Proportion	0.129	0.064	0.806		

**Source:** Compiled by the author for the purpose of this study

In Table 4.2, the proportion of households who have a individual health insurance is 0.129, group is 0.064 and family is 0.806. The maximum proportion of households that is 0.645 is in the age group of above 35 years. The chi square value for the given table is 0.68301. This is not significant at the 0.05 level. This indicates that there is no association between the proportion of households having an individual, group and a family health insurance with the age groups below and above 35.

**Table 4.3: Reasons for Subscription of a Health Insurance Policy**

Age	Existing illness	Coverage against Future illness	Good quality treatment	Total	Proportion
Below 35	0	7	4	11	0.355
Above 35	0	13	7	20	0.645
Total	0	20	11	31	
Proportion	0	0.645	0.355		

**Source:** Compiled by the author for the purpose of this study

In Table 4.3, the proportion of households who have subscribed for a health insurance for coverage against future illness is 0.645 and those that have subscribed for one for good medical treatment is 0.355. The maximum proportion of households that is 0.645 are in the age group of above 35 years. The chi square value for the given table is 0.00569. This is not significant at the 0.05 level. This indicates that there is no association between the proportion of households who have subscribed for a health insurance for coverage against future illness and good quality treatment with the age groups above and below 35.

**Table 4.4: Motivation to go in for a Health Insurance Policy**

Age	Insurance officials	Relatives	Friends	Advertisement	Yourself	Total	Proportion
Below 35	9	1	0	0	0	10	0.33
Above 35	14	0	2	1	3	20	0.666
Total	23	1	2	1	3	30	
Proportion	0.767	0.033	0.066	0.033	0.1		

**Source:** Compiled by the author for the purpose of this study

In Table 4.4, the proportion of households who were motivated to go in for a health insurance by insurance officials is 0.767, by relatives is 0.033, by friends is 0.066, by advertisement is 0.033 and by themselves is 0.1. The maximum proportion of households that is 0.666 is in the age group of above 35 years. The chi square value for the given table 4.452. This is not significant at the 0.05 level. This indicates that there is no association between the proportion of households who are motivated by insurance officials, relatives, friends, advertisement and themselves with the age groups above and below 35.



**Table 4.5: Approach adopted in seeking a Health Insurance Policy**

Age	Insurance agents approached you	You approached insurance agents	Total	Proportion
Below 35	8	2	10	0.33
Above 35	17	3	20	0.666
Total	25	5	30	
Proportion	0.833	0.166		

**Source:** Compiled by the author for the purpose of this study

In Table 4.5, the proportion of households who were approached by insurance officials is 0.833 and those who approached insurance officials is 0.166. The maximum proportion of households that is 0.666 is in the age group of above 35 years. The chi square value for the given table is 0.1219. This is not significant at the 0.05 level. This indicates that there is no association between the proportion of households who were approached by insurance officials and those who approached insurance officials with the age groups above and below 35.

**Table 4.6: Willingness to pay for Additional Services**

Age	Yes	No	Total	Proportion
Below 35	6	4	10	0.33
Above 35	8	12	20	0.666
Total	14	16	30	
Proportion	0.466	0.533		

**Source:** Compiled by the author for the purpose of this study

In Table 4.6, the proportion of households who are willing to pay for additional services is 0.466 and those who are not willing to pay for additional services is 0.533. The maximum proportion of households that is 0.666 is in the age group of above 35 years. The chi square value for the given table is 5.0768. This is not significant at the 0.05

level. This indicates that there is no association between the proportion of households who are willing to pay for additional services and those who are not willing to pay with the age groups above and below 35.

**Table 4.7: Availed of a Health Insurance Policy**

Age	Yes	No	Total	Proportion
Below 35	2	9	11	0.355
Above 35	6	14	20	0.645
Total	8	23	31	
Proportion	0.26	0.742		

**Source:** Compiled by the author for the purpose of this study

In Table 4.7, the proportion of households who have availed for a health insurance is 0.26 and those who have not availed is 0.742. The maximum proportion of households that is 0.645 is in the age group of above 35 years. The chi square value for the given table is 0.5175. This is not significant at the 0.05 level. This indicates that there is no association between the proportion of households who have availed for a health insurance and those who have not availed with the age groups above and below 35.

**Table 4.8: Convenience in Availing a Health Insurance Benefit**

Age	Yes	No	Total	Proportion
Below 35	2	0	2	0.25
Above 35	6	0	6	0.75
Total	8	0	8	
Proportion	1	0		

**Source:** Compiled by the author for the purpose of this study



In Table 4.8, the proportion of households who found it easy to avail a health insurance benefit is 1. None said it was difficult to avail a health insurance benefit. The maximum proportion of households that is 0.75 is in the age group of above 35 years. The chi square value for the given table is 0. This is significant at the 0.05 level. This indicates that there is an association between the proportion of households who found it easy to avail a health insurance benefit and those who found it difficult with the age groups above and below 35.

**Table No: 4.9: Transparency of the healthy insurance companies**

Age	Yes	No	Total	Proportion
Below 35	11	0	11	0.355
Above 35	19	1	20	0.645
Total	30	1	31	
Proportion	0.968	0.032		

**Source:** Compiled by the author for the purpose of this study

In Table 4.9, the proportion of households who said that the insurance companies are transparent about the services they offer is 0.968 and those that said that the insurance companies are not transparent is 0.032. The maximum proportion of households that is 0.645 is in the age group of above 35 years. The chi square value for the given table is 0.4062. This is not significant at the 0.05 level. This indicates that there is no association between the proportion of households who said that the insurance companies are transparent about the services they offer and those that said that the insurance companies are not transparent with the age groups above and below 35.

**Table 4.10: Duration of Paying the Premium**

Age	Yearly	Half Yearly	Monthly	Total	Proportion
Below 35 years	3	7	0	10	0.33
Above 35	12	7	1	20	0.666
Total	15	14	1	30	
Proportion	0.5	0.467	0.033		

**Source:** Compiled by the author for the purpose of this study

In Table 4.10, the proportion of households who pay the premium yearly is 0.5, half yearly is 0.467 and monthly is 0.033. The maximum proportion of households that is 0.666 is in the age group of above 35 years. The chi square value for the given table is 3.4688. This is not significant at the 0.05 level. This indicates that there is no association between the proportion of households who pay the premium yearly, half yearly and monthly with the age groups above and below 35.

**Table 4.11: Premium Amount Paid**

Age	Between 5-10 thousand	Between 10-20 thousand	Above 20,000	Total	Proportion
Below 35	7	2	1	10	0.33
Above 35	9	11	0	20	0.666
Total	16	13	1	30	
Proportion	0.533	0.433	0.033		

**Source:** Compiled by the author for the purpose of this study

In Table 4.11, the proportion of households who pay a premium between Rs 5-10 thousand is 0.533, between Rs 10-20 thousand is 0.433 and above Rs 20 thousand is 0.033. The maximum proportion of households that is 0.666 is in the age group of above 35 years. The chi square value for the given table is 4.6902. This is not significant at the 0.05 level. This indicates that there is no association between the proportion of households who pay a premium between Rs 5-10 thousand, between Rs 10-20 thousand and above Rs 20 thousand with the age groups above and below 35.

**Table 4.12: Who Pays for Health Insurance Policy**

Age	Individual	Employer	Total	Proportion
Below 35	10	1	11	0.35
Above 35	20	0	20	0.65
Total	30	1	31	
Proportion	0.968	0.032		

**Source:** Compiled by the author for the purpose of this study



In Table 4.12, the proportion of households who pay the premium themselves is 0.968 and those whose employer pays their premium is 0.032. The maximum proportion of households that is 0.65 is in the age group of above 35 years. The chi square value for the given table is 1.8754. This is not significant at the 0.05 level. This indicates that there is no association between the proportion of households who pay the premium themselves and those whose employer pays their premium with the age groups above and below 35.

#### Households that have not availed a health insurance policy:

69 out of 100 households have not purchased a health insurance policy. The average income of these households is Rs 3,07,536.231. Most number of people in these households were engaged in occupations such as service and seafarers, others were either retired or housewives.

**Table 4.13: Reasons for not purchasing a health insurance policy**

Type of family	Low salary	Unawareness	Don't feel the need for it	Any other reason	Proportion
Joint	3	4	6	1	0.202
Nuclear	12	13	23	7	0.797
Proportion	0.217	0.246	0.420	0.115	

**Source:** Compiled by the author for the purpose of this study

In Table 4.13, the reasons for not purchasing a health insurance are low income, unawareness, don't feel the need for it etc. The proportion of households who have not availed for a health insurance policy due to low income is 0.217, unawareness is 0.246, don't feel the need for one is 0.420 and other reasons is 0.115. The proportion of households who don't have a health insurance and are a joint family is 0.202 and the proportion of households who have not availed for a health insurance and are a nuclear family is 0.797.

**Table 4.14: Willingness to purchase a health insurance in the future**

Type of family	Yes	No	Proportion
Joint	12	2	0.202
Nuclear	48	7	0.797
Proportion	0.869	0.130	

**Source:** Compiled by the author for the purpose of this study

In Table 4.14, the proportion of households who are willing to purchase a health insurance in the future is 0.869 and the proportion of households who are not willing to purchase a health insurance policy in the future is 0.130. The proportion of households who are willing(12)/not willing(2) to purchase a health insurance policy and are a joint family is 0.202 and the proportion of households who are willing(48)/ not willing(7) to purchase health insurance and are a nuclear family is 0.797.

**Table 4.15: Households who are unaware and don't feel the need for Health Insurance**

	Unawareness	Don't feel the need for it/ Any other reason	Total	Proportion
Yes	15	30	45	0.833
No	2	7	9	0.167
Total	17	37	54	
Proportion	0.315	0.685		

**Source:** Compiled by the author for the purpose of this study

In Table 4.15, the Proportion of households who are unaware and don't feel the need for a health insurance but are willing to purchase one in the future is 0.833. Proportion of households who are unaware and don't feel the need for a health insurance and are not willing to purchase one in the future is 0.167. The proportion of households who are willing to purchase a health insurance is much higher than the proportion of households not willing to purchase one.



## 5. Conclusion

Case study findings reveal that 31 per cent of the population availed of a health insurance policy while 69 per cent have not availed of one. Coverage against future illness and good quality treatment were the reasons of which 31 per cent of the households availed of a health insurance while low salary, unawareness and don't feel the need of a health insurance are the reasons 69 per cent of the households have not availed of a health insurance. The most important reason among these is that the households don't feel the need of a health insurance. It is also seen that there is no association between younger people, that is, below 35 years of age and the older people, that is, above 35 years of age in terms of their disposition towards health insurance. On variables such as kind of health insurance, type of health insurance, reasons for subscription of a health insurance, motivation to go in for a health insurance, approach adopted in seeking a health insurance, willingness to pay for additional services, transparency of the insurance companies, duration of premium, amount of premium paid and who pays for a health insurance there was no significant difference between the age groups of above 35 and below 35. There is an association between the age groups of above 35 and below 35 regarding the ease and convenience in availing of a health insurance benefit. The older respondents, that is, respondents over 35 years of age found health insurance convenient compared to the younger respondents.

## 6. Suggestions

A few suggestions for improving the health insurance coverage of the households are:

- a) Households need to be educated about the benefits and need for a health insurance policy.
- b) The insurance companies should reduce the premium amount so that even a low salaried individual can avail for a health insurance.

- c) It is very important that the insurance companies are transparent enough about the benefits they offer and premiums they charge on various health insurance schemes.

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