FINO

WORKING PAPER

FINO DRIVEN HEALTH MICROINSURANCE IN UNORGANISED SECTOR: CASE OF RASHTRIYA SWASTHYA BIMA YOJNA

The paper highlights importance of technology in public health service delivery system. It discusses the role of FINO and biometric smart card technology in the delivery of Rashtriya Swasthya Bima Yojna across various states in India.

WPS 0010

June 2010

Jatinder Handoo

Bela Arora

FINO

FINO Driven Health Microinsurance in Unorganised Sector : Case of Rashtriya Swasthya Bima Yojna

FINO is one of the primary stakeholders involved in conceptualizing and designing biometric smart card based delivery system for health insurance services in India. Initially carried out as a pilot for product design along with a leading private sector GIC in Manipal, Karnataka which was not implemented on field, the concept was later on employed in the delivery system of RSBY. This paper takes an overview of the implementation and discusses how FINO has contributed in the whole process from designing to implementation of the scheme.

Introduction

A healthy labour force is fuel for the Gross Domestic Product (GDP) of any country. In other words, health status of both financial and labour markets are positively correlated. In a country like India where around 86 per cent of the total labour force exists in unorganised sector and contributes to around 50 per to the national Gross Domestic Product (NCEUS Report,2008),health of labour force becomes a vital area of investment for private and public sector stakeholders. This becomes even more interesting consideration when just 2 percent of the total population of India is covered by health insurance (Hemalatha, 2009) and public expenditure on healthcare is allocated paltry 0.36 percent(2010-2011) of the GDP[1]. In this context, it is in the larger interest of the economy to invest in labour's health and well being.

Policy response to the issue by the Government of India came in the year 2008 consequent of Government's commitment to the National Common Minimum Program and the recommendations made by National Commission for Enterprises in the India (GoI) launched one of the world's largest mass health insurance schemes called Rashtriya Swasthya Bima Yojna (RSBY) which is very different from its predecessors and contemporaries in terms of service delivery and implementation efficiency. What differentiates the current scheme from previous ones is the technology driven delivery channel and implementation model based on biometric smart card-Point of Transaction (PoT) platform and the role of implementing agencies like FINO.

1. The Hindu, 28th Feb 2010

FINO's Research and Development - Unlocking the potential of health micro insurance in unorganised sector

The initial research and development for the use of biometric smart card technology to deliver health micro insurance to poor was carried out by FINO team along with a leading private general insurance company as a pilot at Manipal (Karnataka state) but the same was not implemented in the field. Later on, the concept was presented to the World Bank. The bank was convinced about the usability of the technology and finally FINO contributed in consultations to the Ministry of Labour and Employment (MoLE) , Government of India (GoI) for the project on health Insurance (RSBY)and design delivery.

It is estimated that around 4 per cent of BPL population requires hospitalisation every year and the cost per episode (at 1995-96 prices) was estimated at INR 2,100 (Ahuja, ICRIER, 2004). Health insurance market in India is estimated to be around INR 50 billion which covers approximately 2 percent of the country's population at present[2]. Biometric smart card based delivery system spearheaded by FINO has brought a turnaround by unlocking the business potential of around INR 45 billion[3] for health insurance companies

(2) Chandrasekhar .H,2009

(3) BPL population in India is around 37.5% (approx 375 Million 2004-05) according to the report of expert group headed by Sh. Suresh Tendulkar, the planning commission of India. Assuming the premium paid by Govt is on an average Rs 600/card for a family of five. The market size crosses INR 45 billion.

and other stakeholders especially Below Poverty Line (BPL) households; It is based on the premise that instead of directly bearing the cost of medical treatment if Government provides BPL households health insurance, the demand for Government funds may come down significantly as insurance helps in resource mobilisation from various sources.

In RSBY, Government pays an average annual premium of INR. 600 per BPL household (average family of five members) and in order to provide health coverage to approximately 75 million households over a period of five years (2008-2013) Government will need to finance about INR 45 billion.[4] Another indirect benefit of the efficient delivery of the RSBY is the evolution of the Public Health Delivery System(PHDS). The PHDS in India is generally considered as being implanted with low quality and poor service delivery. This pushes off patients to private hospitals for treatment which is quite expensive and this leads to greater out-of-pocket expenses for BPL families.This in turn leads to greater impoverishment and indebtness for poor families.

FINO not only unlocked INR 45 billion potential micro insurance market for health insurance companies, it has also empowered poor to choose her health service provider and thus created an incentive mechanism for health service providers to offer quality health services

In India around 65 per cent of poor get into debt trap and 1 per cent fall below the poverty line every year because of illness (NSSO, 2004)which could be avoided by provision of suitable health insurance services.

In RSBY, both public and private hospitals can be empanelled and Public hospitals are given incentives to treat beneficiaries as the money would flow directly from an insurer to the public hospitals which they can use for purposes like improving health infrastructure and bringing modern technologies in hospitals. Thus, the design of RSBY scheme is also an attempt to supplement the entire ecosystem of inclusive health care in the country.

(4) 75 million House Holds (assuming 1 HH is a unit of 5 members). 75 * 600 Mn= INR 45 Billion
Also INR 30 *75 million = INR 2250 million is mobilized from beneficiaries contribution annually.

FINO - Change making in RSBY Implementation

Fig 1. RSBY beneficiaries

FINO's consultancy and design inputs for the use of biometric smart card technology based delivery apparatus and its contribution in standardization of delivery platform has differentiated RSBY from others in the market. The beneficiaries are enrolled at the designated RSBY enrollment stations by FINO staff. Demographic information and biometric fingerprints of each beneficiary family are captured and the family is given a loaded biometric smart cardwith an annual cashless limit of INR 30,000 per family . The PoT machines are installed across the designated network hospitals for carrying out transactions and the robust back end database is maintained for claim management, customer service and for facilitating monitoring & evaluation (M&E) of the scheme.

While designing the scheme, efforts were made to spell out detailed roles and responsibilities of each of the stakeholders and since FINO was involved in the RSBY scheme right from its get-go stage, the organisation has developed a better understanding of the dynamics of each stage in the RSBY implementation process.

Fig 2. On the spot RSBY Smart card issuance at enrollment station

Product Designing and Initial Rollout

Considering the scale of the programme and the number of players involved in the design phase, standardization was considered to be the most challenging task for success of the scheme. This challenge was met through creation of a standardised platform for card design, back- end database management system, data maintenance format which made inter-operability of cards across the network of RSBY approved hospitals possible. These technical specifications for the project were designed in a very short span of four months.

FINO contributed in designing the framework structure which included initial components of the scheme :

Process flow for RSBY,

- Conduction of State level workshops,
- Enrollment & Card Issuance specifications,
- Transaction system specifications,
- District kiosk and server guidelines,
- RSBY card renewal specifications,
- Smart Card layout.

FINO's technical application was the first to get certification from Standardization, Quality and Technical Certification (SQTC). Moreover, for early rollout of the scheme, FINO contributed in the enrollment software which was provided to other enrollment and insurance partners by the Government.

The card used for RSBY is designed in such a manner that it can be used as a multi application card i.e. the card is flexible enough to add on other services like PDS, education vouchers or any other scheme if introduced later on. The front end designed for the enrollment process is such that it appears very simple and user friendly but a robust back end is maintained for claim management and customer service using which FINO provides services to RSBY beneficaries and insurance companies.

FINO was the first among all service providers in the country to start enrollment of beneficiaries of RSBY in February 2008. By May 31st 2009, it had successfully completed the enrollment process in all twenty districts of Haryana with more than 65 percent of beneficiaries linked with RSBY scheme.

Success of such schemes depend largely upon the level of penetration in the rural pockets of the country i.e. the number of villages where enrollment process is carried out so that the maximum number of beneficiaries could be brought under the ambit of this scheme.

Implementation of Smart Card solution: Analytic Snapshot

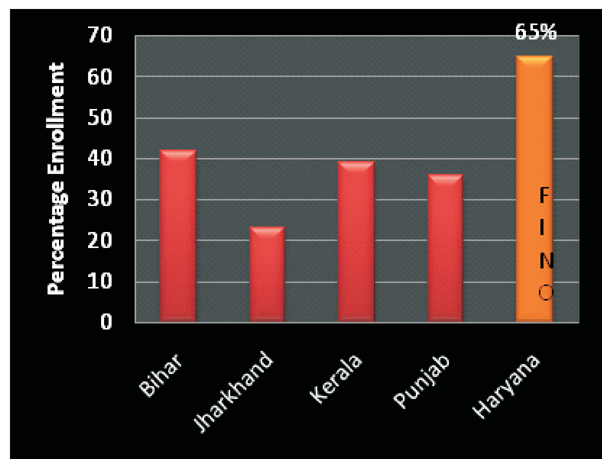

Fig 3. Enrolment percentage FINO and others

Fig 3 is a comparison of BPL families covered in various states where more than six districts are covered under RSBY scheme. has worked in Haryana whereas other implementation partners have provided services in rest of the 4 states As depicted in Fig 3, the FINO has brought services to more than 65 percent of beneficiaries with a penetration of more than 95 percent (i.e. more than 95 percent of villages were covered). The highest percentage has been recorded in Haryana as compared to other service providers in other states.

FINO Enrollment Snapshot

State	Districts	Enrollments
Haryana	20	853335
Rajasthan	4	121224
Maharashtra	4	297522
UP	66	4763460
Bihar	2	165551
Total		6201092

(Source: FINO as on March 31st 2010)

Modus Operandi: The FINO Style

There are multiple factors attributed to FINO's steller performance which has now become the hallmark of FINO handled projects, not only in Haryana but at other locations as well. The pre-enrollment process is more or less similar and involves RSBY awareness campaign, call for enrollments by munadi (public address system) manager, pamphlet distribution, meeting with district administrative authorities and finally beneficiary enrollments. During the pre-enrollment phase, awareness programme about the scheme and enrollment is organized by FINO team . These activities are carried out two-three days prior to the enrollment process, generally the sarpanch of gram panchayat along with other related Government officials are also informed about the programme and local people are alerted through announcements, pamphlets, door-to-door canvassing, munadi etc. The enrollment team arrives in the village along with the Government designated local representative on the day of enrollment during early hours in the morning [as most of the people are available in morning]. The enrollment team arrives fully prepared alongwith their enrollment kits that includes laptop, web cameras, fingerprint grabbing device, on site printers , biometric smart cards and generators to carry out enrollment process and issuance of the smart card on site.

Finally, FINO's experience of working in the rural areas and its understanding of customer requirements has helped FINO to serve Bottom of the Pyramid segment of the society in a better way.

Conclusion

In view of the gaps prevalent in previous systems of delivering health insurance schemes to the bottom billion, FINO's end to end service as an implementation partner is appreciated by stakeholders and has been accepted by the Government agencies to implement one of the largest mass health micro insurance programmes in the world - RSBY. The Key is the use of bio-metric cards - a panacea for common loopholes. By laying out this platform, the government is financing public health both economically and expeditiously. This has also established a delivery channel which could potentially be leveraged by the Government and other agencies to deliver more services like public distribution system subsidy, education vouchers and other welfare schemes in future. For the first time, mammoth volume of data is being stored which can be analyzed to deliver relevant information to the government, insurance companies and pharmaceutical companies etc.

FINO designed technology platform in delivering health insurance helps insurance companies to obviate moral hazards, thus making the product viable for them. Moreover, at the same time the use of smart cards and advanced technology reduces the administrative hassles. Doing away with paper work once and for all will eventually bring down the cost of delivery.

The efficient implementation of the scheme has resulted into greater convenience and empowerment of the poor by providing them the choice to choose the most efficient health service provider. The card also serves as an instrument of personal identification at times for the carded individuals. Finally, the RSBY health insurance scheme has already made news in the Wall Street and Business World magazines. What now remains to be seen is how many countries across the globe would emulate this unique service model in their micro health sector .

References

Ahuja, R., & Jutting, J. (January 2004). Are the poor too poor to demand Health Insurance? New Delhi: Indian Council for Research on International Economic Relations.

Ahuja Rajeev(2004). Health Insurance for Poor in India,ICRIER.

Associates, B. F. (2006). Scoping on the Payment of Social Transfers through the Financial System. UK: Department of International Development

Devadasan, N., Manoharan, S., Menon, N., Thekaekara, M., & Thekaekara, S. (2004). ACCORD Community Health Insurance: Increasing Access to Health Care. Economic and Political Weekly, 3189-3194.

Dror, D. M. (2006). Health Insurance for the poor : Myths and Realities. Economic and Political Weekly , 4541-4544.

Dror, D. M., Kuren, R., Binnendijk, E., Vellakal, S., & Dannis, M. (2006). Health insurance benefit packages prioritized by low-income clients in India: Three criteria to estimate effectiveness of choice. Social Science and Medicine , 884-896.

Gumber, A., & Arora, G. A. (2006). Health Insurance: Still a long way to go. Securing the insecure: a symposium on extending social security to unprotected workers.

Hemalatha Chandrasekhar (2009). Challenges in health insurance in India, presentation.

Johnson, D. (2008). Case Study on the Use of Smart Cards to Deliver Government Benefits in Andhra Pradesh, India. Chennai: Centre for Microfinance.

Khan, D. I. Health Ecosystem : Achieving Impact in Community Health with Public Private Partnership. Centre for Insurance and Risk Management, Institute for Financial Management and Research.

Mishra, R., Chatterjee, R., & Rao, S. (2003). Changing the Indian Health System: Current Issues, Future Directions. New Delhi: Oxford University Press.

NCEUS Task Force (2008). Contribution of the unorganized sector to GDP Report of the Sub Committee of NCEUS.

Peters, D. H., Yazbeck, A. S., Sharma, R. R., Pritchett, L. H., & Wagstaff, A. (2002). Better Health system for India's Poor: Findings, Analysis and Options. Washington DC: World Bank.

(2009). Presentation on Information and Health Care: A Randomized Experiment in India. iiG Workshop, Oxford University, LSE.

FINO

FINO

June 2010

All FINO publications are available on the FINO web site at www.fino.co.in

Tel: +91-22-41613466

Fax: +91-22-41613684

Email
jatinder.handoo@fino.co.in

Financial Information Network and Operations Ltd
Tarun Bharat, 38/39 Sector 30, Near Sanpada Railway Station, Sanpada (West), Navi Mumbai-400705,Maharashtra ,India
© FINO

Jatinder is part of business strategy team & Bela is part of Adhar Team at FINO