

Assessment of Satisfaction Levels of Health Insurance Policy Holders with Claims Settlement Process in Pune, Maharashtra

Neha Ahire¹, Parag Rishipathak²

¹Assistant Professor, Symbiosis Institute of Health Sciences, Symbiosis International (Deemed) University, Pune-411004, India, ²Professor & Director, Symbiosis Centre for Health Skills, Symbiosis International (Deemed) University, Pune-411004, India

Abstract

Introduction: Customer satisfaction is an important determinant of health insurance penetration. It is not only indicative of customer loyalty but is also helpful in identifying the needs of the customer and further necessity of product innovation. As compared to other verticals of insurance, health insurance is more complex as for the administration and implementation of the policy various stakeholders are involved. These take holders are namely hospitals, Third Party Administrators and health insurance agents and advisors. Equally important is the satisfaction with the claim settlement process, which significantly impact overall satisfaction with health insurance policies.

Aim and Objectives: To assess of customer satisfaction levels with the claim settlement process amongst health insurance policyholders in Pune, Maharashtra. Further, the study is aimed to identify the potential areas of dissatisfaction and weaknesses in the claim management system.

Materials and Method: The study design is and exploratory and descriptive. Sequential random sampling used to select participants from the data of health insurance policyholders who have availed the benefit of health insurance through hospitalisation. 5-point Likert scale was used to assess the responses on claim settlement process.

Results: Health insurance claims administration involves coordinated efforts of stakeholders viz insurance companies, TPA services, Hospitals and agents and advisors. The study shows scope of improvement in the claims settlement process. The policyholders experience depends on the coordination, timeliness and transparency in the process.

Keywords: Health insurance policies, customer satisfaction, claim settlement.

Introduction

India has conventionally been the country with low health insurance penetration. The out of pocket expenditure is still the most common source of healthcare expenditure.¹

There has been considerable improvement the penetration health insurance in this decade. The sales of the insurance industry has almost doubled in the last 5 years. Oxford Economics projects revenue from health insurance premiums to reach US\$3.5 by 2021, depicting growth of more than 12% annually.²

Effective functioning of the health insurance mechanism requires coordinated efforts amongst multiple stake holders. These are hospitalization, healthcare service, third party administration and agents. Equally important is the satisfaction with the claim administration process, which significantly impact overall satisfaction with health insurance policies. Likewise, it

Corresponding Author:

Neha Ahire

Assistant Professor, Symbiosis Institute of Health Sciences, Symbiosis International (Deemed) University, Pune-411004, India

e-mail: nehaahire@sihspne.org

is important to focus on the existing customers along with new customers as it suggests satisfaction with the products offered. Also, it is seen that the efforts in retaining customers are less as compared to the targeting new customers as they are aware of the benefits of the policy. Further, with the increased competition among the insurance companies, the assessment of satisfaction levels is of utmost importance as policyholders have various choices available.

Satisfaction is the degree of fulfilment of the expectations from the product between perceived performance and expected performance for an individual. If the performance fails to meet the customers' needs they will become dissatisfied. Customer satisfaction has a lead role to play in renewal of health insurance policies as the policy are to be renewed annually. Researchers have considered health insurance as a most complex type of insurance as the service administration requires coordinated efforts from hospitals, TPAs and agents. Also, it is seen that there exists a constant struggle between the insured expectations and the insurers performance. Health insurance sector in India has much scope for improvement.³

The role of agents is also very influential in communication along with the personal and social demographic factors influencing the awareness about the health insurance policies. Awareness and opinion about health insurance and health insurance practice is strongly affected by communication and transparency⁴

According to a study, which examined the customer expectation and satisfaction of insurance policyholders towards the services provided by 11 life insurance companies in India, the companies were offering different products, though they were providing similar kinds of service. This shows the need of targeted approach.⁵

Studies focused on the factors influencing the customer satisfaction of policyholders in insurance industry have strongly advocated the need of evaluating service quality factors along with the socio economic factors.⁶

In the assessment of health insurance satisfaction three factors namely personal, marketing and social needs to be focused upon separately to understand the needs and preferences of the customers. It is also recommended that understanding the pattern of subscription of health insurance in different demographic groups and their awareness of health insurance plays a crucial role.⁷

Insurance companies need to focus on customer satisfaction strategies in insurance industry for a successful implementation of business. This is of strategic importance as customer satisfaction directly correlated to a firm's growth.⁸

Health insurance policies are usually for one year and are typically renewed every year. Customer satisfaction with the existing policies and the claims settlement transparency was found to be an important determinant of renewal of health insurance.⁹

Considering the recent innovations in health insurance sector, customer satisfaction is the one of the identified future areas for and associated challenges and enhancing reachability to complex issues involving health insurance.¹⁰

IRDAI report of 2019 states the claim settlement ratios of most companies. The report also states that there not all health insurance companies are showing positive claim settlement ratios. This means that there much scope of improvement and thus satisfaction.¹¹

Studies also show variation in satisfaction levels of Policyholders who have availed policies from private sector and those purchased insurance from the public sector companies. Group policyholders are more satisfied with health insurance compared with family floater policies and individual policies.¹³

In such case the study of customer satisfaction becomes more important to identify potential areas of improvements which will ensure trust in insurance sector and improve the penetration of the same.

The evaluation of the satisfaction levels of these users will help in identifying whether the expectations are being met or not and it will highlight the problems faced and issues identified. This will also help to understand whether the present health insurance policy addresses the need of the respondents. It is important to know how satisfied the policyholders with the Hospitalization and claim settlement process. Health insurance policy administration involves stakeholders like insurance companies, TPA services, Hospitals stay, facilities and the overall treatment. Thus the experience depends on the whether the needs and preferences are being met or not.

Aim and Objectives: The objective of the study is to assess customer satisfaction with the claim settlement

process amongst health insurance policyholders in Pune, Maharashtra. Also, the study aims to identify the potential areas of dissatisfaction and weaknesses in the claim management system.

Research Methodology

The study is based on exploratory and descriptive research. Sequential random sampling was used to select participants from the data of health insurance policyholders. The study period was April – August 2019. The data was collected from 152 health insurance policyholders who had availed the benefit of hospitalisation through either cashless treatment or reimbursement from Pune, Maharashtra.

The respondents belonged to various demographic profiles. 5-point Likert scale was used to assess the responses of the policyholders. The parameters studied were communication transparency and timeliness, role of TPA and documentation and the overall coordination between various stakeholders.

Findings and Discussion

The findings of the study are presented below. Table 1 represents socio-economic characteristics of the respondents having availed benefits of health insurance. It shows that the sample taken adequately represents population in terms of age, gender occupation, education, marital status, income and healthcare expenditure.

Table 1 Demographic profiles of the respondents:

The satisfaction levels of the respondents on various parameters of hospitalization and claim settlement have been discussed. The responses show significant scope for improvement. Most of the respondents were not satisfied with the communication and coordination between hospitals, TPA and insurance companies.

Table 1: Demographic profiles of the respondents

Characteristics	Pune N (%)
Area of residence	
Rural	1.3
Urban	98.7
Sex	
Male	56.5
Female	43.5
Age	
Below 25	5.9
25-40	52.7
40 - 60	35.9
Above 60	5.9
Occupation	
Business	14.8
Govt sector employee	12.2
Private sector employee	43.0
Retired and others	53.4
Education	
School Level	23.2
Graduate	33.8
Post graduate & Above	43.0
Marital status	
Married	89.0
Unmarried	11.0
Gross monthly income	
Less than Rs.20, 000	17.3
Rs.20, 001-Rs.30, 000	17.3
Rs.30, 001-Rs.50, 000	36.3
More than Rs.50, 000	29.1
Monthly percentage income spend on health	
Less than 5%	44.3
5-10%	37.6
10-20%	15.6
More than 20%	2.6

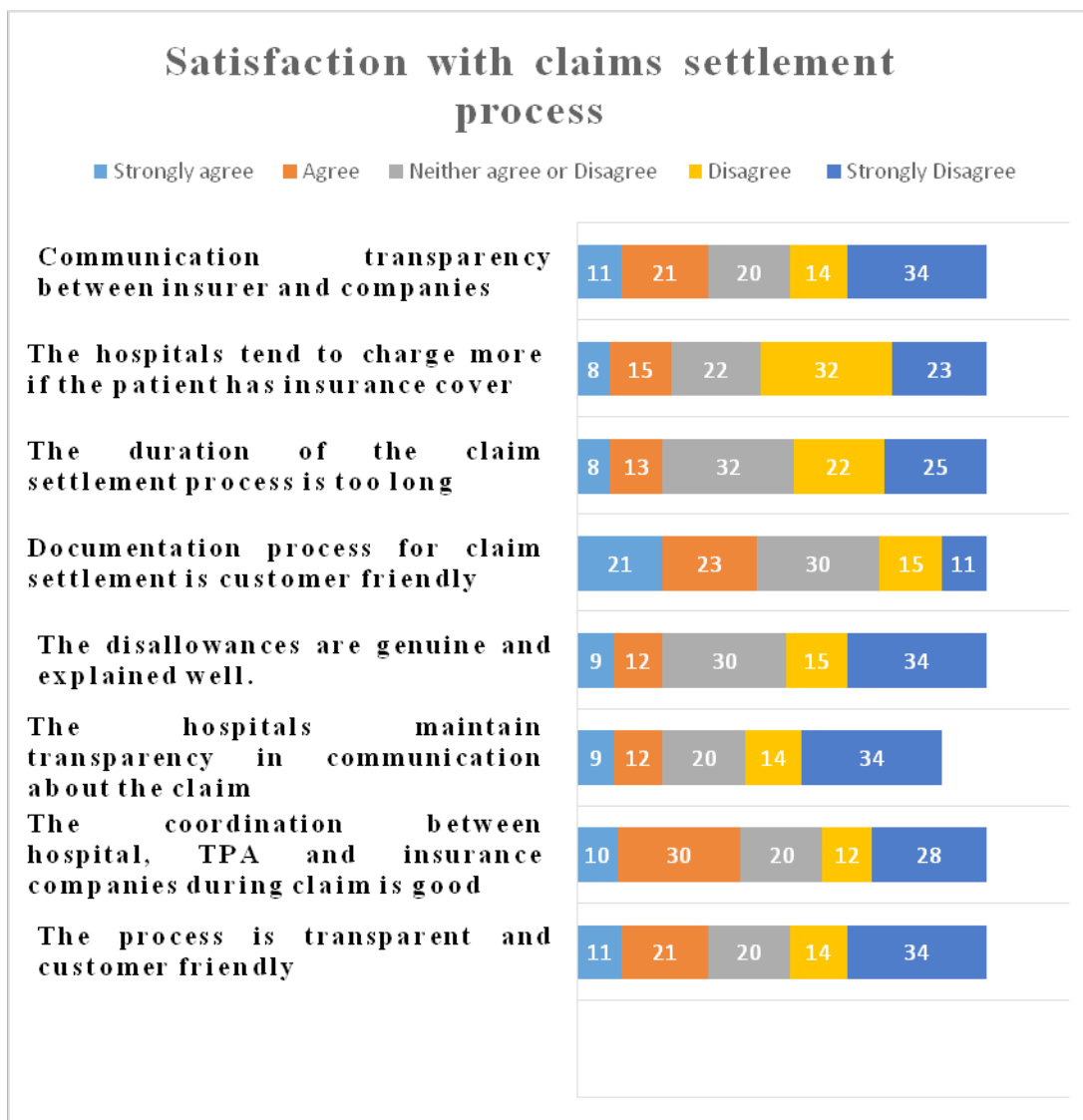


Fig 1 Satisfaction with claim settlement process

Fig 1 depicts the satisfaction levels of the respondents with respect to claim settlement process. Respondents stated that at the time of discharge the documentation process is very lengthy and the disallowances and other parameters are not well explained. This shows that process improvement is needed and communication and coordination needs to be improved to achieve maximum satisfaction level.

When enquired about the transparency and customer friendliness of process of hospitalization and claim settlement only 11 % respondents strongly agreed to the point. The results shows that there is much scope for improvement as the expectation of the policyholders is not being met. Efforts needs to be taken in this regard to make the process more customer friendly.

It is often seen that the communication transparency between insured and the company is not up to the mark. Only 21 % of the respondents agreed that communication was clear enough to understand the deductibles and co-payments.

There is a preconceived notion that the hospitals tend to charge more if the patient is having health insurance. The hospitalisation expenses exceeds than that of the self-paying patients. When enquired regarding the same. 22% respondents were neutral and 32% disagreed to the same.

It is see that the duration of claim settlement is long and exceeds up to 45 days. Often the disallowances in the health insurance policy are exceeding the expectation of

the policyholder and communication and understanding regarding the same is lacking. The respondents were questioned whether the disallowances were genuine or not to which 34% strongly disagreed and 15 % disagreed. This is of importance and ultimately affects satisfaction and further renewal of the policy in the subsequent years.

Hospitals are also one of the important stakeholder in the health insurance administration as the care providers. The role of hospitals in maintaining transparency in communication is important. 22% of the respondents agreed that the communication transparencies maintained.

It is often seen that the coordination between all stakeholders is important determinant of the satisfaction of the policyholders. In the study, it was found to be lacking. This shows that all the stakeholders be it hospitals, insurance companies or TPAs need to improve overall communication and coordination.

Conclusion

Health insurance claims administration involves stakeholders like insurance companies, TPA services, Hospitals stay, facilities and the overall treatment and involvement of agents and advisors. The study shows scope of improvement in the claims administration process. The policyholders experience depends on the coordination, timeliness and transparency in the process.

Recommendations: The claims settlement process needs to be made more customer centric and transparent. At the time of purchase of health insurance policy the policyholders should be explained about the disallowances, co-payments and deductibles. The hospitals and TPAs need to show more coordinated and targeted efforts towards documentation and communication in claims administration.

Relevance of the Study: Health insurance has become a dire necessity of the hour because of increase in the cost of medical care the medical expenses. The customers will purchase and renew policies if their needs are addressed. Results of the study will be helpful for insurance companies and TPAs operating in health insurance sector for improving their claims administration process and overall service quality.

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