

FACTORS INFLUENCING POLICYHOLDERS' WILLINGNESS TO PAY FOR HEALTH INSURANCE SCHEMES IN MADURAI DISTRICT

S. Eswaran

(Full-Time, Research Scholar), Department of Commerce, Thanthai Periyar Govt. Arts and Science College (Autonomous), Trichy-23, Email: Eswaranmani1186@gmail.com

Dr. S. Sudhagar

Assistant Professor, Department of Commerce, Thanthai Periyar Govt. Arts and Science College (Autonomous), Trichy-23. Email: sudhagar.phd@gmail.com

ABSTRACT

The purpose of this research is to determine the elements that influence policyholders' willingness to contribute to health insurance-related schemes. The set objectives are to create a demographic profile of health insurance schemes among policyholders and examine the different elements affecting policyholders' willingness to pay for health insurance related schemes. Using a stratified sampling technique, the Madurai District provided the sample of 729 respondents. A standard questionnaire based on a thorough literature review was employed to examine the data. The information was examined utilising statistical methods. A demographic profile of the respondents, a factor analysis, and a measurement model on the data using SPSS 23.0 revealed that the results indicated an exploratory analysis because the five categories were elements affecting the willingness of policyholders to pay for health insurance programmes. Moreover, the demographic profile included health insurance-related schemes. The results of the study may be helpful for understanding the variables affecting policyholders' willingness to pay for health insurance plans, which are important sources of health insurance. It was suggested that the Madurai District become more aware of the scheme.

Keywords: Health insurance, schemes, policyholders, factors, awareness.

INTRODUCTION

A growing area of the Indian economy is health insurance. A potential beneficiary population of more than 1.3 billion people makes India's healthcare system one of the largest on the globe. India's healthcare industry has rapidly risen to the top of the list in terms of producing income and jobs. In India, where there are 500 million homes, 100 million people did not have access to health insurance in 2018. India's gross domestic product for 2011 included 3.9% of health-related spending. In accordance with the World Health Organisation (WHO), this is one of the BRICS countries ("Brazil, Russia, India, China, and South Africa) with one of the lowest GDPs. There is insurance available that protects both individuals and families. It has been introduced as part of health reform programmes and initiatives expected to deliver useful and well-organised health care for the general public, predominantly the poor and vulnerable (Mohammed et al., 2011). Many low and middle-income countries (LMICs), predominantly on the African

continent, are still in the early phases of implementing health-related insurance plans or schemes with the goal of providing that worldwide coverage to the population. In the country of Nigeria, health-related insurance was offered to the general public in mid-2005. The World Health Organisation (WHO) considers medical costs a significant difficulty for healthcare-related coverage and utilisation, and it has indicated that the only solution for governments to lessen dependence on direct payments is to encourage the risk-pooling deposit approach. Community-Based Health Insurance (CBHI) has evolved as an alternative to client fees in this environment (Odeyemi, 2014).

REVIEW OF THE LITERATURE

Ewunetie, Mekashaw. Bayked, et al., (2023). The purpose of the study was to assess Ethiopians' willingness to pay for social health insurance and related factors concern. The Joana Briggs Institute checklists were used to assess the risk of bias in the included studies. Microsoft Excel was used to extract the statistical data. The meta-analysis was carried out using RevMan-5. Using the random sampling method, the effect estimates evaluated were odds ratios at a p-value of 0.05 and a 95% CI. The pooled willingness to pay for social health insurance was 42.25%, and it was found to be influenced by socio demographic characteristics, health and illness status, health service related factors, awareness or knowledge level, perception or attitude towards the scheme related factors. **Mukwena & Manyisa, (2022).** In the Johannesburg hospital was started the national health insurance scheme for betterment of public and some of problems is happened, s, but the investigation revealed that the hospital's preparations were plagued by a lack of resources, poor infrastructure, a lack of training, delays in development, and poor technological advancements. **Abdilwohab et al., (2021)** the status of households' enrolment in community-based health insurance and related variables in southern Ethiopia's outlying regions. Lower community-based health insurance enrolment status was discovered. It was shown that population groups with higher health care needs had a higher likelihood of enrolling in the CBHI. Lack of trust, inadequate managerial support, and low perceived quality of healthcare were found to be deterrents to enrolment. **Khuwaja et al., (2021)** in the study aimed to inspect factors impacting scheme insured members' enrolment. The effect of community leaders' leadership was the primary cause for enrolment. Stakeholders were optimistic about changing marketing techniques and introducing new ideas to raise community awareness. **Bodhisane & Pongpanich, (2019),** is according those goals for community-based health insurance. The independent worker self-employed is currently grappling with independent risk pooling, low enrolment, and a high dropout rate, as well as financial viability. The study used a cross-sectional study design to conduct a situation analysis, with the Andersen behavioural model serving as a guideline to discover preliminary variables associated with enrolment incentives. The district's economic situation has a considerable impact on enrolment. Still, a rise in personal income does not boost the desire to enlist. The majority of high-income households prefer to use a local, private clinic, or foreign hospital in Thailand or Vietnam. **Michael et al., (2019)** in this study, author explained in the enrolees' choice of PHF is influenced by a number of factors. In their choice of PHF, NHIS enrolment values the presence of

functional equipment/facilities, convenience of receiving specialized treatment, and overall high quality of care. Improving enrolment at accredited PHFs may necessitate addressing these problems. **Azimatun Noor Aizuddin et al., (2012)** the importance of health finance is a difficult issue that is being debated all over the world. The main issues are the quality of health care and rising healthcare costs. Google, Yahoo, Science Direct, and Medline were utilised as search engines, and keywords entered included "willingness to pay", "health financing," and "healthcare payment." For the review, studies from 1990 to 2011 were gathered. According to that the researcher explain like Age, education, income, dependence ratio/household size, perception, healthcare service quality, rural/urban location, and ability to pay were found to have significant relationships with WTP. Though, there have been studies that reported opposing results. The willingness to pay for health care goes beyond a person's financial capacity and is influenced by a variety of factors.

STATEMENT OF THE PROBLEMS

Life is full of risk and uncertainties because we are social beings with uncertainties. Since we are social beings, we have certain responsibilities too. Indian customers have a big influence on emotions and rationality in their buying decisions. They believe in the future rather than the present and desire to have a better and more secure future. In this direction, health insurance services have value in terms of minimising risk and uncertainties. Money values for current needs and future desires have the pendulum swing to the other side, which generates the reasons behind holding a policy. The health insurance sector is a service-oriented management concern. It renders services like available medical management, claims management, smooth claim processing, and settlement to the policyholders. Health insurance plans must attract and satisfy policyholders in a variety of ways. Health insurance has, under COVID-19, become a mainstay of any market economy since it offers scope for garnering large sums of money over long periods. What are the various factors influencing health insurance schemes?

RESEARCH METHODOLOGY

The present study is focused on measuring policyholder's willingness to pay for health insurance schemes. The study is based on both primary and secondary data (Eswaran S., 2020). The secondary information is collected from research articles, magazines, the Insurance Regulatory Development Authority, and daily newspapers. A stratified sampling method was used to pick 729 respondents from the Madurai District. The analysis tools for the demographic profile, factor analysis, and measurement model are in SPSS 23.0.

OBJECTIVES OF THE STUDY

The primary objective of this study was to investigate policyholders' willingness to pay for health insurance plans in the Madurai District. The following specific objectives are to:

1. To study the demographic profile of health insurance policyholders in Madurai District.

2. To investigate the many elements that influence policyholders' motivation to pay for health insurance plans.

SCOPE OF THE STUDY

Health insurance policyholders receive personal care. Health insurance policies shield you from exorbitant medical bills. It covers, among other things, hospitalisation fees, daycare procedures, domiciliary expenses, and ambulance rates. Health insurance is heavily supported by the policyholder's activities. The study's goal is to identify recent pandemics among health insurance policyholders in Madurai. The study is based on demographic profiles such as gender, age, marital status, educational qualifications, etc. The decisions under study will be able to identify the factors influencing the health insurance schemes.

DATA ANALYSIS AND INTERPRETATION

Table 1 show that 61.7 percent of the 729 respondents are male, with the remaining 38.3 percent being female. The age ranges 41–50 have the most respondents, accounting for 46.4 percent of policyholders. 31.3 percent is the second-highest number of responders in the over-50 age group. The lowest number of respondents is 55 (7.5), who are under the age of 30. 60.6% of the respondents are married. 39.4 percent of them are unmarried respondents. There is a notion that married people seek health insurance much more than unmarried people. Graduates made up the majority of respondents (53.2%), followed by postgraduates (29.5%), and the rest were uneducated. About 48.4% of those polled were government employees, 28.7% were private employees, and the rest fell into other categories. 345 respondents live in cities, while the remaining 237 live in semi-urban areas and 147 live in rural areas.

FACTOR ANALYSIS

To assess if factor analysis is appropriate, The Kaiser-Meyer-Olkin (KMO) sample adequacy metric has been computed. The applicability or appropriateness of factor analysis is indicated by a value between 0.5 and 1.0. Table 2 presets the KMO test. Table 2 reveals that the computed value of KMO is 0.744, indicating that the sample size is sufficient for exploratory factor analysis. Furthermore, Bartlett's sphericity test reveals a significant number of links between the claims. All of the parameters described above make it easier to apply factor analysis to the data. The scale's reliability has also been investigated, and the Cronbach's alpha value is 0.746. Table 3 shows that factors with loadings greater than 0.6 are practically significant and support appropriate levels of explanation (Eswaran S., 2022). As a result, variables with selection criteria of 0.6 were examined.

EXTRACTION METHOD: PRINCIPAL COMPONENT ANALYSIS OF HEALTH INSURANCE POLICY

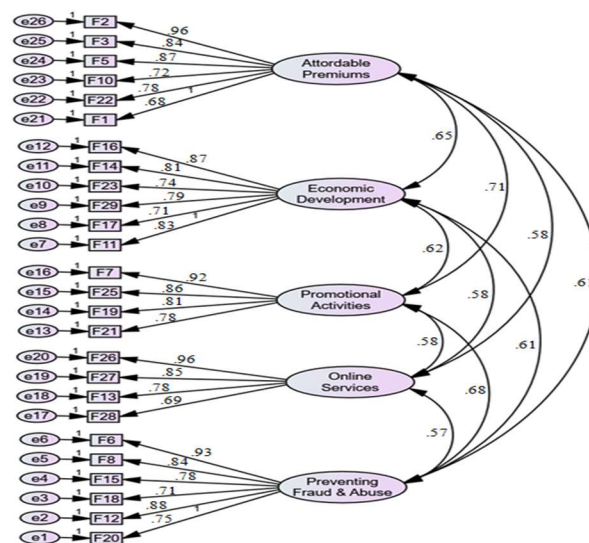
To get the necessary variables, exploratory factor analysis was performed on 729 health insurance respondents regarding 29 assertions using the SPSS 23.3 edition. To extract the factors, 29 items were subjected to Principle Component Analysis (PCA) with orthogonal rotations and the varimax

technique. Factors having eigenvalues greater than one have been chosen. Table 5 displays the results of the factor analysis. Exploratory Factor Analysis reveals five underlying dimensions for factors impacting policyholders' willingness to pay for health insurance schemes. These five variables account for 16.739% of the total variation. The statement is classified into the several factors listed in Table 4 based on the rotated component matrix. Eigen values for Factors 1, 2, 3, 4, and 5

What the component represents can be determined with the use of the Rotated Component Matrix, which is a matrix that has been rotated. There are estimates of the correlations between each variable and the estimated components. The researcher has classified the rotated components matrix into five categories, which are based upon the highest value (>0.60) drawn from the rotated components matrix analysis.

Table 6 showed that there were 29 statements under various criteria impacting subscribers' willingness to pay for health insurance plans. Two statements, "Use of extensive promotional activities" (.455) and "Less premium period" (.557), were due to low loadings. The rest of the twenty-seven statements were reduced to two factors based on the criterion Eigen value greater than 1 in the acceptance of two factors. The KMO measure of 0.744, which is a satisfactory value nearing 1 with a Barlett's test of sphericity, indicated that emergent factors were related at a significance level of 0.000. Factor one is labelled "affordable premiums, the second factor is labelled "economic development,, the third factor is labelled "preventing fraud and abuse, the fourth factor is labelled "online services, and the final factor is labelled "promotional ities." The results of the individual loadings and Cronbach's alpha variance explained with factor labels for influencing were summarised in Table 5.

Figure 1
Standardized Factor Loadings for Measurement Model



(FI: Affordable Premium, FII: Economic Development, FIII: Preventing Fraud and Abuse, FIV: Online Services and FV: Promotional Activities)

CONVERGENT VALIDITY

Standardised factor loadings have been studied to determine the construct's convergent validity. According to Eswaran S. (2020), standardised loadings and average variance extracted (AVE) should both be 0.50 and above in order to establish convergent validity. The factor loadings for all factors ranged from 0.733 to 0.983 (Table 6). As a result, all are greater than 0.50. The average variance explained for five dimensions (affordable premium, economic development and promotional activities, online services, and preventing fraud and abuse) is 0.87, 0.86, 0.81, 0.82, and 0.90 in that order. As a result, all AVEs for each dimension of the numerous factors impacting policyholders' willingness to pay for health insurance schemes substantially surpass those related to measurement error (i.e., $AVE > 0.50$). As a result, the convergent validity of several elements impacting policyholders' willingness to pay for health insurance schemes has been examined and verified.

DISCRIMINANT VALIDITY

It is the degree to which a construct is actually one-dimensional and distinguishable from another. To put it another way, if the inter-correlations among the collection of indicators, which are supposed to assess various latent constructs, are not excessively strong, then they have discriminant validity. Table 7 shows the discriminant validity of the constructs computed.

MODEL-FIT INDICES

Table 8 above shows that the entire test falls between 0 and 1. The Comparative Fit Index (CFI) value is 0.894, the Normed Fit Index (NFI) value is 0.878, the Tucker Lewis Index (TLI) value is 0.775, and the Sparing value is 0.775. The correction (PNFI) is 0.903, the Comparative Parsimony Fit Index (PCFI) is 0.879, the Relative Fit Index (RFI) is 0.752, the Incremental Fit Index (IFI) is 0.886, the Adjusted Fit Index (AGFI) is 0.869, and the Goodness of Fit (GFI) score is -Score. Score of 0.869 is 0.766.

LIMITATIONS OF THE STUDY

- ❖ The study is restricted to Madurai District only, and the findings and suggestions may not be applied to other areas.
- ❖ The collection of data was tedious, as the respondents could only be contacted when they visited the health insurance companies in India.
- ❖ The results of the primary data are solely dependent on the trustworthiness of the respondents.

Suggestions

The majority of responders (46.4%) are between the ages of 41 and 50; hence, it is an eye-opener that the common man tries to cover the health risk only after 45 years, and hence, the insurance companies should try to attract the younger people to take health insurance policies. More than 48.2% of the respondents prefer family floater policies. Health insurance companies should give more attention to selling those policies. Floaters refer to a single sum of money insured for the entire family's dwelling in India. The family consists of the self, the spouse, the children, the

parents, and the parents' in-laws. These demographic factors—age, religion, occupation, income, number of family members, and nature of residence—affect the choice of the policy-related category. So while targeting, these aspects of segmenting have to be considered. According to the survey, 58.3% of the respondents prefer private limited health insurance companies over public companies; another 41.7% prefer public insurance companies, taking the total preference for public limited companies to 100%. Despite the fact that public companies are increasing their market share, private limited companies continue to dominate. The claim ratio of the companies is the key determinant of this phenomenon. The choice of choosing public or private insurance companies varies with age, religion, residing place, education, income, number of family members, and nature of residing place. Public companies must increase their claims percentage and target customers based on age, religion, place of residence, education, number of family members, and nature of residence of the insurance policy takers.

CONCLUSION

The present study on health insurance focuses on five important factors: affordable premiums, economic development, promotional activities, online services, and preventing fraud and abuse, which are the major factors in health insurance. Health insurance is a valuable resource due to the important factors influencing policyholders' willingness to pay for it. Gender, age, marital status, education qualification, occupation, and area of residency are the factors influencing policyholders' willingness to pay for health insurance-related schemes. The finding of the study is that health insurance schemes have some main attributes.

SCOPE FOR FURTHER STUDY

The current research focuses only on health insurance policies in Madurai District. Hence, the study may be conducted in other policy categories in the same district. In the future, a study may be conducted to analyse the accessibility of health insurance policies among metropolises in India.

Acknowledgment

Mr. S. Eswaran, Ph.D. Research Scholar, Full Time in the Department of Commerce, and the support from the Research Supervisor in my research work, Thanthai Periyar Govt. Arts and Science College (Autonomous), Tiruchirappalli-23

-Score. Score of 0.869 is 0.766.

REFERENCE

- Abdilwohab, M. G., Abebo, Z. H., Godana, W., Ajema, D., Yihune, M., & Hassen, H. (2021). Factors affecting enrollment status of households for community based health insurance in a resource-limited peripheral area in Southern Ethiopia. Mixed method. *PLoS ONE*, 16(1 January), 1–16. <https://doi.org/10.1371/journal.pone.0245952>
- Bodhisane, S., & Pongpanich, S. (2019). Factors affecting the willingness to join community-based health insurance (CBHI) scheme: A case study survey from Savannakhet

Province, Lao P.D.R. *International Journal of Health Planning and Management*, 34(2), 604–618. <https://doi.org/10.1002/hpm.2721>

- Eswaran S. (2020). Perception of Internship Training Program to Promote Entrepreneurship on Engineering Graduates. *CLIO An Annual Interdisciplinary Journal of History*, 06(07), 38–52.
- Eswaran S. (2022). Awareness of Health Insurance in a Madurai District Urban Population. *Madhya Bharti*, 82(23), 139–144.
- Ewunetie, Mekashaw. Bayked., Husien, Nurahmed. Toleha., Beletu, Berihun. Chekole., Birhanu, Demeke. Workneh., Mesfin, Haile. Kahissay., (2023). Willingness to pay for social health insurance in Ethiopia: A systematic review and meta-analysis, *ront. Public Health, Sec. Health Economics* Volume 11 - 2023 [<https://doi.org/10.3389/fpubh.2023.1089019>]
- Khuwaja, H. M. A., Karmaliani, R., Mistry, R., Malik, M. A., & Sikandar, R. (2021). Factors influencing low enrollment in a community based health insurance scheme, karachi, pakistan: A mixed methods case study. *Bangladesh Journal of Medical Science*, 20(2), 293–301. <https://doi.org/10.3329/bjms.v20i2.51538>
- Michael, G. C., Aliyu, I., Grema, B. A., & Suleiman, A. K. (2019). Perception of Factors Influencing Primary Health-Care Facility Choice Among National Health Insurance Enrollees of a Northwest Nigerian Hospital. *Journal of Patient Experience*, 6(3), 247–252. <https://doi.org/10.1177/2374373518790072>
- Mohammed, S., Sambo, M. N., & Dong, H. (2011). Understanding client satisfaction with a health insurance scheme in Nigeria: Factors and enrollees experiences. *Health Research Policy and Systems*, 9, 1–8. <https://doi.org/10.1186/1478-4505-9-20>
- Mukwena, N. V., & Manyisa, Z. M. (2022). Factors influencing the preparedness for the implementation of the national health insurance scheme at a selected hospital in Gauteng Province, South Africa. *BMC Health Services Research*, 22(1), 1–13. <https://doi.org/10.1186/s12913-022-08367-7>
- Noor Aizuddin A, Sulong S, Aljunid SM. (2012). Factors influencing willingness to pay for healthcare. *BMC Public Health*. 2012 Nov 27;12(Suppl 2):A37. doi: 10.1186/1471-2458-12-S2-A37. PMID: PMC3507974.
- Odeyemi, I. A. (2014). Community-based health insurance programmes and the national health insurance scheme of Nigeria: Challenges to uptake and integration. *International Journal for Equity in Health*, 13(1), 1–13. <https://doi.org/10.1186/1475-9276-13-20>
- WHO South-East Asia Region: India statistics summary (2002 - present)". World Health Organization. Retrieved 13 January 2014.
- Health Insurance and Telecom Markets – A Comparative Study". 23 March 2015.
- https://www.niti.gov.in/sites/default/files/202302/InvestmentOpportunities_HealthcareSector.pdf
- <https://nha.gov.in/PM-JAY>
- https://en.wikipedia.org/wiki/Health_insurance_in_India#:~:text=In%202018%2C%20on

e%20hundred%20million,both%20individual%20and%20family%20cover.

- <https://www.worldbank.org/en/news/feature/2012/10/11/government-sponsored-health-insurance-in-india-are-you-covered>
- <https://www.india.gov.in/spotlight/ayushman-bharat-national-health-protection-mission>
- <https://www.india.gov.in/spotlight/pradhan-mantri-garib-kalyan-package-pmgkp>
- WOMENS' CONTRIBUTION IN AGRICULTURE AND ALLIED ACTIVITIES, Subathra.C, Krishnakumari.S, (2020), International Journal of Management (Vol 11)