

Research Article

## Impact of Underlying Dimensions on Health Insurance Buying Behaviour Impact (A study of Hyderabad Region)

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**Abstract:** India is the most populous country and at the same time it is also one of its fastest booming markets for Insurance Industry. India represents a huge market and that too an untapped market for Health Insurance to a great extent. It is observed that the country has seen both – the development on the economic front and also in the educational frontier. However, even to the overall market and the overall penetration of the Health Insurance remains one of the lowest in the world. In an attempt to improve the reach of the health insurance benefit to a greater section of the residents of the country the government has taken multiple initiatives. Even after the major push to this the percentage of Indians having the coverage of the Medical or Health Insurance remains very low. The paper aims to analyse the various factors which motivate and demotivate the people in buying decisions of Health Insurance. The Study is based on the primary data collected through a structure questionnaire in Hyderabad Region. The results of the study show that high premium and difficult claim procedure are the major factors contributing in buying decisions of health insurance. Further the statistical tools are applied to understand how the demographic profile of the respondents influences in their purchase decision of the decision of health insurance. The result shows Education, Occupation and Martial Status are the major factor influencing on Health Insurance Buying Decisions.

**Keywords:** Demographic Factors, Health Insurance, Health Care, Insurance.

### INTRODUCTION

The health insurance sector in India stands at a critical juncture, poised for significant growth yet facing substantial challenges. India is the most populous country and at the same time it is also one of its fastest booming market, India represents a huge market and that too an untapped market to a great extent. It is observed that the country has seen both – the development on the economic front and also in the educational frontier, however, even to the overall market and the overall penetration of the Health Insurance remains one of the lowest in the world. In an attempt to improve the reach of the health insurance benefit to a greater section of the residents of the country the government has taken multiple initiatives. Even after the major push to this the percentage of Indians having the coverage of the Medical or Health Insurance is approx. 37% as of July of 2024.

This imbalance of low penetration in the high potential market is a matter of thought as it forms the base of our study. The basic feature of the Indian Healthcare System is the rise in the medical expenses and at the same time the increase in the life expectancy of the people coupled with modern lifestyle illnesses due to increase in the middle and upper middle-class families. Understanding the need of the society and its members the Indian Government's initiative of providing a Universal Health Coverage to all the citizens under various plans like – Ayusaman Bharath, Etc. has not

been able to enhance the level of acceptance of Medi-claim Policy by many.

The scheme of Anyshman Bharath is considered as the largest health scheme which is completely financed by the government of the state. The Indian government has implemented several health insurance schemes, such as the Rashtriya Swasthya Bima Yojana, to provide healthcare services to the underserved (Poor) and at-risk populations. at an affordable price and also assuring that there is no comprise in the quality of the service The recent launch of the Ayushman Bharat program, which includes the National Health Protection Scheme and the establishment of Health and Wellness Centres, has the potential to significantly improve access to primary, secondary, and tertiary care (Sinha, 2018) (Chokshi et al., 2016). Moreover, the AYUSH systems can play an important role in addressing public health challenges and providing healthcare services that are affordable as per the requirements of the local residents (Patwardhan & Tillu, 2018). These factors would be able to establish a favourable condition for the growth or the expansion of health insurance services.

The health insurance industry of the country as a sector faces significant challenges. One of the major challenges is the lack of awareness regarding the availability and its importance of the mediclaim policy, mainly among the

people residing outside the urban areas and also among the marginalized section of people in the urban areas. This leads to the bottleneck of the adoption or acquisition of the health insurance service.

The huge population along with its vast geographical area having various cultures and traditions along with a huge divide of the rich and not rich population and the division of the urban and rural India makes it a very difficult task for the insurance companies and the policy makers to design a product to meet the needs and the requirements of the people of the country. This also creates an issue in the marketing the product and also providing the service to all at the time needed and at the place of requirement. To add to the issue, we also have a very limited health care infrastructure in our country, such situations are also exploited by the who have a different motive to make money out of the medical emergency results in fake claims and making life difficult for the companies providing the health care policies.

## **LITERATURE REVIEW:**

### ***The Evolving Dynamics of Health Insurance in India***

Buying Behaviour Towards Health Insurance Among Teachers: An Empirical Study

Dr Bappaditya Biswas and Debashish Naskar (2024) in their work focused on the awareness on Health Insurance among College Teachers in Kolkata. The results of their empirical study shows that the factors such as name of the company, promptness in claim settlement, reasonable premium and connectivity to the accessible hospital are the dominant factors in choosing health insurance. Further their study also shows that there is a lack of awareness of various health insurance products among the college teachers.

### ***Opportunities in Digital Health and InsurTech***

Deloitte (2021) had issued a report in the area of Health Insurance highlighting the relation between the digital technology and health insurance in India. In their study they tried to understand and show as to how the use of digital technology would help or support the growth and the penetration of the Health insurance in a geographically vast country like India.

The report focused on the new opportunities that are available for the insurance companies in estimating the risk calculations, which in turn would help in proper claim settlement procedure and solve customer queries related to claims. It also identified that technology can be used for various other uses such as tele-medicines, use of AI and DA for better risk analysis, etc. As per the report suggestions use of technology in health insurance would be beneficial for both the insured and the insurer which would lead to higher penetration of the policies in the expected market, including the rural market.

### ***Challenges in Implementing Universal Health Coverage***

Chatterjee (2019) wrote a paper focusing on the "Ayushman Bharath" scheme launched by the government. He tried to study the roadblocks that India is facing in an

attempt to have a universal health security for its citizens. His findings suggested that poor health infrastructure along with less number of medical professionals is one of the major hurdle. He suggested that the public and the private sector needs to work in coordination to resolve the common issues faced by our country as only this could help in achieving the universal health insurance security.

### ***Future Directions: Integrating Health Insurance with Primary Care***

A framework for combining health insurance with primary healthcare services in India is presented in a recent paper by Lahariya (2018). According to the author, attaining universal health coverage and enhancing health outcomes depend on this integration. Lahariya suggests utilising technology to establish a smooth transition of care from primary health centres to tertiary hospitals and fortifying community-based health insurance programs.

### ***Current State of Health Insurance Coverage***

Karan et al. (2017) in their study have studied the influence of government or public financed insurance schemes mainly health related using the data from the government reports. They have highlighted that in spite of the fact that the number of people covered under the insurance schemes have increased, there are many medical expenses that are not covered and the people have to pay for them from their own pocket even when they are insured. They have suggested that the government, the policy makers and the industry needs to revamp the policy design for the benefit of the larger section of the society.

### **Objectives:**

1. To analyse impact of demographic dimensions on health insurance buying behaviour.
2. To analyse the difficulties faced by the individuals during claim settlement
3. To determine the impact of issues in preferring health insurance.

## **RESEARCH METHODOLOGY**

### ***Sources of Data:***

The data for this study is gathered through primary and secondary sources. Primary data is collected by circulating a structured questionnaire to the respondents residing in the city of Hyderabad. For the purpose of measure of internal consistency, we have used Cronbach's Alpha making sure that the questionnaire is in line with the research topic. Secondary data is obtained through vernacular newspapers, articles, blogs etc.

### ***Sample size:***

There sample size is of 390 respondents belonging to various age groups, gender, educational qualifications, marital status, kind of employment, etc. The number of respondents is based on the calculations done using the Australian Bureau of Statistics (ABS) sample size calculator.

**Statistical tools:** To analyse the data and interpret it, multiple statistical tools such as Correlation and Regression

are used with the help of SPSS. For clear understanding and visual representation different types of graphs are used along with tables.

## DATA ANALYSIS& DATA INTERPRETATION

### *Test of Reliability – Internal Reliability of the Survey:*

The internal consistency of the Questionnaire is tested by using Cronbach's Alpha. The test show 0.83 reliability result, which is the accepted range of reliability and thus the survey is more reliable.

### *Demographic Profile*

**Table 1:** Demographic Profile

Variable	Description	Percentage
Gender	Male	52
	Female	48
Age	30-35	30
	35-40	19
	40-45	24
	Above 45	27
Income	Less Than 4 Lakhs	47
	4 Lakhs to 6 Lakhs	25
	6 Lakhs to 8 Lakhs	12
	Above 8 Lakhs	16
Marital Status	Married	63
	Unmarried	37
Education	SSC	5
	10 Plus 2	3
	UG	24
	PG	56
	Doctorate	12
Profession	Private Employee	63
	Government Employee	8
	Professional	14
	Business	15

The Above Table: 1 shows the demographic profile of the participants. From the total sample 52% are Male, 63% are married, 56% are Post Graduates and 63% of the respondents are private employees.

### *Buying Decision*

**Table 2:** Buying Decision of Health Insurance

Variable	Description	Percentage
Buying Decision of Health Insurance	Yes	73
	No	27

Table 2 shows most of the respondent's health is covered under Health insurance Policies

### **Correlation Analysis**

**Statement of Problem:** This study is an attempt to analyse the relation and the magnitude of relation between Education and Occupation with the buying decision of the respondents.

**H<sub>01</sub>:** There is no linear relation between the Education and Occupation with the buying decision of the participants.

**H<sub>10</sub>:** There is a linear significant relation between Education and Occupation with the buying decision of the participants.

**Table: 3**

	Education	Occupation	Buying Decision
Education	1		
Occupation	0.74	1	
Buying Decision	0.69	0.82	1

### *Interpretation:*

The above table (Table: 1) shows Correlation analysis of Education and Occupation with the buying decision of the participants.

Test results shows Strong Positive Correlation between Education and buying decision of the participants. It is also evident that there is a Strong Positive Relation even between the Occupation and buying decision of the participants. Thus the test statistics fails to accept the Null Hypothesis.

#### **Regression Analysis:**

Further to analyse the magnitude of the influence of the independent variables (Marital Status) on the dependent variables (Buying Decision) Regression model is applied.

**H<sub>02</sub>:** The Independent Variable (Marital Status) is a reliable indicator of a dependent variable (Buying Decision).

**H<sub>20</sub>:** The Independent Variable (Marital Status) is a not reliable indicator of a dependent variable (Buying Decision).

**Table: 4**

Regression Statistics	
Multiple R	0.760714118
R Square	0.836862041
Adjusted R Square	0.72622991
Standard Error	0.176031258
Observations	390

**Table: 5**

	<i>Coefficients</i>	<i>P-value</i>
Intercept	1.318055556	3.45E-12
Marital Status	0.697222222	0.006318265

#### **Interpretation:**

- The Value of Multiple R from Table: 2 shows Strong Correlation between the observed and the predicted variable.
- Measure of goodness of fit from Table: 2 ( $R^2$ ) shows that the independent variable is the good predictor of dependent variable that is to the extent of 83%.
- P values from Table3 of the variables involved in the test is smaller than the level of significance, which is statistically significant and indicates that there is strong association between the Marital Status and the buying decision of health insurance products. Thus the test statistics is failed to accept the Null Hypothesis, hence the alternate hypothesis has been accepted.

#### **Details showing Tenure, Type and Claim of Health Insurance**

**Table 6:** Details showing Tenure, Type and Claim of Health Insurance

Variable	Description	Percentage
Period of insurance	Less than 4 Years	47
	4 to 6 Years	11
	6 to 8 ears	11
	8 to 10 Years	8
	Above 8 Years	23
Type of Policy	Self	74
	Employer	26
Claimed	Yes	33
	No	67
Difficulty Claim Procedure	Yes	15
	No	85
Rating of Satisfaction (1. Highly Dissatisfied to 5. Highly Satisfied)	1	11
	2	10
	3	12
	4	20
	5	47

From the above table 2 it can be seen that most of the respondents have health insurance policy since less than 4 years, 74% of the respondents have opted health insurance on self. And among them the percentage of the respondents who have claimed the policy is also very less-33%. Among the total respondents 47% are highly satisfied with the claim Settlement Procedure

#### **Findings:**

- The internal consistency of the Questionnaire is tested by using Cronbach's Alpha. The test show 0.83 reliability result is good.

- The internal reliability test using Cronbach Alpha indicates the accepted the items included in the questionnaire are interrelated and the value 0.83 is considered to be good.
- Most of the Respondents are male and married, and are more inclined towards health insurance.
- Correlation Analysis shows strong positive Correlation between Education, Occupation and buying decision towards health insurance.
- The magnitude of the relationship between the marital statuses of the respondent with the Buying Decision is analyzed using regression, it shows the independent variables are reliable indicator of the dependent variables.
- The study also underlines fact that the individuals remain uninsured even after insufficient savings due to the difficult procedure and the high premium.
- The participant's economic status is having very High influence on taking health insurance.
- Even though the magnitude of the respondents who have claimed the policy is very less, but they have found claim settlement procedure difficult.
- The overall satisfaction after settling was found satisfactory.

## DISCUSSION:

To summarize the findings of this paper where the focus was on investigating the impact of demographic factors in buying decision of health insurance products. The outcome of the study shows these demographic factors involved in the statistical tests have high impact on the buying decisions. Thus the health insurance companies can increase their market by targeting the people with high income. Further the study also underlines the fact that married individual are more inclined towards health insurance products. Therefore, the Health Insurance Companies should focus in designing more family floater policies. Further in India a very limited percentage of the total population is covered under health insurance. This includes insured from the employer, government under social security and the households. The ratio of Indian population under health insurance is very less compared developed countries. In developed countries the percentage of population covered under health insurance is more than 90%. Thus in our country people are either trapped into debts or their life time savings gets exhausted in meeting the unexpected medical expenses. Thus government and the private service providers need to modify the mechanism and encourage people to come under the umbrella of health insurance. This will have long run effect on the efficiency of labour, standard of living and on quality of life of Indian population

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