

MICRO-INSURANCE BRIEFS



Karnataka: Yeshasvini Co-operative Farmers Health Scheme

Scheme Design

The Yeshasvini Scheme was conceived in 2002 by Dr. Shetty, a well-known cardiac surgeon and a group of private physicians who wanted to demonstrate that it was possible to extend to the poor the most sophisticated health care services. The concept relied on a preliminary survey conducted among various public and private hospitals operating in Karnataka which revealed that occupancy rates remained everywhere as low as 35%. The problem of access was therefore not due to the lack of infrastructure or professional staff, but due to the impossibility for the poor to pay for the expected services.

To overcome this cash problem, an insurance scheme aiming to cover the most expensive segment of the health expenditure structure (surgical interventions) was designed in close collaboration with the Government of Karnataka and the Department of Co-operatives. A private Trust was set up, regrouping several prominent state and private individuals with the Principal Secretary of the Co-operative Department acting as chair of the Trust. The scheme targeted the poor farmers organized into co-operative societies that could play an active role, together with the Department of co-operatives staff operating at the field level, in distributing the insurance plan and collecting the premium.

Eligibility Conditions

The plan is open to all co-operative society members, having a minimum of 6 months membership in the co-operative society. Ages of insured are from newborn to 75.

Exclusions

The plan excludes coverage for prosthesis, implants, joint replacement surgeries, transplants, chemotherapy, cosmetic surgery, burn cases, joint replacement surgeries, dental surgeries and several other events and items.

Plan Benefits

The Yeshasvini plan covers 1,600 surgeries available only at approved hospitals on cashless basis to beneficiaries. The plan pays the participating hospital a fixed tariff for each of these defined benefits. It is stated that the tariff is 40-50% off the "regular" price of the private hospitals. The maximum benefit available per insured is Rs. 100,000 per procedure (2,300 US\$) or Rs. 200,000 annually, based on the tariff schedule set by the Trust. In addition, Out Patient Consultation (OPD) is provided at no cost to beneficiaries and diagnostic tests are at a discounted tariff. Some network hospitals are also providing discounts on medical stays. In Year IV, the Trust added coverage for simple deliveries and stabilization of defined Medical Emergencies requiring indoor treatment (snake bite, electric shock...)

General Overview

Starting date:	May 2003
Ownership profile:	Trust (Public-private partnership)
Target group:	Co-operative farmers
Outreach:	Karnataka (whole state)
Intervention area:	Rural
Risks covered:	Single risk: health
Premium Insured/Y:	Rs 120
Co-contribution:	Rs 106 (GoK)
Total premium:	Rs 226
No of insured:	2,318,778

Operational Mechanisms

Type of scheme:	In-house
Insurance plan year:	Fixed (June to May)
Insured unit:	Individual
Type of enrolment:	Voluntary/automatic
One-time enrolm.fee:	None
Premium payment:	Upfront
Easy payment mech:	Soft loans, advance payment by co-op...
Indirect subsidy:	Premium collection (Co-op.Department)

Scope of Health Benefits

Tertiary health care:	
Hospitalization:	No
Deliveries:	
Access to medicines:	No
Primary health care:	No

Level of Health Benefits

Surgical operations:	Up to Rs 100,000
OPD services:	Free

Service Delivery

Prior H. check-up:	None
Tie-ups with HP:	Private & public
Type of agreement:	Formal agreement
No of assoc. HP:	350
Access to HC serv.:	Pre-authorization required
Co-payment:	None
HC service payment:	Cashless
TPA intervention:	Family Health Plan Ltd.
Addit. financial ben:	Discount on other services
Addit. non-fin. ben:	None

Premium

- Premium paid by insured in Year I & II: Rs 60/year
- Premium paid by insured in Year III & IV: Rs 120/year
- Non-predefined co-contribution from GoK

Insurance Plan Key Features

The insurance plan has the following main features:

- A cost-free premium collection mechanism allowing for the full value of the premium to be allocated to the payment of benefits;
- The setting-up of a broad hospital network applying standardised tariffs on all services provided under the scheme;
- The progressive inclusion into this network of newly accredited public facilities;
- The development of an active partnership with the Government of Karnataka, involving a subsidy component;
- Efficient administration arrangements that kept all related costs at a very low level (administrative cost per insured in Year III standing at Rs 2.3)

Insurance Plan Main Achievements

Based on some projections related to the still on-going Year IV, activities developed under the plan have achieved so far:

- To become (as early as on Year I) the largest health micro-insurance operating in Asia;
- To perform a total of 1,25,000 surgical interventions (many of these, life-saving);
- To allow some 450,000 insured to avail free of cost Outpatient services.

Remaining Challenges

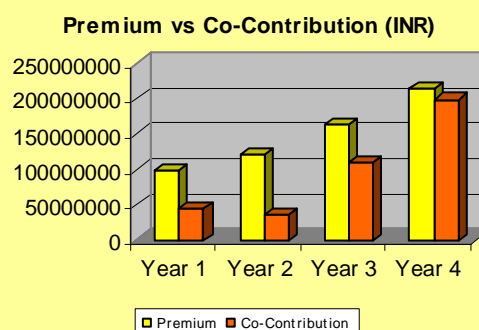
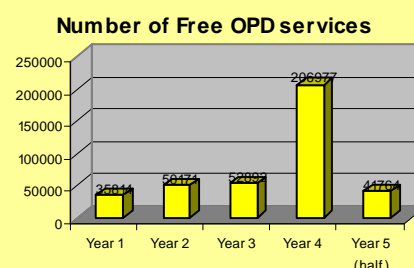
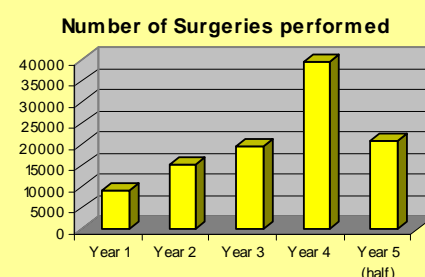
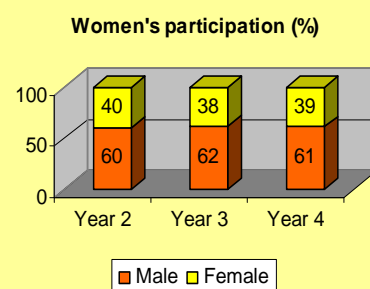
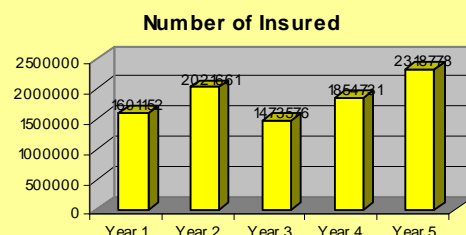
The insurance plan has still to address the following main challenges:

- Membership instability (overall renewal rate below the 50% mark – huge discrepancies between districts);
- Increasing adverse selection effects (affecting mostly the younger age groups)
 - Overall claims incidence: 5.6 per thousand in Year I – 25 per thousand (projected) in Year IV;
 - Overall claims cost: Rs 69 per insured in Year I – Rs 253 per insured (projected) in Year IV.
- Uncertainty attached to government subsidy;
- Gaps in the management information system (Unidentified paying members);
- Absence of a professional managerial function.

Development Plans

- Increase membership (reaching 3 million);
- Test new subsidiary schemes (Arogya Roksha Yojana);
- Test new health insurance models in other states (Sanjeevani in Maharashtra – Velugu in Andhra Pradesh);
- Provide technical assistance services to other state government initiatives (Jharkhand).

Activity Indicators



Development Plan (Karnataka)

