Contents

Foreword xv
Preface xix
Acknowledgments xxxv
Abbreviations xxxvii

Chapter 1  Introduction  1
Analytical Framework and Methods  6
Case Study Selection and Summaries  8
Notes  14
References  15

Chapter 2  Understanding the Context: The Development of Health Insurance in India  17
A Brief Review of Health Finance and Delivery in India  17
Financial Burden  24
Service Delivery Issues  25
Health Insurance in India: Context and Historical Development  27
Not Cut from Whole Cloth  27
Notes 30
References 33

Chapter 3  Results and Cross-Cutting Issues 37
Population Coverage 37
Enrolment and Beneficiaries 40
Benefits 47
Utilization 53
Expenditures and Costs 58
Rate Setting and Provider Payment 65
Provider Networks, Quality, and Patient Satisfaction 70
The Role of Public Hospitals 77
Financial Benefits and Burdens on Patients 81
Cost Containment 87
Institutional Arrangements and Managerial Capacity 92
The Political Economy of Demand- and Supply-Side Financing 101
Conclusion: Successes and Challenges 104
Annex 3A Statistical Annex 109
Annex 3B Methods Used for Population-Coverage Projections 110
Annex 3C Methods Used for Expenditure Projections 111
Notes 111
References 120

Chapter 4  Addressing GSHIS Operational Challenges 127
Promoting Governance and Coordination 128
Strengthening Purchasing and Contracting Practices 130
Reinforcing Cost Containment: (1) Provider Payment Systems 131
Reinforcing Cost Containment: (2) Additional Measures 138
Establishing Robust Monitoring and Data Use 140
Fixing Targeting Mechanisms 142
Introducing Quality-Based Purchasing 143
Appendix I  Apka Swasthya Bima Yojana (Proposed), Government of National Capital Territory (NCT) of Delhi 357

Appendix J  Tool for Collecting Information on Government-Sponsored Health Insurance Schemes in India 365

Glossary 375

About the Authors 401

Boxes

1.1 Indian Law and Health Insurance 8
2.1 India: Organizational Arrangements for Risk Pooling 22
3.1 India: Alternative Organizational Arrangements of Public Hospitals 78
3.2 India: Constraints to Introducing Ambulatory Care Benefits in Health Insurance 87
4.1 Thailand: Sentinel Hospitals Evidence for DRG Cost Weights 135
4.2 International Experiences with Pay-for-Quality Incentives 145
4.3 International Experience in Public Hospital Reform 149
4.4 Areas of Consumer Information and Corresponding Questions 152
5.1 Extending Coverage to the Informal Sector: Lessons from Middle-Income Countries 170
5.2 Health Care Coordination in OECD Countries: Lessons for India? 174
5.3 International and Indian Experiences with Ambulatory Package Rates 179
5.4 Does India Have Fiscal Room to Finance Coverage Extension by 2015? 189

Figures

2.1 India and Comparators: Public Expenditures on Health as a Share of GDP and in Relation to Income per Capita, 2008 19
2.2 India: Main Actors and Fund Flows in Health System, ca. 2005 21
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3</td>
<td>India and Comparators: Household Spending on Health Exceeding Thresholds</td>
<td>24</td>
</tr>
<tr>
<td>2.4</td>
<td>India: A Genealogy of Government-Sponsored Health Insurance Schemes</td>
<td>28</td>
</tr>
<tr>
<td>3.1</td>
<td>India: Households Falling below Poverty Line due to Inpatient and Outpatient Health Care Costs, Selected States, 2004</td>
<td>86</td>
</tr>
<tr>
<td>3A.2</td>
<td>India: Estimated Health Insurance Expenditures</td>
<td>110</td>
</tr>
<tr>
<td>4.1</td>
<td>India: Data Infrastructure for Strengthening Package Rates, Bottom-Up Approaches for the Short and Long Term</td>
<td>133</td>
</tr>
<tr>
<td>5.1</td>
<td>India: Evolution of Health Financing Systems, by Income Level</td>
<td>168</td>
</tr>
<tr>
<td>5.2</td>
<td>Financial and Benefit Flows of Proposed Schemes</td>
<td>171</td>
</tr>
<tr>
<td>A.1</td>
<td>ESIS Institutional Framework</td>
<td>208</td>
</tr>
<tr>
<td>A.2</td>
<td>ESIS Beneficiaries, 1994–95 to 2009–10</td>
<td>210</td>
</tr>
<tr>
<td>A.3</td>
<td>ESIC: Revenue and Expenditure Trends, FY2000–2010</td>
<td>214</td>
</tr>
<tr>
<td>A.4</td>
<td>ESIS: Per Capita Spending, Selected States, 2008–09</td>
<td>216</td>
</tr>
<tr>
<td>A.5</td>
<td>ESIS: Trends in New Outpatient Visits for Common Causes, 2000–01 to 2008–09</td>
<td>218</td>
</tr>
<tr>
<td>A.6</td>
<td>ESIS: Trends in New Outpatient Visits, 2000–01 to 2008–09</td>
<td>219</td>
</tr>
<tr>
<td>A.7</td>
<td>ESIS: Trends in Hospital Admissions, 2000–01 to 2008–09</td>
<td>221</td>
</tr>
<tr>
<td>B.1</td>
<td>CGHS: Institutional Framework</td>
<td>230</td>
</tr>
<tr>
<td>B.3</td>
<td>GOI Spending on CGHS, by Major Expenditure Component, 2001–02 to 2009–10</td>
<td>239</td>
</tr>
<tr>
<td>C.1</td>
<td>Yeshasvini Institutional Framework</td>
<td>256</td>
</tr>
<tr>
<td>C.2</td>
<td>Yeshasvini: Trends in Number and Value of Claims, 2003–04 to 2009–10</td>
<td>262</td>
</tr>
<tr>
<td>C.5</td>
<td>Yeshasvini: Trends in Average Claim Values, Different Districts, 2006–07 to 2009–10</td>
<td>265</td>
</tr>
</tbody>
</table>
x Contents

C.6 Yeshasvini: Contribution, Subsidy, and Expenditure, 2003–04 to 2009–10 267
D.1 Rajiv Aarogysri: Institutional Framework 277
D.3 Rajiv Aarogysri: Frequency of Hospitalization, by District and Year 286
E.1 RSBY: Institutional Framework 298
F.1 Kalaignar: Institutional Framework 318
F.2 Kalaignar: Utilization Trends since Inception, August 2010 324
F.3 Kalaignar: Share of Claim Costs, by Specialty, July 2009 to July 2010 326
F.4 Kalaignar: Average Claim Costs, by Age and Gender, July 2009 to July 2010 328
G.1 VA: Institutional Framework 335
H.1 RP: Institutional Framework 348
H.2 RP: Monthly Trend in Claim Value, March through December 2010 353
I.1 ASBY Institutional Framework 360

Tables
1.1 Analytical Framework Applied to Case Studies 7
1.2 Summary of Salient Characteristics of the Government-Sponsored Health Insurance Schemes, 2010 10
2.1 India: Estimated Distribution of Health Expenditure, by Source 20
2.2 India: Average Out-of-Pocket Expenditure for an Inpatient Stay, 1996 and 2004 25
3.2 India: BPL Card Distribution and Economic Status, by Income Quintile, 2005 45
3.3 India: Number of Covered Treatment “Packages” and Maximum Benefit Coverage, 2009–10 49
3.4 India: Packages Classified by Major Disease Group and by Surgical and Medical Treatment, 2010 50
3.5 India: Hospital Utilization Rates Nationally and for Selected Schemes 54
3.7 India: Government Contributions to GSHISs and Public Delivery, 2008–09 62
3.8 India: Average Central and State Government Spending per Beneficiary per Admission, 2009–10 63
3.9 India: Average Hospital Charges by City Size, 2009 66
3.10 India: Variation in Package Rates for Similar Procedures, 2009–10, Selected Schemes 68
3.11 India: Number of Scheme-Networked Public and Private Hospitals, 2010 71
3.12 India: Minimum Number of Hospital Beds Required for Empanelment, by Scheme, 2010 73
3.13 India: Share of Top 20 Network Hospitals in Preauthorized Claims, Selected Schemes 89
3.14 India: Features of GSHIS Governing and Executing Agencies, 2010 95
5.1 India: Options for Expanding Ambulatory Care to BPL Population under GSHISs 176
5.2 India: Estimated Incremental Costs of Recommended Schemes, 2015 187
5A.1 Indicative List of Services Covered in the Proposed Packages 195
A.1 ESIS Summary Matrix 205
A.2 ESIS: Provision of Ambulatory Medical Services in ESIS Medical Facilities 211
A.4 ESIS: Total Beneficiaries and Medical Care Expenditure, 2001–02 to 2009–10 214
A.5 ESIS: Number of Outpatient Visits 219
A.6 ESIS: Most Common Conditions for Outpatient Consultation, 2007–08 and 2008–09 220
A.7 ESIS: Coverage and Utilization Statistics, Selected States, 2009 222
A.8 ESIS: Expenditure on Drugs and Dressings 224
B.1 CGHS: Summary Matrix 227
B.2 CGHS: Number of Cardholders, by City and Category, December 2009 232
B.3 CGHS: Network of Own Facilities, by City and Type, 2009 235
B.4 CGHS Outpatient Utilization, by City and Type of Facility, 2007 and 2009
B.5 MOHFW Expenditure on CGHS, by Accounting Heads, 2001–02 to 2009–10
B.6 CGHS: Sources of Funds, 2007–08 to 2009–10
B.7 CGHS: Monthly Contribution by Beneficiaries
C.1 Yeshasvini: Summary Matrix
C.2 Yeshasvini: Enrolment Growth, Contributions, and Claims, 2003–04 to 2009–10
C.3 Yeshasvini: Number and Value of Claims Paid to Top 20 Hospitals, 2009–10
C.4 Yeshasvini: Number and Value of Rejected Claims, 2007–08 to 2009–10
C.5 Yeshasvini: Summary of Trust Finances and Expenses, 2004–05 to 2009–10
C.6 Yeshasvini: Reasons for Disenpanelment of Network Hospitals, since Inception
C.7 Yeshasvini: Trends in Number of Claims, by Specialty, 2003–04 to 2009–10
D.1 Rajiv Aarogyasri: Summary Matrix
D.2 Rajiv Aarogyasri: Distribution of Procedures, by Institution, 2007–August 2010
D.3 Rajiv Aarogyasri: Phased Rollout, Premiums, Claims, and Claim Ratio, 2007–10
E.1 Rashtriya Swasthya Bima Yojana: Summary Matrix
E.2 RSBY: Districts and Hospitals, by Type and by State
E.3 RSBY: Hospitalization and Claims, by State, Inception to January 2011
F.1 Kalaighar Summary Matrix
F.2 Kalaighar: Top 25 Network Hospitals by Claim Value, July 2009 to July 2010
F.3 Kalaighar: Share of Claims in First Year of Policy, July 2009 to July 2010
F.4 Kalaighar: Approved Claims, by Gender and Age, July 2009 to July 2010
F.5 Kalaighar: Claim Distribution, by District, July 2009 to July 2010
G.1 Vajpayee Arogyashri Scheme: Summary Matrix
G.2 VA: Top 20 Hospitals, by Value of Authorized Claims, to November 15, 2010
G.3 VA Financial Status, August 2010 340
G.4 VA: Claim Distribution, by Specialty, to November 15, 2010 340
G.5 VA: Claim Distribution, by District, to November 15, 2010 341
H.1 RP: Summary Matrix 345
H.2 RP Hospital Network and Its Utilization, March 1, 2010, to February 15, 2011 351
I.1 ASBY: Summary Matrix 357