

# Role of Government Sponsored Health Insurance Schemes in Public Health Management in Tamil Nadu

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## Abstract

Providing adequate health cover to the citizens becomes an inevitable identity of a welfare state because of which countries all over the world, developed or developing, are eyeing universal health coverage either by providing government sponsored treatments or by government sponsored health insurance schemes or both. In this context, the Government of Tamil Nadu is considered as one of the best performing welfare states in India. In addition to the wide public health delivery system, the Government of Tamil Nadu presently sponsors two insurance schemes namely, Chief Minister's Comprehensive Health Insurance Scheme and New Health Insurance Scheme, 2012 to avail the services of the private sector as well. These two schemes were evolved from three other schemes. The features and performances of these five schemes are described in the present research paper in detail. The paper also provides a host of recommendations and policy measures.

**Keywords:** health insurance, government sponsored health insurance schemes, health care management, Government of Tamil Nadu

**JEL Classification :** G22, H51, I18

**Paper Submission Date :** May 24, 2014 ; **Paper sent back for Revision :** September 10, 2014; **Paper Acceptance Date :** November 20, 2014

Until the end of the last decade, health insurance was generally meant for the rich and even to them, it was mainly a mode of evading income tax. The introduction of Government Sponsored Health Insurance Schemes (GSHISs) changed the whole scenario. In an environment challenged by low public financing for health and the persistent predominance of out-of-pocket spending, particularly by the poor, GSHISs have introduced a new set of arrangements to govern, allocate, and manage the use of public resources for health. In 2010, about 240 million Indians were covered by GSHISs. Accounting for private insurance and other schemes, more than 300 million people (more than 25% of the population) had access to some form of health insurance (Forgia & Nagpal, 2012).

At present, the Tamil Nadu Government sponsors two health insurance schemes, namely New Health Insurance Scheme, 2012 (NHIS, 2012) for the government and semi - government employees and the Chief Minister's Comprehensive Health Insurance Scheme (CMCHIS) for the poor people. The NHIS 2012 actually evolved from the earlier version of the New Health Insurance Scheme, which in turn evolved from the Tamil Nadu Government Employees Health Fund Scheme (TNGEHFS). Similarly, the CMCHIS was preceded by Chief Minister Kalaingar Insurance Scheme for life saving treatments (CMKHIS).

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## Overview of Literature

As the Government Sponsored Health Insurance Schemes are a relatively new phenomena, there are only few studies available in India. A handful of these studies enquired into one or more GSHISs including ESIS, RSBY, Aarogyasri regarding the enrolment and eligibility criteria and their impact on the success of the schemes (Kadam et al., 2009 ; Sun, 2011). Concentrating on the service providing middle role players, a few other studies examined the urban oriented nature of hospital networks and the underutilization of the GSHISs on account of the same (Aggarwal, 2010 ; Kadam et al., 2009). A few more studies brought about the operational challenges in the implementation of the supply side as well as the practical difficulties faced in the demand side and the satisfaction outcome on the part of the beneficiaries of GSHISs (Arora, 2011 ; Johnson & Kumar , 2011 ; Kuruvilla & Liu, 2007 ; Reddy, 2011 ).

Researchers further attempted to document the fraudulent practices detected in RSBY, a leading GSHIS in India (Palacios, 2011). As far as the GSHIS of the state of Tamil Nadu is concerned, a lone study was undertaken to analyze the impact of demographic factors on the awareness about the Chief Minister's Comprehensive Health Insurance Scheme of Tamil Nadu (Sunitha, & Pugazhenth, 2014) . Though all the above mentioned studies are about any one of the GSHISs, a comprehensive study about all the GSHISs was recently undertaken by World Bank which detailed the strengths, weaknesses, and opportunities of almost all the GSHISs prevailing in India (Forgia & Nagpal, 2012). The present study is to document not only the presently prevailing GSHISs as others did, but also discusses briefly all the attempts made by the Government of Tamil Nadu in area.

## Objectives of the Study

- (1) To obtain and publicize the claims data of all the Government Sponsored Health Insurance Schemes.
- (2) To study the claim performances of the NHIS 2012 and to compare it with the earlier schemes - TNGEHFS and NHIS.
- (3) To study the claim performances of the CMCHIS and to compare it with that of the earlier scheme - CMKHIS.
- (4) To suggest suitable recommendations to the government based on the findings of the secondary data analysis as well as on the actual observations.

## Methodology

This research article is mainly based on secondary data. The needed claims data were obtained from the concerned government sources with the help of the Right to Information Act. The claims data were then compared with the help of ratios. The details about the features of the insurance schemes were obtained from the relevant websites of the insurance schemes and of the Tamil Nadu Government. This paper is constructed in five parts, detailing the key features and comparative performances of all the five schemes, which are as follows:

- (1) Tamil Nadu Government Employees' Health Fund Scheme,
- (2) New Health Insurance Scheme,
- (3) New Health Insurance Scheme, 2012,
- (4) Chief Minister Kalaingar Insurance Scheme,
- (5) Chief Minister's Comprehensive Health Insurance Scheme.

**Table 1. Claims Data of Tamil Nadu Government Employees' Health Fund Scheme**

Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
Total Number of Claims in Tamil Nadu	3403	1580	1607	1143	1639
Total Amount of Claims in Tamil Nadu (in ₹)	138976350	61343732	56443711	41167006	64472719
Total Amount Collected from Government Servants (in ₹)	91381716	66098729	74919295	76991381	N.A.

Source: Data obtained in the letter of PIO of Treasuries Dept.dt. 6.11.2013 under RTI Act

**Table 2. Performance Parameters of Tamil Nadu Government Employees' Health Fund Scheme**

Particulars	2007-08	2006-07	2005-06	2004-05	2003-04	Annual Average for the final 4 years
Average Amount Per Claim (₹)	40839	38825	35123	36016	39336	37701
Claim to Contribution Ratio	152%	93%	75%	53%	N.A.	93%

## Analysis and Results

### (1) Tamil Nadu Government Employees' Health Fund Scheme

The Government of Tamil Nadu originally constituted a “Government Employees Health Fund” to provide financial assistance to government employees to meet the expenses for certain advanced surgeries and treatments. Accordingly, the scheme was constituted in a Tamil Nadu Government Order in the year 1992. This was not a health insurance scheme. The government only made the reimbursement for the amounts spent on the treatments taken from specified hospitals for specified diseases. The scheme was basically a self-financing scheme and the sources to meet out the expenditure for assistance are (a) Govt. Contribution ₹ 40,00,000 per annum and, (b) a monthly subscription from the employees at ₹ 10 p.m. from December 1998 onwards. The maximum assistance admissible was ₹ 1,00,000 or 75% of the actual expenditure, whichever was less.

⇒ **Performance Analysis of TNGEHF Scheme :** The Table 1, which shows the claims data of Tamil Nadu Government Employees Health Fund Scheme reveals the key performance figures for the 5 years preceding to the closure of the Scheme (i.e., from 2003-04 to 2007-08). Of the 5 years, the total number of claims were at its high in the final year 2007-08, wherein 3403 claims were considered for reimbursement of the claims to the tune of ₹ 13.9 crores. Paying ₹ 10 per month per employee, the employees' contribution amounted to ₹ 9.14 crores in the same year. The year 2004-05 was the year which made accretion to the health fund on account of lowest amount of claims of ₹ 4.12 crores to just 1143 beneficiaries.

The Table 2 shows the performance parameters of Tamil Nadu Government Employees' Health Fund Scheme. The Table 2 reveals that the overall annual average claim for the last 4 years of the TNGEHFS is ₹ 37701.20. The annual average claim was at its high (i.e., ₹ 40,839) in the year 2007-08 and at its low (i.e., ₹ 35,124) in the year 2005-06. Similarly, the overall annual average claim to contribution ratio was 93%. In other words, the Tamil Nadu government employees received the claims lesser than what they contributed to the fund. While the year 2007-08 benefited the employees with a claim to contribution ratio of 152%, the year 2004-05 benefited the fund with a claim to contribution ratio of just 53%.

### (2) New Health Insurance Scheme (NHIS)

Representations were received from government employees for an extended amount of coverage, hospital network, and list of eligible diseases. With a view to addressing these issues, the government decided to implement a New Health Insurance Scheme, to provide comprehensive health care assistance to the employees with a wider scope of coverage. This New Health Insurance Scheme covered employees of the government

**Table 3. Claims Data of New Health Insurance Scheme**

Particulars	NHIS			
	2008-09	2009-10	2010-11	2011-12
Total Number of Claims in Tamil Nadu	37235	48153	41162	33409
Total Amount of Claims in Tamil Nadu (in crores of ₹)	121.3	126.54	100.95	81.86
Total Amount Collected from Government Servants (in crores of ₹)	23.4	43.52	36.25	56.21
Total Amount of Premium Paid by the Government to Insurance Companies (in crores of ₹)	42.01	79.66	62.22	68.56

Source: Data obtained in the letter of PIO of Treasuries Dept. dt. 6.11.2013 under RTI Act

departments and semi government bodies. The monthly subscription under the New Health Insurance Scheme was ₹ 25. M/S. Star Health and Allied Insurance Company were selected in the competitive bidding and entered into an agreement with the government for implementation of the New Health Insurance Scheme. The annual premium under the scheme was ₹ 495/- per employee plus service tax for a period of 4 years commencing from the date of commencement of the scheme, that is, from June 3, 2008.

⇒ **Implementation Procedure for the New Health Insurance Scheme :** The New Health Insurance Scheme was implemented through the Director of Treasuries and Accounts. Star Health and Allied Insurance Company Ltd. arranged to issue identity cards for the employees. The insurance company was to ensure that such patients who were eligible under the scheme were given treatment in the hospitals notified for the purpose upto the limit of ₹ 2.00 lakhs over a period of 4 years commencing from the date of implementation of the scheme ("New Health Insurance Scheme for employees of government departments, local bodies, public sector undertakings, statutory boards and state government universities – selection of an insurance company for implementation – implementation procedure – orders - issued," 2008).

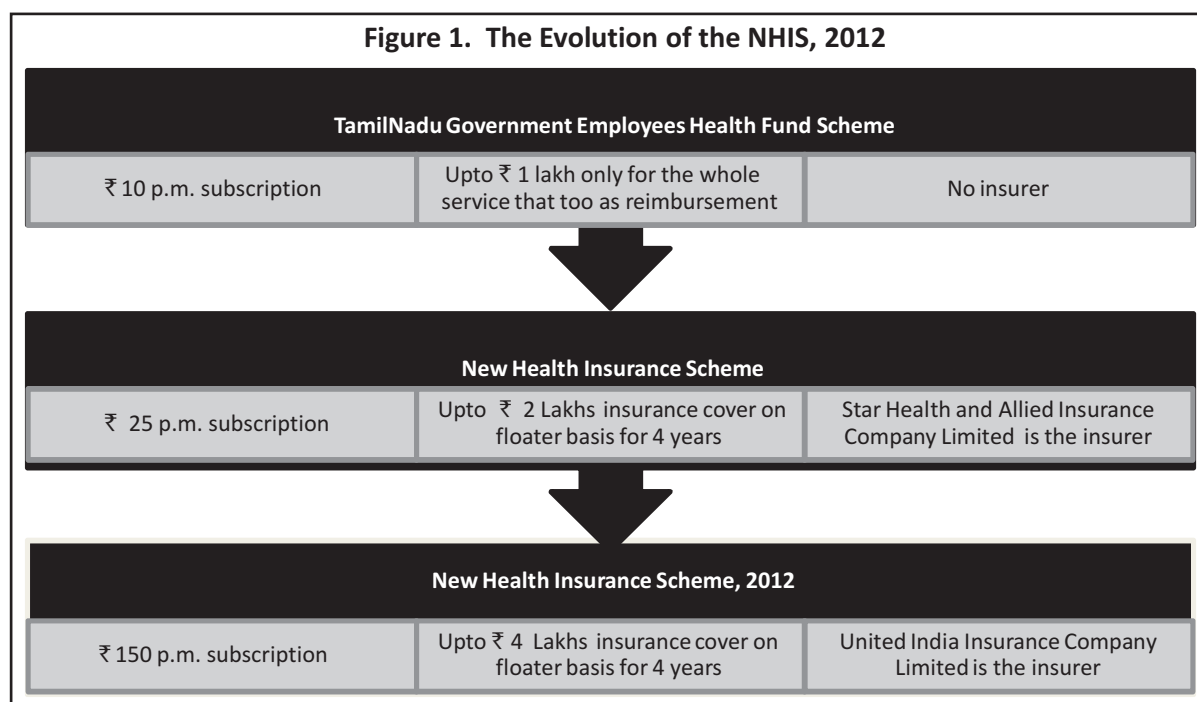
The benefit was on a floater basis, that is, the total coverage upto INR 2 lakhs could be availed of individually or collectively by members of the family during the time period of 4 years from the date of commencement of the scheme with no restriction on the number of times the benefit was availed. The coverage included the cost of medicines, laparoscopic or open surgeries, doctor and attendant fees, room charges, diagnostic charges, and dietary charges availed in the approved hospitals. Transport charges were excluded. The coverage also included pre-existing illnesses, if any.

⇒ **Performance Analysis of NHIS :** The Table 3 shows the consolidated claims data of the New Health Insurance Scheme for all the 4 years (that is, from 2008-09 to 2011-12) during which the scheme was in vogue. These figures were obtained from the Public Information Officer, Department of Treasuries, Tamil Nadu under the Right to Information Act. The Table reveals that of all the 4 years, the total number of claims was at its high in the year 2009-10 with a frequency of 48,153 and the same was at its low in the year 2011-12, with a frequency of 33,409 claims. In total, 1,59,959 number of claims were made under the scheme. The total amount of claims made under the Scheme was to the tune of ₹ 430.65 crores. The incidence of amount of claims was high in the year 2009-10 with ₹ 126.54 crores and was low in the year 2011-12 with ₹ 81.86 crores. The monthly subscription to be contributed by each employee insured under the New Health Insurance Scheme was ₹ 25. The total amount so collected from the government servants under the NHIS was ₹ 159.38 crores for the 4 years. In the year 2011-12 alone, the contribution by employees was at its high with ₹ 56.21 crores. The total amount of premium paid by the government to the insurer, Star Health Insurance Company, was ₹ 252.45 crores under the NHIS. In other words, ₹ 93.07 crores of premium was subsidized by the Government of Tamil Nadu for all the 4 years (totally). In the first year of the implementation of the scheme (2008-09), the premium paid was just ₹ 42.01 crores, while the following year (2009-10) witnessed a heavy outflow of premium of ₹ 79.66 crores.

The Table 4 shows the performance ratios of the New Health Insurance Scheme. It enlists four parameters, that is, average amount per claim, premium to contribution ratio, claim to premium ratio, and claim to

**Table 4. Performance Ratios of the New Health Insurance Scheme**

Particulars	2008-09	2009-10	2010-11	2011-12	Annual Average
<b>Average Amount per Claim (in ₹)</b>	<b>32576.88</b>	<b>26278.74</b>	<b>24525.05</b>	<b>24502.38</b>	<b>26970.76</b>
Premium to Contribution Ratio	180%	183%	172%	122%	164%
Claim to Contribution Ratio	518%	291%	278%	146%	308%
Claim to Premium Ratio	289%	159%	162%	119%	182%



contribution ratio. The overall average amount per claim under the NHIS for all the 4 years was ₹ 26970.76, while the highest (₹ 32576.88) and the lowest (₹ 24502.38) frequency occurred in the year 2008-09 and 2011-12 respectively. The premium to contribution ratio that measures the extent of contribution of employees to the total amount of premium paid to the insurer was 1.64 times under the NHIS. In other words, 64% of the premium amount was subsidized by the Tamil Nadu government. The premium to contribution ratio was at its minimum in the year 2011-12 (122%) and at its maximum (183%) in the year 2009-10.

The claim to contribution ratio that measures the extent of claims of employees to the total amount of premium paid to the insurer was 3.08 times under the NHIS. In other words, the claim amount enjoyed was more than what they paid as a contribution by 208%. The claim to contribution ratio was at its minimum (146 %) in the year 2011-12 and was at its maximum (518% ) in the year 2008-09. The claim to premium ratio that measures the extent of claims of employees to the total amount of premium paid to the insurer was 1.82 times under the NHIS. In other words, the claim amount enjoyed by the beneficiaries was more by 82% of the premium paid by the Tamil Nadu government on behalf of its employees. The claim to premium ratio was at its minimum (119 %) in the year 2011-12, and was at its maximum (289%) in the year 2008-09.

### **(3) New Health Insurance Scheme, 2012**

The New Health Insurance Scheme 2012, which is presently in vogue, replaced the existing NHIS in July 2012. Instead of ₹ 2 lakhs in the earlier version, NHIS 2012 provides coverage for the treatments upto a maximum of



**Table 5. Claims Data of New Health Insurance Scheme, 2012**

Particulars	2012-13
Total Number of Claims in Tamil Nadu	39499
Total Amount of Claims in Tamil Nadu (in crores of ₹)	169.04
Total Amount Collected from Government Servants (in crores of ₹ )	151
Total Amount of Premium Paid by the Government to Insurance Companies (in crores of ₹ )	215.34

Source: Data obtained from the letter of PIO of Treasuries Dept dt. 6.11.2013 under RTI Act

**Table 6. Performance Ratios of New Health Insurance Scheme, 2012**

Particulars	2012-13
Average Amount per Claim (in ₹)	42796.02
Premium to Contribution Ratio	143%
Claim to Contribution Ratio	112%
Claim to Premium Ratio	78%

₹ 4 lakhs per family of the employee for a block of 4 years in any of the empanelled hospitals on a floater basis, that is, the total coverage upto Rs 4 lakhs can be availed of individually or collectively by members of the family during the block of 4 years with no restriction on the number of times the benefit is availed.

After careful consideration, the tender was awarded to the United India Insurance Company Limited, Chennai and the said company executed an agreement with the government for implementation of the New Health Insurance Scheme, 2012. The annual premium for this scheme is ₹ 1,860/- per employee plus service tax as applicable for a block period of 4 years commencing from July 1, 2012 to June 30, 2016. This scheme is administered through a third-party administrator, MD India, under the control of United India Insurance Company Limited, Chennai. There are 631 private hospitals networked under the scheme.

As the amount of medical assistance has been increased from ₹ 2 lakhs to ₹ 4 lakhs to improve the coverage, 54 new medical treatments and 7 additional surgical procedures have been added in the scheme for the further block of 4 years, the annual premium to be paid to the insurance company has been increased from ₹ 495/- to ₹ 1,860/- per employee plus service tax as applicable. Accordingly, the monthly subscription under the New Health Insurance Scheme, 2012 was fixed as ₹ 150/- per month per employee. The monthly subscription is recovered for all the categories of employees by the respective organizations. The annual premium payable to the insurance company being higher than the annual subscription paid by the state government employees, the entire additional expenditure in respect of government employees will be met by the government itself. The annual premium including service tax @ 12.36 % (i.e. the employee's subscription of ₹ 1,800/- + the employer's contribution of ₹ 290/- ) of ₹ 2,090/- per employee shall be remitted to the state government account (United India Insurance, 2012).

⇒ **Performance Analysis of NHIS 2012 :** The Table 5 depicts the claims data of New Health Insurance Scheme 2012 for the year 2012-13. The Table shows that the total number of claims made were 39499, and the total amount of claims made under the scheme was to the tune of ₹ 169.04 crores in that year. The monthly subscription to be contributed by each employee insured under the NHIS 2012 was ₹ 150. The total amount thus collected from the government servants under the NHIS 2012 was ₹ 151 crores for the year 2012-13. The amount of premium paid by the government to the insurer, United India Insurance Company was ₹ 215.34 crores under the NHIS 2012 in the first year of the implementation of the scheme. In other words, ₹ 64.34 crores of premium was subsidized by the Government of Tamil Nadu in the year 2012-13 alone.

The Table 6 shows the performance ratios of New Health Insurance Scheme 2012. It enlists three ratios namely, premium to contribution ratio, claim to premium ratio, and claim to contribution ratio. The premium to

**Table 7. Comparative Performance of TNGHFS, NHIS, and NHIS 2012**

Particulars	TNGHFS	NHIS	NHIS 2012
Monthly Contribution by Each Employee Insured	10	25	150
Average Annual Number of Claims (in ₹)	1933.25	39989.75	39499
Average Annual Amount of Claims (in crores of ₹)	7.45	107.66	169.04
Average Annual Amount Collected from Government Servants (in crores of ₹)	7.73	39.85	151
Average Annual Amount of Premium Paid by the Government to Insurance Companies (in crores of ₹)	Not Applicable	63.11	215.34
Average Amount paid per Claim (in ₹)	37701.2	26970.76	42796.02
Premium to Contribution Ratio	Not Applicable	164%	143%
Claim to Premium Ratio	Not Applicable	182%	78%
Claim to Contribution Ratio	93%	308%	112%

contribution ratio reveals that the extent of contribution of employees to the total amount of premium paid to the insurer was 1.43 times under the NHIS 2012. In other words, 43% of the premium amount was subsidized by the Tamil Nadu Government. The claim to contribution ratio reveals that the extent of claims of employees to the total amount of premium paid to the insurer was 1.12 times under the NHIS 2012. In other words, the claim amount enjoyed was more by 12% than what they paid as contribution. The claim to premium ratio reveals the extent of claims of employees to the total amount of premium paid to the insurer was just 78% under the NHIS 2012. In other words, the claim amount enjoyed by the beneficiaries fell short by 22% of the premium paid by the Tamil Nadu Government on behalf of its employees, and the insurance company stands to gain subsequently.

## Comparative Analysis of Performance of the Three Employees' Health Insurance Schemes

The Table 7 depicts a comparison of the performance of the three different health schemes of the Government of Tamil Nadu meant for its employees, that is, TNGEHFS, NHIS, and NHIS 2012. The Table reveals that the average annual number of claims jumped 20 times from 1933 to 39990 when the government switched over from the TNGEHFS to the formal Health Insurance Scheme, NHIS. The average annual number of claims in the present NHIS 2012 were 39499. Similarly, the average annual amount of claims disbursement of ₹ 7.45 crores under TNGEHFS was up by more than ₹ 100 crores when the NHIS was introduced. It was further improved by ₹ 169.04 crores when the newer version of the Health Insurance Scheme, that is, NHIS 2002 was introduced. As monthly contribution by each employee insured was just ₹ 10, the annual amount collected averaging the last 4 years figures stood as only ₹ 7.73 crores. When the NHIS was introduced, monthly contribution by each employee insured was hiked to ₹ 25, resulting in the increased average annual amount of ₹ 39.85 crores being collected from government servants. When the scheme was modified as NHIS 2012, the monthly contribution by each employee insured was raised by six times, which lifted the figure to ₹ 151 crores.

Though there was a multifold increase in the number and amount of claims after the introduction of the NHIS, the average amount per claim witnessed no significant positive variation on account of the increased penetration of the formal insurance schemes. The average amounts paid per claim were ₹ 37701, ₹ 26971, and ₹ 42796 in TNGEHFS, NHIS, and NHIS 2012 respectively. Comparing on the grounds of claim to contribution ratio, an unfavorable ratio of 93% was found in TNGEHFS, while the NHIS came up with a high 308% claim to contribution ratio, that is, three times benefits than the costs to beneficiaries as a whole and the NHIS 2012's first-year performance ending up with a just favourable ratio of 112%.

From the year 2007-08 onwards, the formal tie-up with an insurer was made with the launch of NHIS. The insurer for the NHIS was the Star Health Insurance Company and that of NHIS 2012 is United India Insurance

**Table 8. The Performance Profile of CMKHIS**

Particulars	2009-10 (23.07.2009-31.03.2010)	2010-11	2011-12 (01.04.11-05.11.2011)	Total
Total number of Beneficiaries covered (in crores)	1.30	1.30	1.34	
Total number of claims in Tamil Nadu	63,553	2,42,414	41,375	3,47,342
Total amount of claims in Tamil Nadu (₹ In crores)	186.25	601.11	86.51	873.87
Number of Hospitals in Tamil Nadu	669	755	755	
Total Amount of Premium Paid by the Govt. to Insurance Company (₹ crores)	417.11	609.78	140.26	1167.15

Source: Data obtained through the RTI Act- Ref. No. 7669/ TNHSS/ Insurance/ dt. 19.10.2013

Company. Under the NHIS, the average annual amount of premium paid by the Government to the Insurance Company was just ₹ 63.11 crores. But under the NHIS 2012, premium was increased to a huge amount of ₹ 215.34, since there is an increased cover and limitation of tenders to public sector insurers. The premium to contribution ratio was also favourable to the earlier version of health insurance scheme. While this ratio was 164 per cent under the NHIS, it got reduced to 143% in NHIS 2012, showing decrease in the subsidization by the government. The claim to premium ratio that measures the scope of profit to the insurer was found at two extremes in the two health insurance schemes meant for government employees with NHIS benefitting the insured more with 182 % and the NHIS 2012 benefitting the insurer with 78 % . To sum up, though all the performance ratios are favourable in the NHIS, the vital figure of average amount per claim is favourable only in NHIS 2012. Moreover, this is too early to judge the NHIS 2012 since there are 3 more years to go.

#### **(4) Chief Minister Kalaingar Health Insurance Scheme (CMKHIS)**

The Government of Tamil Nadu introduced a scheme called the “Chief Minister Kalaingar Insurance Scheme for life saving treatments” on July 23, 2009 for the poor/low income/unorganised groups who cannot afford costly treatment, as a supplementary facility for getting free treatment in empanelled Government and private hospitals for serious ailments. Any family already identified as Below Poverty Line or with an annual income of upto ₹ 72,000 was eligible for the scheme. Members of 26 welfare boards constituted by the state government for identified vulnerable segments of the population, including groups engaged in agriculture, construction, manual laborers, auto rickshaw drivers, washer men, artists, goldsmiths, and tribal persons were also entitled to the benefits of the scheme irrespective of income criteria.

Although this insurance scheme was not funded by the World Bank, the state has charged the Tamil Nadu Health Systems Society (TNHSS) to implement the health insurance scheme. Star Health Insurance Company was the lead insurer of the Scheme and was vested with the administrative responsibility for enrolling beneficiaries, empaneling hospitals, and providing services through empanelled hospitals. The scheme emphasizes high-cost, tertiary procedures and offers free treatment for more than 400 listed in patient conditions under 14 broad specialties including surgical corrections for congenital disorders. The health insurance coverage was capped at ₹ 100,000 per family over the 4 -year period. The premium for this benefits package ₹ 469 per family per year was determined through a competitive bidding process. Apart from the premium paid, the government also incurs an annual expenditure of about ₹ 10 million toward administrative costs of TNHSS primarily for the salaries of scheme officials (Forgia & Nagpal, 2012).

There were 692 hospitals, public and private, in the scheme's empanelled network. Of these only 56 were public hospitals. Interestingly, also included were some hospitals in neighboring states for the convenience of members residing in districts near the state borders, something not seen in other state GSHISs prevalent in India till date (Forgia & Nagpal, 2012). Each empanelled hospital was provided with a liaison officer, a dedicated field official from the insurance company.



**Table 9. The Breakup of Procedures under CMCHIS**

Category / Specialty - Packages	Count
Surgical Procedures	686
Medical Procedures	215
Interventional Radiology	36
Diagnostic Procedures	23
Govt. Reserved Procedures	56
Total	1016
Follow Up Procedures	113

Source: <http://www.cmchistn.com/breakup.html>

⇒ **Performance Analysis of CMKHIS** : The Table 8 exhibits the year-wise-claims under the CMKHIS both in number and amount of rupees in Tamil Nadu in total. From the date of inception of the CMKHIS, that is, 23.07.2009 to 05.11.2011, 347342 numbers of claims to the tune of ₹ 873.87 crores were made in the state of Tamil Nadu. The total amount of premium paid by the government to the insurance company is ₹ 1167.15 crores for the same period.

□

### **(5) Chief Minister's Comprehensive Health Insurance Scheme (CMCHIS)**

On January 11, 2012, the Chief Minister's Comprehensive Health Insurance Scheme aiming at benefitting 1.34 crore families was launched replacing the existing Chief Minister Kalaigiar Insurance Scheme for life saving treatments. This is a lofty Insurance Scheme launched by the Tamil Nadu State Government through the United India Insurance Company Ltd., a public sector insurer headquartered at Chennai, to provide free medical and surgical treatment in government and private hospitals to the members of any family whose annual family income is less than ₹ 72,000, as certified by the village administrative officers. TTK HTPA is the lead third party administrator to this mega public health scheme. 'Online Claim Submission' and 'claim settlement' have been successfully implemented to avoid processing delay. A dedicated 'toll free line' is provided with 24 hour customer service centre facility. Under the scheme, the sum assured for each family is ₹ 1 lakh every year for a total period of 4 years and for a total value of ₹ 4 lakh. In the case of certain procedures, the ceiling would be raised to ₹ 1.5 lakh per annum. For certain specified ailments and procedures of critical nature, the overall limit is increased from ₹ 1,00,000/- to ₹ 1,50,000/- . There are 2 other covers other than the hospitalization benefits including follow-up treatments and additional diagnostic procedures (Government of Tamil Nadu, 2011).

There are 106 single speciality hospitals and 714 multispecialty hospitals empanelled under the scheme. Apart from the hospitals various diagnostic centres are also linked with the scheme to facilitate speedy and correct treatment. The scheme covers 1,016 procedures, 113 follow up procedures, and 23 diagnostic procedures. The cost of tests required for treatment would also be part of the insurance cover. Procedures are grouped under 35 broad heads. The breakup of the procedures allowed under the CMCHIS is shown in the Table 9.

Free health camps / screening camps will be conducted by network hospitals as per the directions given by Project Director of Tamil Nadu Health Systems Society. Minimum of one camp per month per empanelled hospital will be held in the districts in each policy year. The persons who need treatment are identified in the Health camps. Such patients can approach the hospital in the network and follow the guidelines below:

A new health insurance identity card with biometrics was issued to all those members who have been holding the smart cards in the earlier scheme. This card should be shown at the Assistance Counter established at the empanelled hospital. After due verification of the details and authenticating the identity of the patient by the Liaison Officer, the necessary pre-authorisation request for cashless facility will be submitted by the District Medical Officer of the hospital. The project office will approve the request on authentication of the identity and

**Table 10. Performance Profile of CMCHIS**

Particulars	2012-13
	(11.01.2012-31.03.2013)
Total number of Beneficiaries covered (in crores)	1.24
Total number of claims in Tamil Nadu	295794
Total amount of claims in Tamil Nadu (₹ in crores)	647.71
Number of Hospitals in Tamil Nadu	813
Total Amount of Premium Paid by the Govt. to Insurance Company (₹ in crores)	739.21

Source: Data obtained through the RTI Act- Ref. No. 7669/ TNHSS/ Insurance/ dt. 19.10.2013

**Table 11. Claims Paid under CMCHIS**

Status	Cumulative	
	No.	Amount in ₹
Submitted	1092	34608751.00
Need more information	6451	260159026.00
Claims head approved	383905	7916865153.00
Denied	1933	39991267.00

Source: Extracted from the Government records- figures were as on 15.08.2013

provided the procedure planned is within the scheme. Thus, the features of this scheme outshined the earlier Scheme CMKHIS in every aspect, offering both in quantitative as well as qualitative aspects.

⇒ **Performance Analysis of CMCHIS** : From the office records obtained under the RTI Act, which is summarized in the Table 10, it could be noted that from the date of inception of the CMCHIS (i.e., 11.01.2012) till 31.03.2013, 295794 numbers of claims to the tune of ₹ 647.71 crores were made in the state of Tamil Nadu. The total amount of premium paid by the government to the insurance company is ₹ 739.21 crores for the same period.

Similarly, the Table 11 showing the claim paid during the period ending August 15, 2013 exhibits that 3, 83,905 numbers of claims worth ₹ 791.68 crores were paid under the CMCHIS. In other words, an average claim of ₹ 20,622 is actually made. While 1933 number of claims worth of nearly ₹ 4 crores were denied of not meeting the requirements, 6451 applications worth of ₹ 26 crores were kept in abeyance, seeking further information regarding the treatment given. And 1092 claim applications were yet to be processed. The office record further reveals that the average claim paid to men is ₹ 21292 and to women is just ₹ 19578. While 233801 claims to the tune of ₹ 497.8 crores were paid for men, only 150104 claims worth of ₹ 293.87 crores were paid for women till the period ending August 15, 2013.

## Comparative Analysis of Performance of CMKHIS and CMCHIS

From the date of inception of the CMCHIS, that is, 1.01.2012 to 31.03.2013 the total amount of premium paid by the government to the insurance company was ₹ 739.21 crores against which claims to the tune of Rs.647.71 crores were made. In other words, 87.62 per cent of the premium paid by the Government was received back as claims under the CMCHIS as stated in the Table 12.

Earlier, under the CMKHIS, that is, 23.07.2009 to 05.11.2011 claims to the tune of ₹ 873.87 crores were made in the state of Tamil Nadu for which a total amount of premium paid by the government to the insurance Company was ₹ 1167.15 crores for the same period. In other words, only 74.87% of the premium paid by the government came back as claims under the CMKHIS. The year-wise premium to claim ratios were also given in the above Table 12, which vary from 44.65% to 98.58% . Though an average claim of ₹ 20,622 is actually made under

**Table 12. Performance Ratios of the CMKHIS & CMCHIS**

Particulars	CMKHIS			CMCHIS
	2009-10 (23.07.2009-31.03.2010)	2010-11	2011-12 (01.04.11-05.11.2011)	11.01.2012 to 31.03.2013
Premium paid to claim received Ratio	44.65 %	98.58%	61.68%	87.62%
Average amount of claim in Tamil Nadu( in Rupees)	29306	24797	20909	21897

CMCHIS till August 15, 2013 ( i.e., ₹ 791.69 cr/383905 no. of claims), the claims in the four periods under the both Chief Ministers' Schemes are found above this average. In other words, the average claim would have got declined only in the period between April 1, 2013 to August 15, 2013.

## Suggestions and Expected Policy Measures

Based on the general observations about the features, availability of information, general awareness among the insured and their expectations informally gathered, following suggestions are made.

**(1)** Only the following members of the family of the employee are covered under the NHIS/NHIS2012 schemes (a) legal spouse of the employee; (b) children of the employee - till they get employed or married or attain the age of 25 years whichever is earlier and dependent on the employee; (c) the parents of the employee, in the case of unmarried employee until the employee gets married. Thus this scheme separates the parents if the employee gets married. The parents who are obviously elder and to whom the hospital care is a felt need are denied of the scheme benefits. If the elder parents fail to get cover under the CMCHIS also then they will not be in a position to get the desired treatments. So keeping the parents out of the ambit of the family definition may be avoided in future and suitable amendments may be made to this effect.

**(2)** While Department of Treasuries is given charge of NHIS2012, the TNHSS looks after the CMCHIS. As both the health insurance schemes namely, NHIS 2012 and CMCHIS, are the Government sponsored ones and the insurer is the same namely, United India Insurance Company Ltd., two different set of administrations are found unnecessary. Moreover the employees covered under NHIS 2012 feel a step motherly attitude from the government as they are deprived of the benefits enjoyed by the CMCHIS free of cost. So, the due reconciliations between these two schemes may be made on the treatment procedures and on empaneling hospitals.

**(3)** Internal audits by a medical team formed by United India Health Insurance and Tamil Nadu Health Systems Project (TNHSP) found that 'fraudulent claims', 'Charging from the patients' and 'needless surgeries' to inflate medical bills are the most common violations, followed by medical negligence like 'poor post-operative care'. Thirty-five hospitals across the state, including five in Chennai, have been blacklisted for the same on March 2013 under the chief minister's health insurance scheme. These hospitals have been barred from operating on patients under the scheme for a period ranging from a month to a year. The Treasuries Department among many other things is presently looking after the NHIS 2012. If the control is vested with a separate body like TNHSP, greater transparency and control may possibly be exercised. The excessive out- of- pocket payments made by each beneficiary must be enquired into so as to justify the cashless concept by that body.

**(4)** In the earlier version of NHIS, out of the fixed premium of ₹ 495, the employee was expected to pay ₹ 300, that is, ₹ 25 per month as his contribution. But under the NHIS 2012 out of the premium of ₹ 1860 fixed, ₹ 1800 is paid by the employee himself. In other words, an employee heading a small family can get the same health cover from the same insurer by paying the same premium contribution individually. If the same has happened, the employees would have been aware of the treatments specified, hospitals networked and hospitalization procedures, in addition to the Income tax benefits on the premium paid. So the intermediary role

of the government should be justified in promoting awareness campaigns among employees. Hoardings detailing the features of the NHIS 2012 may be placed in all the institutions wherein the employees covered under the scheme are working

**(5)** District level workshops may be conducted for the heads of all the government offices briefing out how they can make use of the NHIS 2012 Scheme and may be requested to disseminate the same among their own employees. Similar meetings may be organized with Self Help Group representatives for the better penetration of the CMCHIS into the villages.

**(6)** As no smart card and information booklet was given even after one year significant number of the NHIS 2012 beneficiaries were found unaware of the scheme procedures, empanelled hospitals and the specified treatments eligible for the treatment. So, the TPA should be asked to speed up the issue of cards.

**(7)** As in the case of CMCHIS, no individual or mega camps are organized by any of the empanelled hospitals under the NHIS 2012. The occasional organizations of the same preferably at the place of work will help spreading the awareness about their own health and the health insurance.

**(8)** The awareness about the new additions regarding the diagnostic procedures and the follow up procedures in all the Schemes is very poor. The Government and TPA should do the needful advertisements regarding the same.

**(9)** As the majority of the insured public and employees are not aware of the toll free numbers of the NHIS 2012(1800 233 5666) and CMCHIS (1800 425 3993), Government should instruct to display the toll free numbers prominently in all the Government offices.

**(10)** At all the places where public assemble like buses, bus stands, post offices, etc., the banners displaying the details of the CMCHIS may be placed. Though at the time of the launch the advertisements were made about the CMCHIS, no such things are happening now. Government may fill the knowledge gap by making due advertisements frequently in the media, preferably, through Televisions.

**(11)** All the websites of all the organizations in which the employees are covered under the NHIS 2012, should have a link to the website of NHIS 2012.

**(12)** The Claim processing and Discharge procedures are the aspects in which very less satisfaction was witnessed in all the Schemes. The hidden charges by the hospitals, lack of awareness about the package rates, Discharge-only-on-payment stipulations and not providing necessary proof for the claim are some of the reasons for the same. Making everything transparent may be the solution to it. Accordingly, each and every beneficiary detail along with the total expense and claim may be made public by putting it in the Scheme's website.

**(13)** The health insurance schemes should not be used as a tool to divert the public from the public health care system to the private health care system. There may be allegations that reserving some treatments to the Government run hospital is not correct stating the poor infrastructure of the same. But, the public healthcare system should be strengthened further and encouraged to provide the preventive healthcare along with the curative care reserved to the same.

**(14)** The waiver of 13.76% service tax by the Central Government at least for the Government Sponsored Health Insurance Schemes may make the Schemes more sustainable financially.

**(15)** Fifteen years back itself, to enhance the employability of the graduates, University Grants Commission (UGC) identified insurance as one of the very few vocational courses to study. So, UGC instructed the colleges to start courses like B.Com (Insurance). But, till date no college paid interest to start the course in Tamil Nadu, in spite of bright promising actuarial placements the course offers. Except a very few institutions, there is not even a

paper in any of the commerce and statistics degree courses, which are very relevant to insurance. So majority of the graduates in Commerce are coming out without any knowledge of insurance. So, it is suggested that the curriculum framing committee's to do the needful to include the insurance subject at least for the courses like economics, statistics and commerce. As the earlier instructions of the UGC are unheard the government should ensure the same to prevent our graduates becoming insurance illiterates. Similarly, The curriculum should be framed in such a way that it deals with the details of all the important public welfare schemes like CMCHIS. This will help enhanced penetration of the Schemes to the needy people.

## **Conclusion**

As the new two Schemes NHIS 2012 and CMCHIS made positive corrections to their earlier versions, the attempt to give universal coverage to the citizens of Tamil Nadu is almost achieved. More than 1.34 crores of family covered under this CMCHIS scheme i.e., nearly around 50% of population of Tamil Nadu and nearly 25% more are covered under the NHIS 2012. Those who enjoyed the benefits of Tamil Nadu Government Employees Health Fund Scheme weigh the NHIS as a better scheme. Similarly, almost all the beneficiaries feel that the new NHIS 2012 is finer than the earlier version because of the increased amount of coverage. On similar lines the CMCHIS attracts the public in all spheres comparing the earlier Kalaingar Scheme. But people still expect completely cashless system for each and every ailment. This may not be possible at present in the pluralistic healthcare system.

The duty of the Government does not end by just by implementing health insurance schemes. It is also expected to ensure the proper working of the same. The health system should be regulated and higher amount of transparency and standardization needs to be ensured. Because in the words of Elizabeth Edwards “Successful health reforms must not just make health insurance affordable, affordable health insurance has to make health care affordable”.

## **Limitations of the Study**

- (1) The present study analyses only the two State Government sponsored health insurance schemes and not considered private health insurance covers, Central Government subsidized schemes, critical illness riders of life insurance schemes, pensioner's health scheme and Employees' State Insurance Schemes.
- (2) Similarly, this study does not take into account the views of the members of the same schemes, who are enrolled but not availed the benefits, are not taken into consideration.
- (3) The survey is limited only from the angle of the beneficiaries and failed to analyze from the view of the TPAs, hospitals, insurers and of the government officials concerned into account.

## **Scope for Further Research**

- (1) The present study is limited to analyzing the secondary data. Future studies may take the chain relationship between the Government-Insurer-TPA-Beneficiary.
- (2) The cost-benefit analysis from the view of the Government, Insurer, TPA, Beneficiaries may be studied in detail in future.
- (3) The impact of the Government Health Insurance Schemes on the Public Health Care System may be undertaken in future.
- (4) The future studies may analyse the feasibility of the present scheme when it covers all sorts of treatments.



- (5) The future studies may compare the CMCHIS with other Government sponsored Health Insurance Schemes in the nearby states like Arogyasri.
- (6) Micro level study analyzing the claim pattern of all NHIS 2002 beneficiaries of a single department of government may be conducted in future.
- (7) The impact of Government Sponsored Health Insurance Schemes on the other commercial health insurance companies may be studied in future.

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