

Health Insurance in the Digital Age

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ABSTRACT

The nature of competition in health insurance is shifting as new entrants, changing consumer behaviors, and technological innovations threaten to disrupt established business models. Though the traditional insurance business model has proved remarkably elastic, digital has the power to reform the industry as a whole. Transformation from paper to e-paper, text books to e-books, branch banking to e-banking and many more have upended value chains and redistributed value pools in industries as diverse as financial services, travel, film, music, and publishing. As new opportunities emerge, the insurers go forward fast enough to keep up the technology with them will gain enormous value; the slowpoke will fall further behind. To succeed in this new landscape, insurers need to take a structured approach to digital strategy, capabilities, culture, talent, organization, and their transformation road map.

With the dawn of the internet, the avant-garde globe is witnessing a massive evolution in the digital atmosphere. Health insurance is the insurance against the risk of incurring medical expenses among individuals. In other words it is a plan that covers or shares the expenses associated with health care.

This paper presents a broad view of health insurance scenario in India, the need for marketing of insurance services through the online platform, the emerging challenges, opportunities and the role of online tool in insurance business.

Keywords: Health Insurance, Internet, Online Platform.

Introduction

After the opening up of the Indian economy, privatization of insurance has taken place. The health care system in India has been expanded and modernized substantially, with vivid improvements in life expectancy, the availability of modern health care facilities and several other factors. Increased per-capita income and health consciousness among the people of all classes drive the health insurance industry. Health insurance is now emerging as a tool to manage financial needs of people to seek health services. India is still a way behind countries like USA, France, Japan, Germany in terms of health care financing. In case of government funded health care system, the quality and access of services has always remained major unease.

Insurance companies across the world are rolling out a broad bundle of digital initiatives. Success in the digital ground requires a wide-ranging approach which engages customers smoothly across all channels. The insurance companies bombard with digital marketing strategies like using all forms of digital platform to reach the target segment every day. The customer being rational chooses a suitable health insurance service provider after matching the priorities especially through digital technologies.

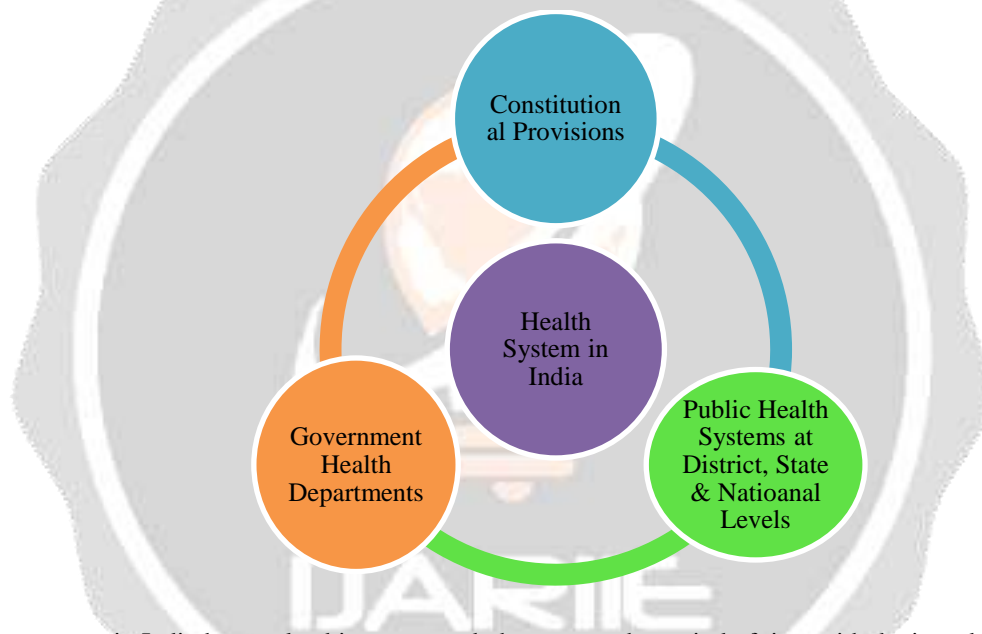
Health Care and Health Insurance Financing in India

Health is defined as the physical, mental, emotional, spiritual and social wellbeing of an individual. Given the ancient acquaintance and practices, India initiated its health care system on firm ground, involving not just the physical ailment of the patient but also the environment and other elements in its system.

The illness and disease was not a micro ailment but phenomena that involved the person's physical, mental, spiritual, and supernatural essence.

Healthcare is not about providing a bed-facility to a sick person. Health care has a wide compass such as providing medical facilities to a community and the nation in one piece.

Fig 1: Health Care System in India



The health care system in India has evolved in compound phases over the period of time with the introduction of public hospitals by the government, inception of the Employees' State Insurance Scheme, introduced vide the ESI Act, 1948, shortly after the country's independence in 1947. The ESIS was soon followed by the Central Government Health Scheme (CGHS), which was introduced in 1954 for the central government employees working for civilian assignments.

In 1986, the first standardized health insurance product for individuals and their families was launched in the Indian market by all the four nationalized non-life insurance. This product, Mediclaim was introduced to provide coverage for the hospitalization expenses up to a predefined annual limit of indemnity with certain exclusions such as maternity, pre-existing diseases etc.

Today, insurance industry of India consists of fifty two insurance companies of which twenty eight are non-life insurers offering health insurance products.

Financing Health Care in India

The financing of the healthcare costs in India is done through the following methods.

i) **From the Government Revenues and Taxes** : In this system, the population contributes to the Government revenues indirectly via taxes, a share of which is then allocated by the Government for providing healthcare care services to the people. This is therefore also known as tax-funded system. Thus, the payment to the healthcare providers is made by the Government on behalf of the users.

ii) **Group Health Insurance**: It is also referred to as an employment based health insurance. The employees and the employers pay a regular contribution to the funds that are then used for funding healthcare needs for the employees as well as their families.

iii) **Commercial Health Insurance** : Commercial health insurance is also known as private health insurance is a health insurance taken by an individual, to provide coverage towards expenses incurred on their healthcare needs.

iv) **Out-of-Pocket Payments**: It is a direct payment made by the households to the provider for their healthcare needs without any coverage or reimbursements.

Emerging Challenges

Marketing. Evolving consumer behavior is a challenge and necessitating a shift from the print media to personalized mobile and online channels.

Pricing. The combination of rich customer data and enhanced computing power is the gateway and behavior-based pricing that could reduce barriers to entry for attackers that lack the loss experience formerly needed for accurate pricing.

Distribution. Policyholders increasingly demand digital-first distribution models in personal and small commercial lines, while aggregators continue to pilot direct-to-consumer insurance sales

Service. Consumers expect personalized, self-directed interactions with companies via any device at any hour, much as they do with online retail leaders like Amazon.

Claims. Automation, analytics and consumer preferences are transforming claims processes, enabling insurers to improve fraud detection, cut loss-adjustment costs, and eliminate many human interactions.

Opportunities in Embedding Health Insurance into the Digital Platform

The digital marketing started to bloom and has infusing in almost every industry. While it was possible earlier to do things without digital marketing and go for more traditional methods, today, however, digital marketing and health industry are indispensable.

The main reason is a huge number of people are not only becoming active online but are also looking for solutions to their problems online. This being the case, health insurance industry cannot or in fact should not neglect digital marketing. It is safe to assume that digital marketing combined with healthcare has a pool of opportunities in it.

Digital platform includes mobile marketing, content marketing, search engine marketing, social media marketing, and more. Digital marketing is an inexpensive as well as an effective way of marketing when compared to traditional methods. Therefore health insurance industry cannot miss out marketing through digital platforms.

Table 1: Value Chain in Health Insurance

Product	Marketing	Underwriting	Claims
Product becomes more personalized	Digital drives more effective marketing via better targeting and conversion.	Availability of data in the digital platform improves efficiency and saves time.	Claim adjustment is done digitally via integration with centralized online real time processing system.

Role of Online Tool in Insurance Business

Nowadays the insurance companies offer a wide range of interactive online tools to plan for financial goals. The individuals who are interested to buy health insurance policies can get comparative quote by entering the relevant information in the website.

Once the interested individuals enter his/her personal and contact details, the webpage redirects to a wide range of policy suggestions. The insurance companies in turn try to reach the interested individuals through telephone and email. They even inform the people about the sum assured, premium paying terms, premium payment, claim procedure, etc.

The availability of a wide range of interactive tools aids the prospective customer to calculate insurance premium online & generate quotes instantly. It enable the customers to link to networked hospitals, Make pre-hospitalization and post-hospitalization procedure easy and ensures speedy claims settlements.

Today, the consumers are no longer satisfied to blindly accept what an insurance agent tells them. They prefer doing homework before apply for a health insurance policy. This means that health insurance companies having an optimum utilization of the World Wide Web in the front end as well as providing backend services will be able to sustain in the competition.

Conclusion

Caring for the health and wellness is very essential. Choosing and administering an appropriate health insurance plan is to be done with utmost care.

Like any service, it is also important to thoroughly research the health care service providers, including their experience, service and reputation for excellence in the industry. The online platform is the only solution to everything on a single mouse click and making the health insurance services more predominant in the digital era.

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