

Awareness of tax benefits for health insurance schemes in an urban setting: A case study of Mysore city, Karnataka.

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Abstract: Health is a major issue in contemporary Indian society. A number of public and private organizations are involved in mitigating the problem which has acquired a gigantic proportion. The government on its part has extended various tax benefits to individuals and groups to promote health insurance schemes. In order to find out the awareness of health insurance schemes in urban areas, a study was carried out in Mysore city. Fifty respondents were interviewed in one of the seven Mohallas (revenue area) of the city by using a pre-tested pro-forma. The awareness of health insurance and different tax benefits found to be eighty percent. Around fifty percent of the respondents came to know about health insurance and related aspects from the media which played a significant role in the dissemination of information. The respondents favoured government health insurance schemes compared to private health insurance schemes. The findings indicate that the government should come out with a health policy where the people can be made to subscribe to a health insurance scheme to ensure unnecessary expenditure and also better utilization of health care facilities.

Key words: Health insurance, Tax benefits, Awareness, Determinants, Med-claim policy

I. Introduction:

Health insurance has become a major mechanism to finance health care needs of people in our country. Presently the per capita estimated annual expenditure on health in India comes to about Rs.500/- in rural areas and Rs.800/- in urban centers. With rapid growth of print and electronic media there is greater awareness and demand for health services. Tax benefits extended by the government from time to time people to a great extent. The Insurance Regulatory Development Authority (IRDA) Act of 2000 has opened up health insurance to private sector for better utilization of health care facilities. Despite these initiatives only three per cent coverage has been reported. Where this is because of lack of awareness on the part of the public is to be determined.

II. Review of literature:

“Bawa, K.S and Ruchita ,*Awareness and willingness to pay for health insurance: An empirical study with reference to Punjab, India (2011)*,This study tries to know if the respondents know about health insurance or not. The result shows that the low level of knowledge to join and there is a barrier in the subscription of health insurance.”

“Berman,*Health care expenditure in India (1996)*,To learn about health insurance awareness in an urban population in South India, a community-based cross-sectional study was conducted. It was discovered that health insurance awareness was 64.0 percent and they also tried to discover that consciousness was of the means. The findings indicate that the government should adopt a policy, where the public can be made to contribute to a health insurance plan”

“Gumber, A and Veena Kulkarni, *Health in informal sector-A case study of Gujarat (2000)*,This study explores the availability of health insurance coverage for the poor, their needs and expectations of a health insurance system. The findings of the study indicate that ESIS has a substantial margin to improve its services, in particular a better use of its facilities”.

“GOI (Government of India) *Tax benefits due to Life Insurance Policy, Health insurance policy*, the payment of the premium in the life insurance policy and health insurance policy not only provides insurance coverage to a taxpayer but also offers certain tax benefits. In this part you can get knowledge about the deductions available for a taxpayer on account of the payment of the life insurance premium, the payment of the medical insurance premium and the expense in medical treatment.”

“Kasirajan,G, **Health Insurance:An empirical study of consumer behaviour in Tuticorn district, (2012)**, this study pointed out that health insurance companies should present clear details of the policies, since many of the respondents had vague ideas about the various benefits and risks involved in a policy. To develop a viable health insurance scheme, it is important to understand the perceptions of people and develop a package that is accessible, available, affordable and acceptable to all sectors of society.”

Objectives:

1. To study the socio-economic background of the respondents;
2. To find out the awareness level of people in relation to health insurance and tax benefits;
3. To understand the role of mass media in popularizing health insurance schemes

III. Methodology

The study was carried out in one of Mohallas in the city of Mysore. One of the most important characteristics of the study area is socioeconomic development, as reflected by high literacy rates. In addition, Mysore has a good health care infrastructure. Health care services are extended by two medical colleges and well equipped government and private hospitals and a number of nursing homes. Since the study is exploratory in nature there is no hypothesis and a purposive sample of 50 households has been included. The head of the household with more than 25 years of age has been included in the study. Before the house-to-house contact, a visit to Mohalla was made. From each house, the required information was obtained by the researcher of the head of the family. The data was analyzed to discover the association between health insurance awareness and fiscal benefits in relation to socioeconomic status.

Analysis and interpretation:

A total of fifty respondents were interviewed, one from each household which went on for a period of fifteen days.

Socio-demographic characteristics of the respondents.

Table 1: Age

Options	Respondents	Percentage
25 – 35 years	5	10
36 – 45	8	16
46 - 55	21	42
More than 56	16	32
Total	50	100

Interpretation

It is evident from the above table that more than 40% of the respondents fall in the range of 46-55 years of age and minimum respondents fall in the 25-35 years of age group.

Table 2: Gender:

Options	Frequency	Percentage
Male	37	74
Female	13	26
Total	50	100

Interpretation:

It is evident from the above table that Out of 50 respondents there were 37 (74%) men and 13 (26%) women

Table 3: Type of Family:

Options	Frequency	Percentage
Small	29	58
Join	13	26
Extended	8	16
Total	50	100

Interpretation:

It is seen from the above table that Majority of the respondents belonged to small family (58%). Another 26% came from Joint families. Those who identified themselves as extended families accounted for 16.0%.

Table 4: Socio-economic status:

Options	Frequency	Percentage
Upper	14	28
Middle	26	52
Low	10	20
total	50	100

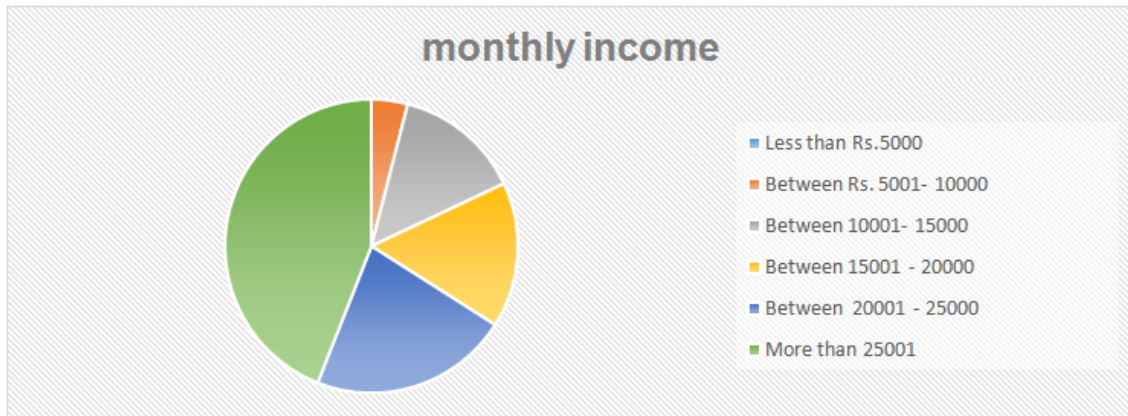
Interpretation:

It is evident from the above table that the socio-economic status of the respondents, majority (52%) considered themselves as belonging to middle class. While upper class families constituted about 28% those classified themselves as lower class accounted for 20% of the sample household.

Table 5: Monthly income of the family

Range	Frequency	Percentage
Less than Rs.5000	0	0
Between Rs. 5001- 10000	2	4
Between 10001- 15000	7	14
Between 15001 - 20000	8	16
Between 20001 - 25000	11	22
More than 25001	22	44
Total	50	100

Graph:



Interpretation:

A large number of families in the study (44%) had a monthly income of more than Rs.25000 followed by 22% in the bracket 20001-25000. Only two families earned a monthly income ranging from Rs.5001-10000 is seen from the above table.

Awareness and source of information about health insurance and tax benefits.

Table 6: Awareness:

Options	Frequency	Percentage
Yes	41	82
No	9	18
Total	50	100

Interpretation:

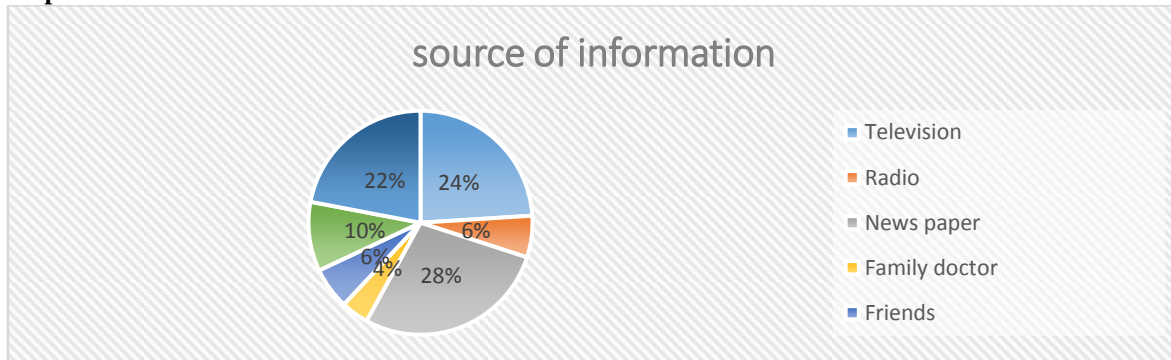
It is seen from the above table that about 82% of the respondents were aware of health insurance and the tax concessions available under various schemes. However, nearly 18% of them had no idea about it

Table 7: Source of information:

Options	Frequency	Percentage
Television	12	24
Radio	3	6
News paper	14	28
Family doctor	2	4
Friends	3	6
Internet	5	10

By agents	11	22
Total	50	100

Graph:



Interpretation:

It is evident from the above graph that a large majority (58%) identified media like Radio (6%), Television (24%) and Newspapers (28%). Nearly 20% had the information through Agents of various Insurance companies. Internet source accounted for 10% respondents. While three respondents said that they came to know about health insurance through friends only 2 of them got the idea from their family physicians.

Determinants of awareness of Health Insurance and tax benefits:

Table 8: Occupation:

Options	Frequency	Percentage
Professional	14	28
Government job	25	50
Business	11	22
Total	50	100

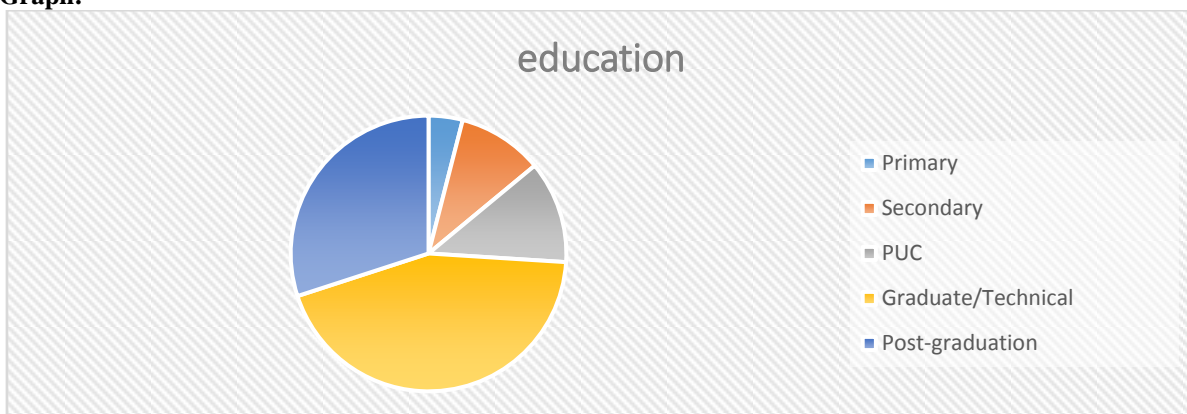
Interpretation:

From the above table we can see that the 50% of the respondents are working in government job, 28% are professionals and 22% are doing business.

Table 9: Educational status:

Options	Frequency	Percentage
Primary	2	4
Secondary	5	10
PUC	6	12
Graduate/Technical	22	44
Post-graduation	15	30
Total	50	100

Graph:



Interpretation:

It is evident from the above graph that over 44% of the respondents are graduates, 30% are post graduates, 12% have PUC education and over 14% have primary and secondary education.

IV. Findings:

1. The respondents in the study are mostly from middle age group and are highly educated.
2. There is a positive correlation between education and awareness of health insurance schemes with tax benefits.
3. People living in small families are favorably disposed towards health insurance schemes.
4. The study confirms that the upper and middle class groups utilize tax benefits schemes.

V. Suggestions:

1. By and large the respondents in the study indicated that the government should come out with a comprehensive policy, where the people can be made to contribute compulsorily to a health insurance scheme and also better utilization of public health care facilities.
2. The government should extend tax benefits for the entire amount paid by the beneficiary or members of the family.

VI. Conclusions:

The Health Insurance companies should give a comprehensive account of policies since the respondents do not have clear ideas as to different benefits and risks covered in a policy. The middle class families are ready to spend a reasonable amount as premium rather than incurring huge medical expenses in the event of health problems. This is a potential group which can be tapped by Insurance companies. Most of the respondents preferred government health insurance schemes. If the Public Sector Insurance companies and private insurers are to flourish in the market, they should create trust among the people. To create a viable health insurance scheme, it is desirable to know peoples' perceptions and give a package that is accessible, available, affordable and acceptable to all sections of the society.

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