

# Benefits of star health insurance on health care utilization and the financial protection in India

Arun Ks Prakash<sup>1\*</sup>, Charanya Sathyamoorthy<sup>2</sup>

<sup>1</sup>Assistant Profesor, <sup>2</sup>Medical Consultant, Star Health and Allied Insurance Company Limited, Chennai, Tamil Nadu, INDIA.

Email: [drarunksprakash@gmail.com](mailto:drarunksprakash@gmail.com)

## Abstract

**Background:** The object of disease accelerates as the technology and lifestyle paves a rising trajectory. Health Insurance Schemes on the other hand helps in curbing the number of victims by means of protection from financial loss which in turn helps an individual in risk management at times of catastrophes, encourages them to opt for insurance, acknowledging the importance without any hesitation. This awareness of Health Insurance is at a greater swing for a developing country like India as the National Sample Survey (60<sup>th</sup> Round, 2004) data highlights a perplexing scenario in India that is characterized by low rates of utilization of highly subsidized public healthcare services and greater utilization of higher priced private healthcare services. Whereas the insurance industry of India consists of 57 insurance companies of which 24 are in life insurance business and 33 are non-life insurers. Star Health Insurance had got a bid of Rs 6,500 crore from ICICI Lombard, which has made the listed non-life insurer a front-runner for the business. A proper knowledge of the resource at the right time, imprinting the milestones of the company to build trust and make them opt for a policy in times of a pandemic is very much essential.

**Key Words:** Star Health Insurance, Health Insurance Policy, Health Insurance Plans, Medaxis India, Quick Claim Settlements, Cashless Claims, Reimbursement Claims, COVID 19.

## \*Address for Correspondence:

Dr Arun Ks Prakash, Assistant Professor, Medical Consultant, Star Health And Allied Insurance Company Limited, Chennai, Tamil Nadu, INDIA.

Email: [drarunksprakash@gmail.com](mailto:drarunksprakash@gmail.com)

Received Date: 04/04/2020 Revised Date: 12/05/2020 Accepted Date: 27/06/2020

DOI: <https://doi.org/10.26611/1004761>

## Access this article online

Quick Response Code:	Website: <a href="http://www.medpulse.in">www.medpulse.in</a>
	Accessed Date: 28 June 2020

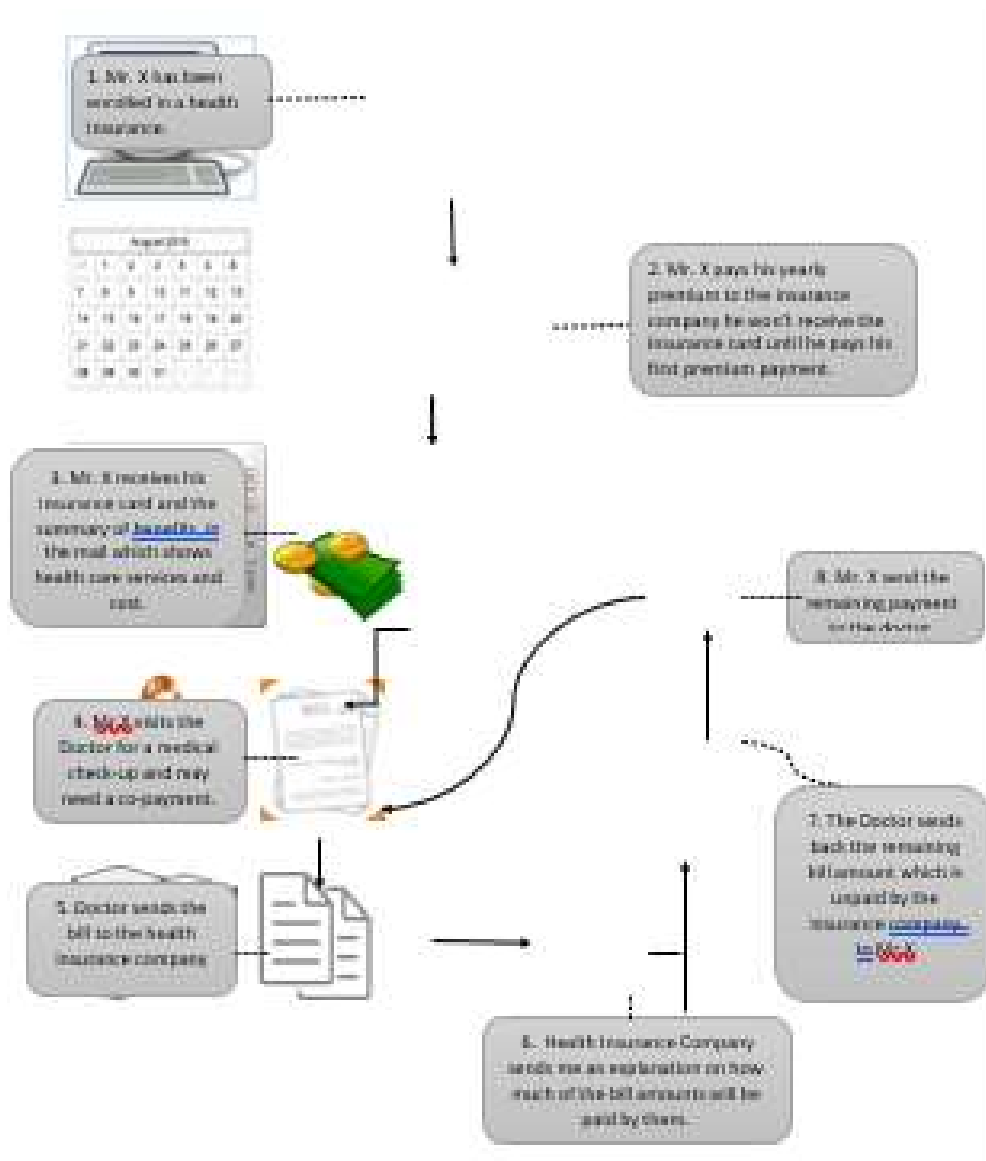
## INTRODUCTION

Health care is a basic necessity which comes with a cost in most of the procedures. Though the government hospitals take up the cost for all the procedures, the ratio of the people reaching out for a medical emergency to a government hospital than to a private hospital is an irony. Reaching out to these private bodies would cause a considerable high amount to be paid at the patient's exit, the highly charged bill various from the room the patient opts, the test conducted, medical procedures and many

more. The need for a well-equipped hospital has become a primary concern when the person falls sick irrespective of the family's financial state. Keeping in mind that the income of an individual is directly proportional to the health care services utilized, it has been found that with a rise in household income of an individual the likelihood of utilizing healthcare services increases. Reports from rural Bihar, Thind (2004) India, states that children belonging to households with higher standards of living are more likely to utilize healthcare services. In 2010 it was reported that women belonging to wealthiest quintile of income in Bangladesh were more likely to use trained healthcare professionals for maternal and child health care. More recently, Poureza *et al.* (2011) and Prinja, Kanavos and Kumar (2012) found similar results from studies conducted in Tehran (Iran) and the state of Haryana (India) respectively<sup>3</sup>. Central Government Health Insurance schemes were first implemented in India for Government Employees and Employee's State Insurance Scheme for employees in the private sector. Only in 1986 the first health insurance product was launched. Since then a lot has been changed with government sponsored general

insurance companies and in private companies operating with their own products<sup>4</sup>.  
How does this insurance work?

The chart below represents the basic functionality of the insurance company.



How does these Health Insurance Companies benefit from us?

Most of the Health Insurance Companies generate their revenue in two ways

- Charging the premium,
- Then reinvesting those premiums into Interest-generating assets<sup>5</sup>.

There are numerous reasons to register with a health insurance company:

- Health Insurance protects the assets and safeguards the future earning from limiting the cash out of the pocket for the Insured Person.

- With the rise in the inflation and ever increasing cost of medicines and other expenses the cost of medical services would also increase in the future.
- One just needs to show the identity card and rest of the process is taken care by the hospital staff. This is known as Cashless Hospitalization.
- Insurance company can provide best treatment to insured in the network hospitals which is not affordable by the common man.

While registering for a health care insurance what should I look for?

**Reputation**

Reputation of the Insurance Company plays a major role when it comes to choosing of their products. For. e.g. Star Health and Allied Insurance Company Limited was started in the year 2006 as a standalone health Insurance company and is flourishing in health insurance, personal, accident insurance and Overseas Medi claim insurance sector. It is renowned over a decade and a half for its services and has more than 9900 network hospitals [7]. Currently Star Health Insurance has 10600+ employees and 550+ branch offices all over India. Star Health Insurance is also prominently into Bank assurance having long standing relationship with various Banks. Apart from the wide network and employees services it has also won several awards with some of the India's top health insurers.

- Best BFSI Brands Award 2019
- Best health insurance provider of the year 2018- 2019
- Best health insurance provider of the year 2017- 2018
- Rated as the best claims settlement process company by Hindustan MaRs Survey 2015
- Health insurance company of the year at Indian insurance award 2015 [7].
- Claims Service company of the year at Indian Insurance Award in 2014

### Wider insurance products

Checking for the products in an insurance company is yet another essential tip. The wider the insurance products the better is the benefits. At Star Health Insurance there are various products and combinations to benefit people of all ages. Their policies cover a single person, an entire family and Senior citizens. It has specific insurance for diseases like Diabetes, Cardiac ailments and Cancer. It also provides Special, critical care, micro care and various other more policies. It also has combo policies like Star delite, Star classic and Star comprehensive policies. Star travel protect policy covers emergency medical expenses, transportation to Republic of India, transportation of Mortal remains etc.,

### Available Services

The service provided by Star Health Insurance adds ease to the customers and it is the main reason they attract customers to their services. Services in simple term can be defined as lessening the work of the customer.

As Medical Consultants of Star Health and Allied Insurance Company limited, we would like to highlight the key points

- **Quick claim settlement** – Star health insurance is so far known for it fast, easy and hassle free health claim settlements. It has 87% cashless claim settlement ratio. The

claims are settled within 2 to 3 hrs. of registration of the claim.

- **In-house settlement** – At Star health insurance claims are settled without the third-party administrator intervention.
- **Online purchase and renewals** – The plans of Star Health Insurance can be easily purchased and renewed online.
- **Cashless treatment**- It facilitates cashless treatments in 8800 +hospitals across India.
- **Specialized coverage for children and parents** – It has the most flexible coverage for all the members of the family.
- **Co-payment** – only 20% of Medical expense has to be settled by the insured if he/she is a senior citizen, otherwise no co-payment is made.
- **Life –Long renewability** – It provides cover for entire lifetime
- **Room rent** – 2% of the sum assured is the room rent paid for the insured and to a maximum of Rupees 4000 per day.
- **Pre-existing diseases** – Any pre-existing disease is paid after a waiting period of 4 years and one year in case of senior citizens.
- **Pre-hospitalization cost** – This is applicable for usually up to 30 days.
- **Post-hospitalization cost** – This is met with a sum payment of 7% of the cost of 5000 usually up to 60 days.
- The policy also includes charges for Anesthesia, Nursing, Surgery, Consultants, X-ray, Scan and certain drugs.
- **As the Corona Virus comes under the category of Acute Viral Infection the usual policies which the insured comes under is sufficient for the coverage of the patients.**

### Capability

The capability of a health insurance company can be broken into simpler form by its revenue. Star health insurance claims that they have underwritten a gross premium of Rs.5401 Cr during the FY 2018-19 and has built up a promising path with an appreciable net worth of Rs.1480 Cr, as on 31st March 2019. Star Health Chairman and Managing Director Mr. Jagannathan, owns 3.5% stake. Dr. S Prakash, Managing Director plays a key role in Planning, Recruiting and Developing Medical Personnel for Insurance claims Management through a paperless platform, created a network of over 8300 hospitals pan India to leverage fast and effective delivery of Quality Healthcare aimed at achieving customer delight. Star Health insurance has successfully maintained its

leadership position among the standalone health insurance companies in India and also has delivered stronger trajectory in gross premium income and has been. The Standalone health insurance companies have a total share of 5.5 per cent with only six standalone companies whereas Start health insurance has a share of 2.75 per cent<sup>2</sup>. This standalone health insurance space has attracted Banks like HDFC which made them announce their interest in entering the plans either through acquisition or by floating a company. The sector needs fresh capital to write new business though it has been expanding 25-30 per cent annually for the past five years [2] with an underwriting profit of Rs 50 crore in the last financial year the company is looking to book profit of Rs 200 crore. Compared with Rs 2,961 crore in the previous year it reported a growth of 40 per cent in gross written premium at Rs 4,145 crore in 2017-18. The company is mainly focusing into retail health, with a major portion of 92 per cent of the business, while corporate business accounts for 8 per cent of sales. Earlier Star Health Insurance had got a bid of Rs 6,500 crore from ICICI Lombard, Three bidders — ICICI Lombard, WestBridge Capital, and Premji Invest-Prudential — were shortlisted earlier, which has made the listed non-life insurer a front-runner for the business. In recent times the online sale spurts up to 30% they witnessed a growth of 20-30 percent in a span of 25 days in March (from March 6 to March 31) as compared to February month (the non-corona time) Amit Chhabra, Head - Health Insurance -Policybazaar.com said that in terms of sale of health insurance policies. More precisely the number of health policies issued in January and February 2020 is lesser to 36000 policies compared to March which was approximately around 4500<sup>8</sup>.

## CONCLUSION

The Health Insurance Policies offered by the Star Health Insurance has increased the opportunities to opt for better health care services among the common population. As and when new changes arises in the medical field there is a faster pace to improvise the policies and procedures. The world moves at a pace such that new drugs are been invented and the cost of certain procedure drift down whereas the cost of some spike up due to the lack of equipment's. The utilization of a health insurance in a

developing country like India is important, as the increase in the health care cost and increasing disposable income, high out of pocket expenses would cause a negative impact on the future financially.

The merits of Star Health Insurance policies are compact and having wide reach all over India with its speedy settlement of claims and grievances attending skills.

If the Governments of all the states in the nation are opting the appropriate policies for the health care of their respective state citizens under their medical schemes, it would be definitely more beneficial to the needy common population in the Health Care maintenance.

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Source of Support: None Declared  
Conflict of Interest: None Declared