

# **Role of Health Insurance after Covid-19 – An Analytical Study**

**Preeti Gautam**

**Assistant Professor (Krishna Institute of Law)**

**Nidhi Rani**

**Assistant Professor (Krishna Institute of Law)**

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## **Abstract**

**The covid-19 pandemic has shaken the root of the health systems of worldwide countries. India is not remained untouched by this pandemic situation. In comparison to other countries the health system of India is not too good at all. In this Pandemic, we have seen a very tough period arising due to inadequacy of medical care system. It gave the chance for severe development in our Health Insurance Sector as well. During this pandemic situation, the Insurance sector comes to light, and threat of health insurance has increased rapidly. This article aims to study the progress of health insurance after the covid-19 pandemic, claims set off by the insurance companies, and remedies given by the court. In his article we attempt to study health insurance policies and system before and after COVID-19 and how it has progressed so far.**

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## **INTRODUCTION**

Health and development have a two-way relationship with economic development. Healthy workers work longer and more productively than their relatively less healthy companion, consequently they will be able to secure higher earnings than the latter. Good health creates a positive effect on the learning abilities of new generation and leads them to better education. Socio-Economic development and the health of the community are mutually dependent on each other. We use the umbrella in rainy season so that we are not exposed to rain and can cover ourselves from the bad effect of rain. In the same way health insurance plays its role in the life of

people. It covers whole or part of the risk of a person incurring medical expenditure. Person can take such a health policy against monthly, semiannually or annually premium. Life of these policies is for certain specific period. There are numbers of health insurances such as social and private health insurance, and so on. The main principle is that people pay a specified amount to an insurance fund which is used for health services.

### **HISTORICAL BACKGROUND IN INDIA<sup>1</sup>**

After independence in 1947, the government was responsible for providing reasonable health facilities to its citizen. Before independence, our medical care system was in pathetic condition. The liberalization policy in 1991 brought significant changes in the insurance industry. Insurance Regulatory and Development Authority Act was formed in 2000 and served as a key milestone in health insurance sector, it opened up the doors of health insurance industry to private service providers. The health insurance sector in India is dominated by the four public sector companies which account for sixty percent of the market. The Indian government is making giant efforts in health sector reforms with social security schemes like **Rashtriya Swasthya Bhima Yojana (RSBY)**. The below-poverty-line people are benefited from this plan. The government has shown a deep interest in the health insurance sector because healthy citizen is an asset to the nation.

### **IMPORTANCE OF HEALTH INSURANCE**

It boosts up financial planning. It is important step towards making people insured against medical uncertainties. It helps to ensure that your hard-earned money is not wasted on hospital bills. You can go for better treatment without caring for high expenditure of treatment. It provides mental peace & feeling of security to the people. If someone fall ill and has been admitted in the hospital, he is required to pay lot of money on his treatment. He is bound to arrange cash irrespective of his less earning source. At this time, health insurance work as a shield against such expenses. Health insurance assists us in paying hefty bills of hospital. Due to inflation treatment expenses are increasing day by day. But we don't have to suffer because of our insurance. If people are admitted in the hospital prescribed by the insurer, you get the facility of cashless treatment. You don't need to arrange cash to submit at the counter of hospitals. Even during treatment, we need not to worry about our liquidity. It gives us tax exemption also. We can get tax relief on the premium paid on insurance school.

## **BENEFITS OF HEALTH INSURANCE**

- **Cashless Treatment:** Normally different insurance companies are having tie up with different hospitals. If insured person gets hospitalized in the particular hospital which is on the panel of insurance company, he will be provided cashless treatment.
- **Coverage to pre-and post-hospitalization cost:** According to the health insurance plan that we have purchased, the insurance policy also covers all expenditure incurred whether it is related with our pre and post hospitalization expenses up to 60 days.
- **No Claim Bonus (NCB):** If any person has insured himself but during the insurance period, he has not claimed any amount from insurance company for his treatment then his premium will not be wasted. He will be entitled to get NCB.
- **Medical Checkup:** The benefit of insurance policy is that if we are just going for our routine medical checkup, insurance policies also make provision for providing free health examination. But this facility is given after insurer is satisfied on the basis of earlier NCB.
- **Room Rent:** If patient is hospitalized, he has to pay high room expenses of hospitals. But if he has insured himself, then insurance policy reimburses the room expenses claimed by the hospital.<sup>2</sup>

## **STATUS OF THE INDIAN HEALTH CARE SECTOR**

To understand the need, status, and relevancy of the medical insurance in India, it is very important to understand the health care status in the country. This field is considered largest sectors. However, we have seen that growth has occurred in this field because there has been entry of the private sector. India has a large hub of well-trained medical professionals and also the cost of health care is low in India as compared to Asia and other Western countries even though most of the poor cannot afford/accessed it. Around five million people die every year due to inadequate healthcare, said a new report published in the Lancet. The number of deaths due to heart attacks, stroke, diabetes, etc. has either increased or stagnated. There is an epidemic of poor-quality care (Lyre, 2018). An effort has been made to understand the health care status in India with the help of findings & reports of World Health Organization (WHO) Statistics and National Sample Survey Office (NSSO) 71st Round.

National Commission for allied and the Health Care Profession Bill, 2021 has been enacted on 20<sup>th</sup> March. Earlier there was separate council for every state but now there will be one central council which will permit all paramedical courses. Earlier regulation and management of these

course were not properly regulated even though service of these person is required in very field of medical line for example if we become ill, doctor recommend us blood test and we have to visit the pathological lab so medical service is incomplete without assistance of paramedical staff. It has come in light that many institutions are running without permission. They are being run only to earn profit. So, it was necessary to check & control such institutions. Introduction and implementation of above act will definitely improve the quality education of paramedical courses in India. There will be standardization of norms of paramedical institution i.e. number and quality of faculty, infrastructure and intake of students. In this way we can say that it will improve the quality of education and eventually it will produce expert and efficient paramedical staff.

### **HEALTH SECTOR IMPROVEMENT AFTER COVID-19<sup>3</sup>**

**1. Ayushman Bharat:** - It was started in 2018. It is covered under the ministry of health and it is centrally sponsored scheme. It is made up of 2 words Ayushman & Bharat. Ayushman means Long Life and Bharat means for people of India. So, this scheme was launched for the long and healthy life of citizens of India. Government could achieve above objective by giving good and qualitative health care or by reducing the financial burden of medical expenses of really deprived and poor people. This scheme has replaced National Health protection scheme.

Under this scheme, 15000 wellness centers will be established and these centers will focus on providing integrated primary medical care. Prime Minister Jan Arogya Yojna is part of above scheme. The government is also very excited to implement this scheme PMJAY is the world's biggest scheme. It will be financed entirely by the government. It will disburse Rs. 5/- Lac per family for secondary medical treatment going on in public and private hospital empaneled in the scheme. It will give coverage for 15 days post hospitalization expenditure. There is no restriction on age and no of family members. In this sequence, a slogan has also been prepared by the government, which is as follows "Aapke Dwar Ayushman" (Ayushman at your door). Under this mission, the government will coordinate with the state level health bodies so that health services can be delivered to the ground level, especially to those people who continued to provide their services in hospitals even in emergency during covid-19. Government will make one trust & all funding to these wellness centers will be financed through these trusts. Government may also hire insurance company who will act on behalf of

government and will settle the case of patients with the hospitals.

2. In this sequence, another step has also been taken by government, which is as follow, **PradhanMantri Garib Kalyan Package** (the Prime Minister's poor welfare package) it provides:<sup>4</sup>

- Under this scheme 50 lakh rupees was provided to the health workers,
- Poor people will get 5kg wheat or rice for next 3 month,
- Women who hold Jan Dhan Account will get 500 rupees per month,
- Government increased MNREGA wages to Rs 202/- a day from 182 rupees,
- Poor senior citizen, poor widows and poor disabled will get ex-gratia payment of Rs 1000/-

The above situation indicates that proper government or semi-government or non-government health services must reach the affected person in time. Along with this, it is also very important to ensure that such people who have come forward to render their services against their own will the government must do such work that all these people are motivated to give their services. Generally, the aim to every government is that its health services should be of high standard and should be easily accessible to all the citizens.

### **CONSEQUENCES OF COVID-19 ON INSURANCE COMPANY<sup>5</sup>**

Due to covid-19, there has been following consequence on insurance company: -

- A number of the companies come forward with a covid-19 plan.
- By the survey it was found that a number of people have health insurance policies but rural people are still not aware about health insurance policies.
- Many people are willing to purchase new health policies for individuals or for their families but not all, some people don't know about insurance policies.
- Insurance company found that lot of awareness has been created among people related with medical facilities. Therefore, people are showing interest in investing in insurance policies.
- Considering the requirement of victims during covid-19, insurance company had come up with new policies along with new attractive features.
- Covid-19 has given this perspective that we must secure ourselves against uncertainties and financial loss occurring due to illness. For this purpose, we must buy insurance policies according to our needs.

## **ROLE OF JUDICIARY DURING COVID-19<sup>6</sup>**

All spheres of life have been affected, and the judicial system is no exception. While the countries and people all over the world are facing an unpredictable COVID-19 pandemic whose severity and unpredictability had shaken the entire world, our Judiciary was busy attempting to dig up tools to ensure justice for the citizens. The judiciary has come under immense pressure to innovate during this corona pandemic to balance public health concerns with access to justice. Not only Supreme Court became a safeguard during this pandemic but the high court also played an important role. Some important cases are below mention:

**Vinay Jaidka vs. Chief Secretary**, it was witnessed that covid-19 took a toll on people life. Lot of population was critically affected by it. Lot of people lost their life or undergone very long treatment. At such a critical time, insurance company were not cooperating and reimbursing insurance amount stating that this disease is not covered under their insurance. Due to their refusal people were suffering a lot. So Supreme Court took Suo moto action & directed all insurance companies that if request for claim is received by them from the patients, it is their duty to clear their claims & this process should not be delayed. It is our moral responsibility to support each other in this challenging period.

**Max Bupa Health Insurance Co. Limited vs. of NCT Delhi & ANR**, Justice Pratibha M. Singh held that all the employee of petitioner are in process of disbursal of claim to covid-19 patients. They are supposed to visit their client & hospitals regularly to complete the claim formalities. So, they should not be stopped to visit on the name of social distancing. However, these employees are directed to follow covid- 19 guidelines. After this they are allowed to visit different place to speed up proceedings of claim.

## **CONCLUSION**

It is concluded from the study that some people are less aware of health insurance while others are highly aware of health insurance still, they are not willing to purchase health insurance facilities. The major number of the health-insured population benefits from health insurance policies under the category of employer-provided. There is a huge distinction between the people who are availing of the policy and the people who are aware of the health insurance policies. The only way for narrowing this gap is through encouraging people for purchasing individual health insurance policies for the self and family. Trends are showing that people are highly health conscious and they are spending a lot of money out of their pocket expense for medical treatment. They are aware of health insurance policies and their terms and conditions but this awareness has

not been materialized in form of purchasing the policy. India's approach has been to overcome adverse effect of pandemic and making our insurance sector very strong, so that people may live peaceful life without suffering the pain of high cost of illness. So, there is plenty of scope for the health insurance sector to rise. Worldwide organizations are contemplating a situation that has evolved because of increasing awareness of people about medical security. In this way, we can expect there is a lot of scope for new insurance company to enter this segment and tap the rural population to cover them under various plan of insurance.

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