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Health Insurance Utilization and Financial Behaviour: A Study of Rashtriya Swasthya Bima Yojana (RSBY) in Kerala

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ABSTRACT

This paper examines the health behaviour and health insurance landscape in Kerala, India, with a focus on the impact of the Rashtriya Swasthya Bima Yojana (RSBY) on healthcare utilization and financial behaviour. Using primary data collected from Mukkam municipality in Kozhikode district, Kerala, the study analyses the demographic profile of respondents, their health insurance status, and satisfaction levels with the RSBY scheme. The findings indicate a fairly balanced preference between government and private insurance schemes among households, with a significant majority possessing an insurance card. The RSBY scheme has been successful in enrolling a large proportion of households and providing satisfactory coverage at both government and private hospitals. However, there are variations in insurance coverage and satisfaction levels among different demographic subgroups, highlighting the need for targeted interventions and policy measures to improve access to healthcare and financial security among vulnerable populations.

Keywords: Health insurance. Rashtriya Swasthya Bima Yojana (RSBY). Healthcare utilization Financial behaviour. Kerala

1. Introduction

The World Health Organisation (WHO) defines universal health coverage as ".... ensuring that all people have access to needed promotive, preventive, curative, and rehabilitative health services of sufficient quality to be effective, while also ensuring that people do not face financial hardship in paying for these services." The world today is experiencing rapid changes in the technology, environment, economy, and demographics, which are all connected to human health and well-being. One of the primary aims of an effective and acceptable healthcare system is to prevent patients from being denied care due to their incapacity to afford it. (Feldstein, 2006). The issue

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of increased demand for health care in private sector and a bigger percentage of expenditure related to OOP in India is a direct result of rising privatisation of the health system and underfunding of public sector health care. The present public expenditure on health in India is appalling, at roughly 1.3% of GDP, in comparison with the OECD nations' government expenditure of 5 to 8% of GDP. To come closer to healthcare at macro level, governments must spend more than 15% of their budget or at least 4% to 5% of their GDP on healthcare (Mala Rao et al 2012). utilisation of health care services is a multidimensional process that is marked by both some 'demand side' factors that affect people's preference to avail themselves of care as well as the four aspects viz availability, accessibility, affordability, and acceptability related supply side' factors.

The rising incidence of morbidity and healthcare utilization in Kerala has led to increased healthcare expenses, particularly due to the rapid expansion of healthcare in the private sector. This scenario has resulted in a significant rise in out-of-pocket healthcare costs for individuals in Kerala. To address this issue, there has been a growing trend among Keralites to seek financial and health protection through health insurance schemes. One such scheme is the Rashtriya Swasthya Bima Yojana (RSBY), which aims to provide financial protection against healthcare expenses for vulnerable populations in India. However, the effectiveness and impact of the RSBY on healthcare utilization and financial behaviour in Kerala, considering its unique socio-demographic variations and insurance coverage preferences, remain largely unexplored. Therefore, there is a pressing need for a study in the Kerala context to assess the impact of the RSBY on healthcare utilization patterns and financial behaviour among different demographic subgroups and regions. Such a study would provide valuable insights into the effectiveness of the RSBY in addressing the healthcare needs of the people of Kerala and could help in identifying areas for improvement and policy interventions. This study aims to assess the impact of the Rashtriya Swasthya Bima Yojana (RSBY) on healthcare utilization and financial behaviour in Kerala, focusing on socio-demographic variations and insurance coverage preferences.

2. A Review on Health Insurance and Healthcare Financing:

Health insurance plays a critical role in safeguarding individuals against unforeseen medical costs and wage loss. It significantly reduces out-of-pocket expenses, although it may not cover all medical expenses. The premium and coverage amount are typically based on the insured's age, with coverage terms usually lasting one year, although some insurers offer packages with terms of up to three years. Health insurance is a complex form of general insurance, given the wide range of health conditions individuals may face. The goal of health finance, as outlined by the World Health Organization (WHO), is to make funding available and set appropriate financial incentives for providers to ensure access to effective public health and personal healthcare for all individuals. However, in India, out-of-pocket payments still account for a

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significant portion of healthcare spending, leading to considerable impoverishment (Van Doorslaer et al., 2006; Bonu et al., 2007; Berman et al., 2010).

Health insurance is considered a crucial health finance mechanism that facilitates access to healthcare (Ranson, 2002; Hsiao and Shaw, 2007; La Forgia and Nagpal, 2012). This is particularly evident in Kerala, where a larger proportion of the population avails themselves of health insurance to cover out-of-pocket expenditures and hospitalization costs. Panikar (1992) highlighted Kerala's advanced healthcare profile, equivalent to that of highly industrialized, high-income Western nations, with a vast network of accessible public healthcare facilities. However, private healthcare spending remains high. Kharas (2010) emphasized the role of the middle class in driving economic growth in developing nations, including India. He projected a doubling of middle-income consumers, influencing future purchasing habits in Asia. Mukherjee et al. (2011) examined caste-based disparities in healthcare expenses in Kerala, revealing ongoing inequality hindering access to medical treatment for marginalized groups. Evans et al. (2005) critiqued the role of private insurance in achieving universal health coverage, emphasizing the need for governmental responsibility in regulating the private insurance sector. Varier (2016) compared customer satisfaction levels between private and public insurers, noting that private insurers often had more satisfied clients due to factors like affordable premium rates and post-hospitalization treatments. Dafny et al. (2011) studied the importance of health insurance in the US healthcare system, focusing on the challenges in studying market structure and components due to data complexities.

3. Methodology

The study primarily relied on primary data, collected using a multi-stage random sampling method from Mukkam municipality in Kozhikode district, Kerala. A sample of 350 cross-sectional units was taken. Notably, Kozhikode district has the highest number of households covered under health insurance, according to NFHS 5 data (2019-21), at 61.1%. Descriptive statistics were used to analyse the health insurance utilization behaviour among respondents in Kerala.

4. Results and Discussion

4.1 General profile of the Respondents

The demographic profile of the respondents in the study reflects a diverse sample. In terms of location, the majority of respondents are from rural areas (56.0%), while the rest are from urban areas (44.0%). This distribution is important as it may influence access to healthcare services and healthcare-seeking behavior, with rural residents potentially facing more challenges in accessing healthcare facilities compared to urban residents. In terms of gender, the sample is nearly evenly

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split, with slightly more male respondents (50.3%) than female respondents (49.7%). This gender balance is crucial for understanding potential gender disparities in healthcare access and utilization.

Regarding religion, the sample is fairly evenly distributed among Hindus (31.7%), Muslims (32.3%), and Christians (31.7%), with a smaller percentage belonging to other religions (4.3%). This distribution reflects Kerala's diverse religious composition and highlights the importance of considering religious beliefs and practices in healthcare planning and service delivery. In terms of caste, the majority of respondents belong to the Other Backward Classes (OBC) category (56.9%), followed by General (25.7%), Scheduled Caste (SC) (11.7%), and Scheduled Tribe (ST) (5.7%). This distribution underscores the need to address caste-based disparities in healthcare access and utilization. Additionally, the majority of respondents come from single-family households (88.6%), which can impact social support networks and financial resources available for healthcare. Marital status data show that the largest proportion of respondents are single (78.0%), followed by divorced (16.6%), married (4.6%), and widowed (0.9%). Marital status can influence healthcare decisions and utilization patterns, highlighting the importance of understanding the socio-economic context of the respondents.

Table 1: Demographic Profile of the Respondents

	Category	Frequency	Percent
Location	Rural	196	56.0
	Urban	154	44.0
Gender	Male	176	50.3
	Female	174	49.7
Religion	Hindu	111	31.7
	Muslim	113	32.3
	Christian	111	31.7
	Others	15	4.3
Caste	General	90	25.7
	OBC	199	56.9
	SC	41	11.7
	ST	20	5.7
Type of family	Single	310	88.6
	Joint	40	11.4
Marital status	Single	273	78.0
	Divorce	58	16.6
	Married	16	4.6
	Widowed	3	.9

Source: Primary data

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4.2 Status of Health Insurance in Households: A Descriptive Analysis

Table 2 provides insights into the status of health insurance in households in the study area. It indicates a fairly balanced preference between government and private insurance schemes, with 51.4% of households preferring government insurance and 48.6% preferring private insurance. This balance suggests a competitive environment in the insurance market, offering households a choice based on their preferences and needs. The result also shows that a significant majority of households (68.3%) possess an insurance card, which is crucial for accessing healthcare services covered under the insurance policy. The distribution of card types reveals that 43.1% of households have a private card, 43.1% have a public card, and 13.7% have both types of cards. This diversity in card types indicates a varied coverage among households, with some opting for private insurance and others for government schemes, possibly based on factors such as coverage, benefits, and cost.

The variety of insurance companies in the region, including Star Health, United India, Oriental, SBI, and others, highlights a competitive market offering households a range of options. Additionally, the distribution of family members with health cards indicates the extent of coverage within households, with 49.7% having one family member with a health card, 45.1% having two, 3.4% having three, and 1.7% having four. This distribution reflects the preparedness of households for healthcare expenses and their access to healthcare services. Overall, the data underscores the importance of health insurance in the region and the diverse preferences and choices of households regarding insurance coverage.

Table 2: Status of Insurance in the Households

	Category	Frequency	Percent
Preference of Govt or Private for insurance	Government	180	51.4
	Private	170	48.6
Insurance card	Yes	239	68.3
	No	111	31.7
Type of card	Private card	151	43.1
	Public card	151	43.1
	Both	48	13.7
Insurance Company	Star Health	80	22.9
	United India	99	28.3

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	Oriental	71	20.3
	SBI	71	20.3
	Others	29	8.3
Number of members in the family having health card	1.00	174	49.7
	2.00	158	45.1
	3.00	12	3.4
	4.00	6	1.7
Mode of insurance	Cashless	236	67.4
	Reimbursement	114	32.6

Source: Primary data

4.3 Rashtriya Swasthya Bima Yojana (RSBY) Enrolment and Satisfaction: A Household Perspective

Table 3 presents the status of Rashtriya Swasthya Bima Yojana (RSBY) cardholders in households within the study area. The data shows that a significant majority of households (80.3%) have RSBY cardholders, indicating a high level of enrolment in the scheme. This suggests a positive reception and uptake of the RSBY scheme among the population, highlighting its perceived value and benefits in providing financial protection against healthcare expenses. The satisfaction levels of RSBY cardholders with the scheme at government and private hospitals are also noteworthy. A majority of respondents reported being either "very satisfied" (63.1%) or "satisfied" (36.9%) with the RSBY card's performance at government hospitals. Similarly, a majority expressed satisfaction with the card's performance at private hospitals, with 67.7% being "very satisfied" and 32.3% being "satisfied". These findings indicate that RSBY cardholders are generally content with the scheme's coverage and benefits, both at government and private healthcare facilities. Moreover, households overwhelmingly assessed the RSBY scheme positively in terms of providing protection against healthcare expenses, with 88.6% of households affirming its effectiveness in this regard. This reflects a high level of trust and confidence in the RSBY scheme's ability to mitigate financial risks associated with healthcare. Overall, the data suggests that the RSBY scheme has been successful in meeting its objectives of providing financial protection and improving access to healthcare services for vulnerable populations in the study area.

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Table 3: Status of RSBY cardholders in Households

	Category	Frequency	Percent
RSBY card holder	Yes	281	80.3
	No	69	19.7
Satisfaction from the card at govt hospital	Very satisfied	221	63.1
	Satisfied	129	36.9
Satisfaction from the card at private hospital	Very satisfied	237	67.7
	Satisfied	113	32.3
Households assessment on protection of RSBY	Yes	310	88.6
	No	40	11.4
Number of members enrolled in the RSBY card	1.00	141	40.3
	2.00	161	46.0
	3.00	48	13.7

Source: Primary survey

4.4 Socio-Economic Characteristics and Financial Behaviour of RSBY Card Holders vs. Non-Card Holders

This section examines the socio-economic characteristics and financial behavior of individuals enrolled in the Rashtriya Swasthya Bima Yojana (RSBY) health insurance scheme compared to those not enrolled in the scheme. The analysis focuses on key scale variables, including age, family size, monthly income, savings, and expenditures on health, non-food items, and food. Understanding these differences is crucial to assess the effectiveness of the RSBY scheme in reaching its intended beneficiaries and to identify areas where interventions may be needed to improve access to healthcare and financial security among vulnerable populations.

Age: The mean age of RSBY card holders is 34.41 years, slightly lower than the mean age of non-card holders, which is 34.67 years. The t-test results indicate that there is no significant difference in age between RSBY card holders and non-card holders ($t = -0.205$, $df = 348$, $p = 0.838$).

Family Size: RSBY card holders have a slightly larger mean family size of 3.73 compared to non-card holders, who have a mean family size of 3.64. The t-test reveals no

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significant difference in family size between RSBY card holders and non-card holders (t = 0.470, df = 348, p = 0.639).

Income (Monthly): RSBY card holders have a higher mean monthly income of Rs. 17,333.33 compared to non-card holders, whose mean monthly income is Rs. 15,151.60. The t-test results show a significant difference in income between the two groups (t = 3.034, df = 348, p = 0.0043), indicating that RSBY card holders tend to have higher incomes.

Savings (Monthly): The mean monthly savings of RSBY card holders is Rs. 3,456.90, while for non-card holders, it is Rs. 4,400.48. The t-test does not show a significant difference in savings between RSBY card holders and non-card holders (t = -2.122, df = 80.131, p = 0.092).

Expenditure on Health: RSBY card holders have a higher mean monthly expenditure on health of Rs. 3,994.54 compared to non-card holders, whose mean expenditure is Rs. 3,949.20. However, the t-test results indicate no significant difference in health expenditure between the two groups (t = 0.399, df = 131.593, p = 0.690).

Expenditure on Non-Food: The mean monthly expenditure on non-food items for RSBY card holders is Rs. 7,992.65, whereas for non-card holders, it is Rs. 9,325.39. The t-test reveals a significant difference in expenditure on non-food items between the two groups (t = -2.155, df = 348, p = 0.032), suggesting that RSBY card holders tend to spend less on non-food items.

Expenditure on Food: RSBY card holders have a slightly higher mean monthly expenditure on food of Rs. 3,702.05 compared to non-card holders, whose mean expenditure is Rs. 3,607.46. The t-test does not show a significant difference in food expenditure between the two groups (t = 0.767, df = 116.901, p = 0.44

RSBY card holders tend to have higher incomes and lower expenditure on non-food items compared to non-card holders. However, there are no significant differences in age, family size, savings, expenditure on health, and expenditure on food between the two groups.

To conclude we may say that the respondents differ in terms of varied socio-demographic characteristic features. The analysis of insurance status in households reveals a mixed picture of insurance coverage, with preferences for government or private insurance, possession of insurance cards, types of cards, insurance companies, number of family members with health cards, and modes of insurance varying among respondents. The analysis suggests that the RSBY has been successful in enrolling a significant proportion of households and providing satisfactory healthcare coverage at both government and private hospitals.

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Table 4: Mean differences of Important Economic Factors between RSBY card holders

	RSBY card holder	N	Mean	Std. Deviation	Std. Error Mean
Age	Yes	281	34.4093	9.36482	.55866
	no	69	34.6667	9.30475	1.12016
Family size	yes	281	3.7331	1.48442	.08855
	no	69	3.6377	1.61765	.19474
Income (monthly)	yes	281	17333.33	6846.975	408.45633
	no	69	15151.60	11541.060	1389.38042
Savings (monthly)	Yes	281	3456.90	3979.740	237.41139
	No	69	4400.47	6704.289	807.10166
Expenditure on health	Yes	281	3994.537	1035.468	61.77084
	No	69	3949.202	791.08991	95.23603
Expenditure on non-food	Yes	281	7992.651	4326.0048	258.06781
	No	69	9325.39	5598.301	673.95624
Expenditure ion food	Yes	281	3702.046	1027.058	61.26915
	No	69	3607.463	888.38155	106.94857

Source: Estimated from primary data

5. Conclusion

The study provides vivid insights into the health behavior and health insurance landscape in Kerala, highlighting the importance of health insurance in mitigating financial risks associated with healthcare expenses. The findings reveal a diverse range of insurance coverage preferences among households, with a fairly balanced preference between government and private insurance schemes. The Rashtriya Swasthya Bima Yojana (RSBY) has been successful in enrolling a significant proportion of households and providing satisfactory healthcare coverage at both government and private hospitals. However, there are variations in insurance coverage and satisfaction levels among different demographic subgroups, indicating the need for targeted interventions and policy measures to improve access to healthcare and financial security among vulnerable populations. The findings of this study have several implications for policymakers, healthcare providers, and insurance companies. Firstly, the study highlights the importance of promoting health insurance awareness and uptake among vulnerable populations to ensure financial protection against healthcare expenses. Secondly, the study underscores the need for targeted interventions to address variations in insurance coverage and satisfaction levels among different demographic subgroups. Finally, the study emphasizes the importance of continuous monitoring and evaluation of health insurance schemes to assess their effectiveness and identify areas for improvement.

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