

SUBREGIONAL OFFICE FOR  
SOUTH ASIA, NEW DELHI



EXTENSION OF SOCIAL PROTECTION  
IN INDIA:  
- INFORMATION PAPERS SERIES -

HEALTH PROTECTION IN  
JHARKHAND:

AN EXPERIMENT...

October 2006

## INTRODUCTION

In August 2005, a delegation from Jharkhand contacted the International Labour Organization and requested its technical support for the design and setting up of a new health insurance schemes that was planned to cover the whole Below Poverty Line population of the state. Upon receipt of a first concept paper prepared by the Ministry of Health & Family Welfare and the Health Society of Jharkhand, ILO carried out a first preliminary assessment mission in Jharkhand in September 2005.

As a result of the first interaction with all stakeholders concerned, new orientations were adopted as regards the design of the health insurance scheme and further ILO technical assistance was planned. Follow-up activities allowed for the progressive shaping up of the scheme's implementation process and operational modalities. As compared to other recent state-level initiatives, the integrated health care system to be developed in Jharkhand clearly adopted distinctive innovative features allowing it to pave the way towards a broader programme that could ultimately encompass the whole population. As is stands today, the Jharkhand's experience may already serve as a good example for replication in other states looking at ways to address the health insurance needs of the excluded groups.

The present document provides brief information on the new Jharkhand health insurance model while highlighting the consultative process that was adopted to bring it into shape.

## 1. BACKGROUND

Carved out of Bihar, the state of Jharkhand came into existence in November 2000. Its population has been estimated to be 26,9 million, predominantly rural (78%). Jharkhand is one of the poorest and most backward states in the country with low per capita income (half of the national average), some 54% of the population living below the poverty line and with 28% of the population belonging to scheduled tribes. Literacy rate is also very low, particularly among women (40%). The state consists of 22 districts, 33 sub-divisions and 211 blocks, distributed over an area of 28,000 square km.



Health indicators in Jharkhand are among the worst in the country. Infant mortality is high: of every 1000 live birth, 71 children die before they reach year 1. Maternal mortality rate is also high: 504 per 10,000 live births (more than the national average) 75% of the total deliveries are made without proper medical assistance. Nearly 75% of women suffer from anaemia and 40% of women are malnourished More than 20% of children suffer acute diarrhoea and acute respiratory infections Less than 10% of children of all age are fully immunized. About 85% of women have not heard about HIV/AIDS

The state is still suffering from a very large health infrastructure deficiency. The following table shows the Importance of the existing gap.

	Needed	Existing	Gap	% of Gap
Community Health Centers	231	31	200	86%
Primary Health Centers	1,387	533	854	62%
Health Sub-Centers	5,548	3,495	2,053	63%

At the same time, Jharkhand has some of the richest deposits of iron, coal and manganese in the world, has 40% of the natural resources of the country, and is one of the most industrialized regions.

## 2. HEALTH: A STATE PRIORITY

Jharkhand's government has taken a strong stand to improve the overall health situation and has already taken an impressive set of measures according to this development priority. A state health policy, a population and reproductive and child health policy and a drug policy have been recently elaborated and adopted. The Jharkhand Health Society and the Jharkhand State AIDS Control Society have been established to help the Ministry of Health and Family Welfare to address health issues. In addition, the Government of Jharkhand recently took the following initiatives:

- Recruitment on contract basis of 2,400 medical officers and 2,200 paramedical
- Organization of a first catch-up round
- Setting up of Village Health Committees (VHC)
- Promotion of the concept of Village Health Workers (Sahiyya)
- Mapping exercise of all local NGOs involved in health activities and charity/faith-based hospitals operating in the state
- Setting up of a State Fund for Medical Assistance for Below Poverty Line Population with a yearly allocation of 2,9 million \$ (2002)
- Doubling of health budget in order to bridge the infrastructure gap (2004-2005)

"The mission of Ministry of Health and Family Welfare, Government of Jharkhand, is to provide quality healthcare services to the last person of the last household of the last village in the state and thus ensuring a Healthy Jharkhand and a Happy Jharkhand"

P.P. Sharma, Chief Secretary

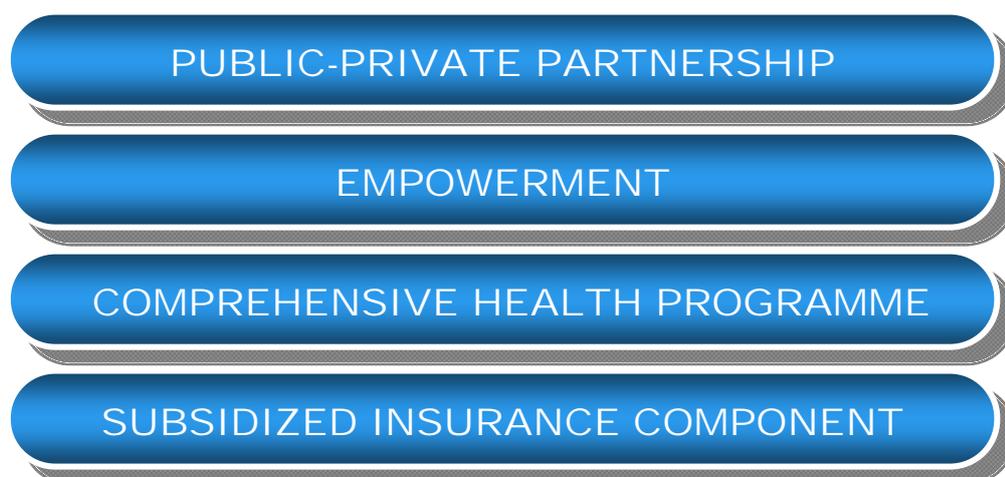


## 3. THE ANSWER STRATEGY: "SARV SWASTHYA MISSION"

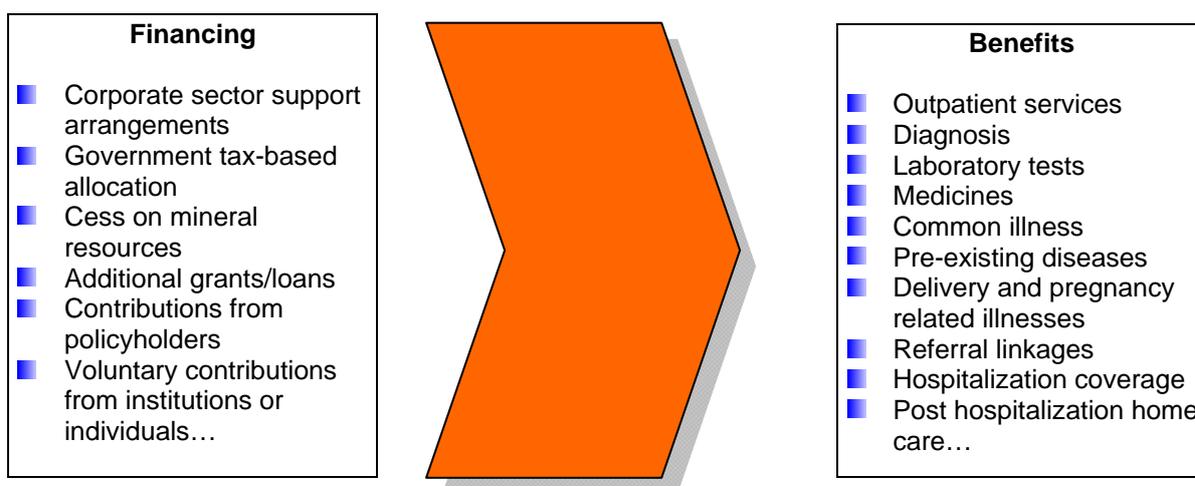
As an appropriate strategy to the present situation, government of Jharkhand developed the "Sarv Swasthya Mission" broad concept which aimed at providing quality health care services at all levels, with effective referral mechanism. While organizing a health insurance coverage for the poor marginalized population, the Mission was also conceived as developing a new vehicle to enhance public and private sector investment in remote and left out areas of the state. The overall objectives of the Mission were set as follows:

- To improve access to health care among the poor
- To protect the poor from indebtedness and impoverishment resulting from medical expenditures by spreading the health shocks among the community
- To access health care with dignity by community
- To encourage health-seeking behaviour by offering comprehensive health care with minimal co-payment at the time of the services
- To ensure availability of affordable quality health care services
- To enhance the feeling of ownership of the health program among all participants/ stakeholders, including the community
- To enhance the private sector investment for delivery of primary health care services in the state

While adopting these objectives, it was clear from the outset that the Mission intended to rely on the following major principles:



One of the innovative features of the planned scheme was to involve on a long-term basis all industrial groups in the financing of the insurance component under the Corporate Social Responsibility (CSR) principle. In August 2005, the Government of Jharkhand signed an agreement with TATA industrial Group whereby TATA will allocate for the next 30 years a yearly contribution of Rs. 250 million (5.6 million US) to the health insurance scheme. The Government plans to conclude similar agreements with all other industrial groups operating in the state and also to levy a cess on some mineral products to further increase the necessary resources.



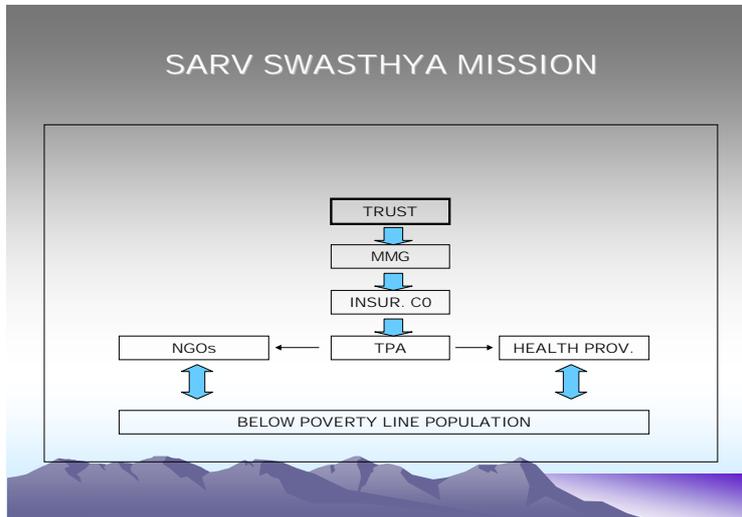
#### 4. EVOLUTION OF THE INSURANCE SCHEME

The design of the scheme evolved in accordance with the broad consultative process that was set up.

In addition to the various meetings organized with Ministry of Health and Jharkhand Health Society, the consultations were extended to the following organizations:

- Major public and private sector stakeholders Round Table (22.09)
- Insurance companies Information review (20.10.05)
- Third Party Administrators Round Table (02.12.05)

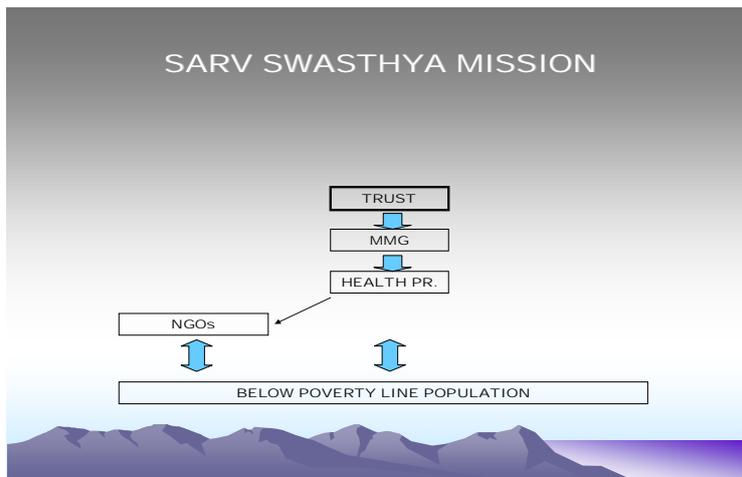
As a result, the original design of the scheme progressively underwent the following major changes:



August 2005

« **Partner-Agent Model** »

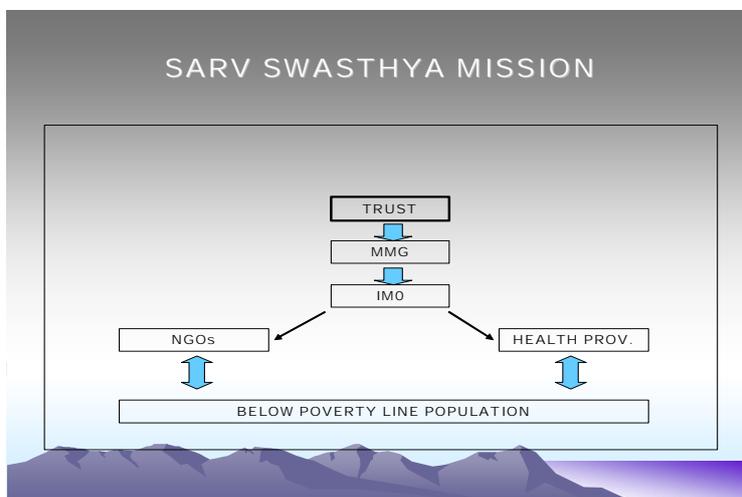
- The Mission Management Group ties up with an insurance company
- The intervention of a Third Party Administrator contracted by the insurance company allows for the provision of cashless services to the BPL population...



September 2005 (before first mission)

« **Full Provider Model** »

- The Mission Management Group ties up with the various health providers willing to play a role in the insurance scheme
- Using a capitation method, these health providers cover all members in their catchment area...



September 2005 (after first mission)

« **Insurance Management Organization Model** »

- The Mission Management Group contracts the services of a specialized agency
- The agency takes over all responsibilities related to the administration of the insurance component...

At the same time, the consultative process resulted in the adoption of the following new principles applying to the operational modalities of the insurance scheme:

## AUTOMATIC ENROLMENT

In order to avoid adverse selection, the scheme has to rely on an automatic enrolment mechanism (the first in India)

## ALL-INCLUSIVE COVERAGE

The scheme will also cover the groups at risk and people living with HIV/AIDS (the first in India)

## TOWARDS UNIVERSAL COVERAGE...

The scheme will progressively be extended to the whole population of the state (the first in India)

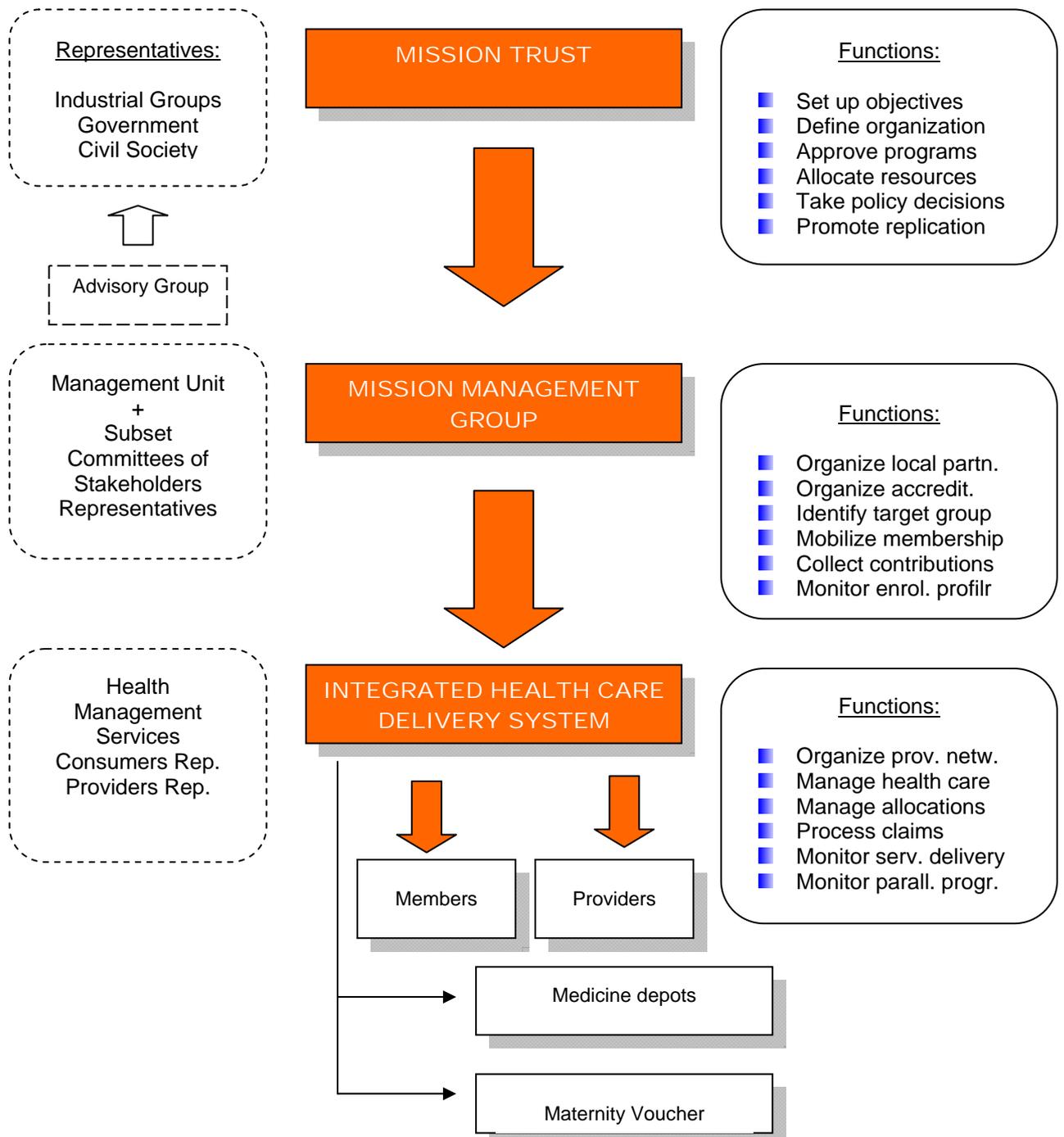
The following Third Party Administrators (out of a list of 25 fully licensed TPAs) responded to the Ministry of Health invitation and participated in the round table organized in early December.

N0	Designation	Lic. N0	Address	Public Partners	Private Partners
1	Parekh Health Management Ltd	002	Mumbai		Cholomandalam ICICI Lombard Royal Sundaram
2	MD India Healthcare Services Ltd	005	Pune	National Insurance Oriental Insurance New India Insur. United India Insur.	Ifco Tokio
3	Heritage Health Services Ltd	008	Kolkata	National Insurance Oriental Insurance	
4	Universal Medi-Aid Services Ltd	009	New Delhi	National Insurance New India Insur.	
5	Family Health Plan Ltd	013	Hyderabad	United India Insur. National Insurance New India Insur.	Reliance General ICICI Lombard
6	Raksha Ltd	015	Haryana	National Insurance New India Insur. Oriental Insurance	
7	TTK Healthcare Services Ltd	016	Bangalore	National Insurance New India Insur. Oriental Insurance	Reliance General ICICI Lombard
8	Med Save Health Care Ltd	019	New Delhi	New India Insur. United India Insur. National Insurance Oriental Insurance	
9	Genins India Ltd.	020	Noida	National Insurance Oriental Insurance	
10	Bhaichand Amoluk Insurance Services Ltd.	022	Mumbai	New India Insur.	

All participants expressed an interest for the unique configuration of the planned scheme and confirmed their willingness to be associated in its implementation. At the same time, the technical discussions in various groups resulted in the adoption of further refinements to the overall design of the proposed scheme.

## SARV SWASTHYA MISSION TOWARDS A SOCIAL HEALTH INSURANCE SYSTEM...

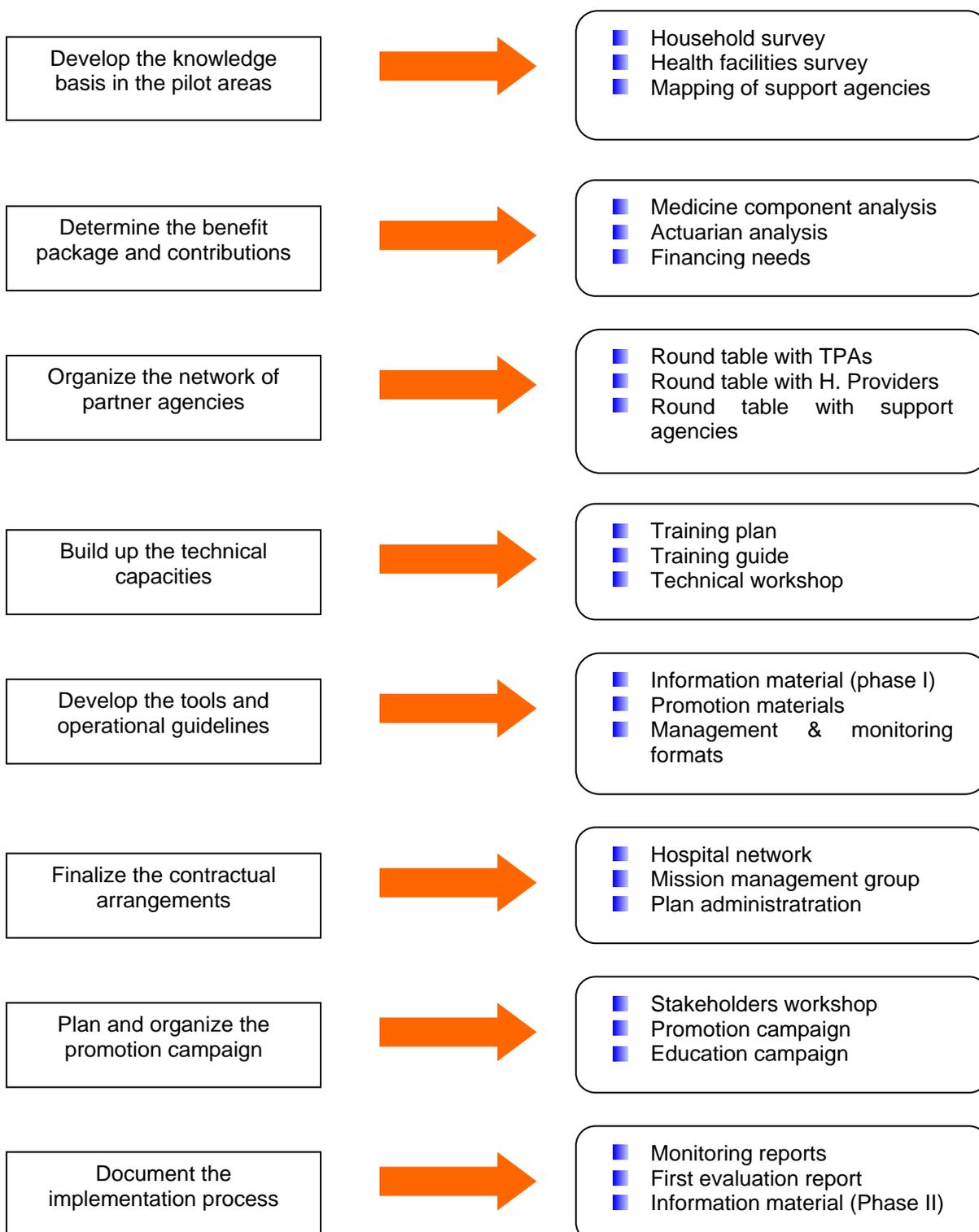
### PHASE I TARGET: TO COVER 4 MILLION PEOPLE... (WHOLE BPL POPULATION)



## 5. NEXT STEPS...

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The following activities will have to be carried out:



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