CHAPTER 6

CONCLUSION

6.1 Conclusion

This study was aimed at proposing alternative health insurance schemes for workers engaged in urban informal sector in Delhi based on their household health expenditure, ability and willingness to pay for health care and existing sources and pattern of health care provision. A detailed review was carried out on the experiences of health insurance schemes for informal sector in few developed and developing countries with respect to various scheme components and potential problems confronted with these schemes. The review of these schemes suggests that schemes without substantial government involvement fails to cover large population particularly, the low income families. All the schemes reviewed involve spreading risk among a larger pool of families, and a few are national in scale, though membership in almost all cases is voluntary.

The household health expenditure of manual workers in Khanpur area of Delhi was estimated based on the survey of 150 manual workers in informal establishments. The survey results revealed the average monthly income of household at Rs.2761 and average monthly expenditure at Rs.2430. On an average the sample households spent 57.9 percent of their monthly income on food and the share of food expenditure to consumption expenditure formed 65.72 percent. The study showed that on an average 154 per 1000 population was affected by illness during a given month. About 68 percent of the households availed private health facilities for outpatient treatment whereas about 67 percent of the hospitalized cases availed treatment in public facilities. Average direct health expenditure for outpatient episode was Rs.113.06, and of which Rs.72.69 was accounted by doctor's fees and medicines. Wage loss due to illness in the family was found to be quite substantial. The share of indirect expenditure to the total expenditure was 41.36 percent which is quite higher when comparing to the findings of other studies.

The factors influencing households ability and willingness to pay for health care was analyzed on the basis of certain assumptions followed in

accordance with various study findings in ATP and WTP literature. The results of logit regression analysis showed that factors such as monthly income, percentage of income spend on health care and saving of the households have influence on ability to pay for health care of households. On the other hand factors such as education, number of earning members, family size, and priority given to health care, have influence on willingness to pay for health care. However, household income did not have much influence on willingness to pay. Many studies in India (Duggal and Amin,1989, Yesudian.1994) have also shown that irrespective of socio-economic status, people were willing to pay for health care. In many cases, poor people are forced to spend a larger amount of money in the event of severe illness in the family. These results show that there exists a potential role of risk sharing mechanism among these population. Analysis of the sources of health care facilities and utilization pattern by population engaged in informal sector reveals that private dispensaries and clinics are the major outlets for outpatient care. However,a majority of them seek inpatient care in the public hospitals due to unaffordable charges of inpatient care in private hospitals.

The ultimate feasibility of introducing a health insurance scheme for workers in urban informal sector in Delhi depends on the availability and stability of the relevant infrastructure, which consists of health care resources, both man power and facilities, the ability to contribute on the part of employer, employee and government and the administrative capacity to implement and operate the schemes with increasing efficiency. Along with these factors, political determination in creating the necessary legislation by the state government is also needed.

If we consider all these factors, the feasibility of introducing an employer contributory health insurance scheme in Delhi seems limited at the outset. However, the right path may be a voluntary health insurance scheme covering one region or certain occupational category. Once the scheme made popular, and all the relevant elements are found feasible, a moderate beginning may be made for an employer contributory scheme, while the scope of voluntary health insurance may be extended to other workers in the informal sector including casual workers, daily wage earners and self employed.

6.2 Prospects for Policy Initiatives

The main findings and discussion emanating from this study might help policy initiatives in the following ways:

1. A majority of households engaged in manual work were spending a considerable share of their income on health care. The indirect health expenditure, particularly wage loss in the event of illness among these group is quite substantial comparing to other section of population. A majority of these expenditure goes to private sector. This shows a considerable scope exists for risk sharing mechanism among these segment of population.

2. There is no official guideline exists to determine the ability to pay for health care of the people. The current practice of nominal amount of income criterion below which families are judged to be poor contains some biases. Moreover, many practical difficulties are involved in estimating household income. The result is that many of the welfare programs designed for the poor could not percolate to the real poor. Therefore the method of proxy variables as suggested by the study such as family income (preferably per capita income), number of earning members, household property, savings etc. may be considered for determining the eligibility for government subsidy.

3. Political will and government initiatives are the two major elements lacking for introducing a health insurance scheme for informal sector. A clear policy framework is needed to publicize and guide the development of insurance schemes. A policy framework might be a valuable tool to support the schemes which complement and reinforce overall national health policy objectives. There may be a public statement of roles and responsibilities of major actors, such as urban community, insurance organization, government and health care providers.

4. Before planning for a health insurance scheme for workers in informal sector, it is a formidable task to make people aware of the risk pooling concept and role of health insurance in easing out the future financial burden on the households. Once the people have the clear conception of the solidarity scheme, then a large scale survey may be carried out to study their

willingness to pay health care and the maximum amount the households would be able and willing to contribute to insurance schemes.

5. The existing definition of formal sector based on the criteria of number of workers in establishments needs to be modified to bring a large number of informal units under insurance coverage. The application of proxy variables as suggested in the study is not only more practical and fair method but also helps bring a large number of employers under the new legislation.

6. The existing public health care facilities in Delhi is not sufficient enough to provide health services to the insured under the proposed schemes. As suggested in the study, contracting out services to non-profit and private hospitals or creation of provider network may be a feasible solution. Necessary initiatives may be taken to bring all non-profit health facilities under the contracting system. These hospitals may be encouraged to provide all types of care, particularly primary care.

6.4 Some Guidelines for Policy Making

1. A successful insurance scheme requires a broad risk pool, with both healthy and unhealthy members, and both better off and poorer people. By spreading costs over a large and diverse pool of risks, the health care be made affordable for all. To avoid adverse selection in voluntary health insurance scheme, steps may be taken to make schemes as widely inclusive as possible by defining unit of membership at least a whole family.

2. There should be the need for an enrollment or qualifying period. In other words, the time which has to be lapse between joining the scheme and qualifying for benefits under it. This is more important, particularly in schemes providing insurance cover for hospital inpatient care.

3. It is extremely important that an insurance scheme should reinforce and not undermine the referral system. Since urban areas lack proper referral facilities, some kind of referral requirement may be built into the design of the scheme. ie., a system of 'Gate Keeping" may be introduced as it help encourage the use of most cost-effective services. The urban primary care system needs to be geared up and made functional to take care of communicable diseases. This can also act as a first level contact facility.

4. There is also a need to ensure that preventive and promotive services are included in the activities of all service providers. This will help to reduce morbidity and mortality and also containing health care costs.

6.5 Recommendation for Future Research

Firstly, a large number of studies on working and living conditions of workers in various occupational groups in urban informal establishments are available in India. However, these studies do not provide much information on health aspects, particularly, morbidity pattern, utilization and expenditure on health care of these population. Therefore studies emphasizing more on health aspects of population engaged in informal sector is needed.

Secondly, ability to pay for health care is a complex empirical question. The informational requirements for assessing ATP are complex. It requires in-depth investigation of household priority setting and expenditure patterns. Moreover, households mobilize resources and adopt various coping strategies when payment difficulties arise. These information are lacking in Indian context. Therefore, more research is required on related issues.

Thirdly, there is lack of research on the willingness to pay for health care in India. Studies focussing on contingent valuation method to estimate household willingness to protect their members from suffering short term and long term morbidity conditions are required.

Finally, in-depth studies focussing on feasibility of different health insurance schemes for workers in informal sector by interviewing health administrators, health care providers, employers and workers are further required.