Health Insurance Awareness among the University Teachers in Pokhara Valley

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The aim of this paper is to observe the level of awareness about health insurance among the university teachers in Pokhara valley. The study has followed the descriptive and cross-sectional research design. Primary data have been obtained by administering a structured questionnaire to the 150 teachers of the university and constituent colleges of Pokhara University, located in Kaski District of Nepal. Chi-square test, Mann-Whitney and Kruskal-Wallis tests have been used to test the hypothesis. The study concludes that the majority of the respondents are aware about the Nepal government's health insurance programs launched in the country. The opinions regarding the health awareness and knowledge on health insurance are mostly associated with ethnicity and least associated with gender issues and marital status, and moderately with age and educational levels.

Key Words: Health Insurance, Awareness, Third-Party Administrator

I. Introduction

1.1 Health Insurance in Nepal

The organized history of Nepalese insurance industry commenced in 1947 after the establishment of the first non-life insurance company: "Nepal Transportation and Insurance Company."[1] The history of health insurance is relatively young as it was introduced by a non-insurance organization in the late 1970s, by insurance companies in the early 1990s and the Government of Nepal in the late 2010s.

Health insurance is one of the important risk management techniques availed by individuals to manage their potential health risks. It helps to save a large amount spent on personal health

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[1] *Currently it is known as Nepal Insurance Company.*

expenditure. The contribution of health insurance to health financing is an increasing trend in the emerging and developing economies. A study by the World Bank finds that in Nepal, families face multiple barriers in accessing healthcare. Delays in the decision to seek medical care arise from financial constraints as 72% of the population finance their health costs "out-of-pocket" (World Bank, 2011). In order to cope with these costs, poor families have to borrow money at high interest rates or sell productive assets, thus pushing them further into poverty.

Nepalese health-care system is dominated by the government but the medi-care services are not satisfactory. There are central, regional, zonal and district level hospitals. At the local level, health centres and health-posts are also available where people can get medical check-up for a nominal fee and basic medicines also made available free of cost. But, most of the essential medicines need to be purchased by the patients at their own cost.

Health insurance is not a new scheme for Nepal. The first health insurance product was introduced by the United Mission in Nepal in the name of "Lalitpur Medical Insurance Scheme" in 1976. In 2000, BP Koirala Institute of Health Science (BPKIHS) was started as Health Insurance which covered the urban and rural population, offering the same benefit package at different premium rates. The scheme covered mostly the organized sector (cooperatives, business groups) and also the unorganized groups (such as farmers and self-employed groups) to some extent. In the absence of government's universal health insurance, many health insurance schemes were initiated in the rural and semi-urban areas by non-insurance organizations. They have some limitations like: (i) pricing of the product is not supported by an actuarial pricing approach, (ii) lack of re-insurance support, and (iii) the problem of sustainability. Since the last three decades many schemes have emerged and disappeared due to the limited coverage, high administrative costs, and low premiums levied.

1.2 Government Health Insurance Schemes

The Government of Nepal launched the Universal Social Health Insurance Program in 2016 under the Social Health Security Development Committee (SHSDC), which was established to provide health security coverage and ensure access to quality health services at affordable cost/s for all the citizens of Nepal. It was launched as a pilot program in three districts and, gradually extended to 39 districts. The program is expected to cover the entire 77 districts by 2020. In order to increase the awareness among all the citizens, every type of media has been used and effective advertisement clips are broadcasted via television and radio. However the number of families enrolling in the health insurance scheme is not impressive. Out of many reasons cited, the lack of trust in the insurance scheme seems to be predominant.

The scheme provides for various medical treatments and medicines upto a maximum NRs. 50,000[2] for a family of five members in a year. The family has to pay NRs. 2,500 premium per year. In the case of families with more than five members, an additional sum of NRs. 425 has to be paid as premium. The additional member is eligible to get medical benefits upto to NRs. 10,000. A family can get the maximum benefit of NRs. 1,00,000. The scheme offers 160 different OPD and in-patient services along with 928 different medicines from a government hospital and the hospital run by universities[3]. Cosmetic surgery, abortion, equipments, artificial organs, reading glass worth not more than 500 once a year, hearing aids, artificial insemination, organ transplant, sex-change operation, treatment of injuries due to accidents, warfare, accidents-related treatment due to alcoholism, and drug abuse, and dental treatment **are excluded in the free list of medicines**. Policyholders should go to the first-point hospital for treatment (SHS, 2016). (The above mention treatment is not included under the insurance benefit package. Policyholders should pay for these treatment from out of pocket).

1.3 Commercial Health Insurance Schemes

Prior to the introduction of government health insurance schemes, commercial insurers have been offering health insurance products under different names since 1993. Travel insurance and group-health insurance are more popular policies in the insurance industry. Following are the Nepalese health insurance products/policies offered by 17 commercial non-life insurers.

Table 1

Health Insurance Products Offered by Nepalese General Insurance Companies

Sr. No.	Name of Company	Travel/ Medical Products
1.	Nepal	Travel/ Medical Insurance, Personal and Group Accident
2.	The Oriental	Group Mediclaim Policy, Personal Accident Policy
3.	National	Medical Insurance
4.	Himalayan	Travel, Medical, Hospitalization Insurance, Personal and Group Accident Insurance
5.	United	International Travelers' Medi-claim Insurance, Group cum Family Hospitalization Insurance, Personal Accident Insurance
6.	Premier	Travel/ Medical Insurance, Personal and Group Accident
7.	Everest	Medical Expense Insurance

[2] *Exchange rate $ 1 = NRs 104.*

[3] *Currently, private hospitals are not under the network of government health insurance.*

Sr. No.	Name of Company	Travel/ Medical Products
8.	NECO	Travel Medical Insurance, Group and Personal Health Insurance
9.	Sagarmatha	Travel Medical Insurance, Accidental Insurance
10.	Prabhu	Personal Accident Insurance, Travel Insurance
11.	IME	Medical Insurance
12.	Prudential	Personal Accident, Medical, Health Insurance
13.	Shikhar	Group and Personal Accident Insurance, Health Insurance Travel Medical Insurance
14.	Lumbini	Group/Personal Accident Insurance, Health [Medical and Hospitalization] Insurance
15.	NLG	Medical insurance, International travel and medicare insurance
16.	Siddhartha	Medical insurance
17.	Rastriya Beema Company	Medical Aid insurance, Personal Accident Insurance

Source: Websites of respective insurers [Retrieved March-April, 2018]

Health insurance products are offered under different names by commercial insurers. The common products are: Travel medical insurance, Group and personal accident insurance, Medicare insurance, International travel and Medicare insurance, Health insurance, Hospitalisation Insurance and so on.

Health insurance covers the cost of an insured individual's medical and surgical expenses. Depending on the type of health insurance coverage policy, either the insured pays costs out-of-pocket and is then he/she is reimbursed, or the insurer makes payments directly to the provider.

Personal Accident Insurance covers financial loss that may arise as a result of accidents caused by violent and visible external injuries leading to death or disablement. A comprehensive personal accident insurance covers temporary total disablement and medical expenses up to fixed limits. Besides, this policy can be extended to cover the risks that could arise during trekking, mountaineering expeditions, rafting, commercial flights, etc., but the policy does not cover chartered flights.

Travel Medical Insurance is designed for individuals traveling outside the home country for certain period/s of time. This insurance covers medical expenses and emergency medical evacuation expenses while away from home in a foreign country[4].

[4] *http://nepalinsurance.com.np/policy/575/*

Commercial health insurance policies are sold in urban and semi-urban areas. Most of the policies sold are of group-insurance categories, and the clients are corporates, organizations and enterprises.

1.4 Health Insurance Programs by Non-Insurance Organizations

Besides the government health schemes and commercial insurance health insurance products, non- insurance organisations also have been offering health insurance services. These services are offered by hospitals, member-based organizations like cooperatives, trade unions; and development projects. The coverage of these schemes is within a limited territory and the number of policy holders are also restricted. Another popular health insurance scheme is the community health insurance which is run by non-governmental organizations. Out of many schemes, the community-based micro-insurance programs run in Dhading and Banke districts are supported by the Micro Insurance Academy and are implemented by Nirdhan, which are popular and sustainable[5]. It was started in 2011 and more than 15,000 members have benefitted from the schemes till date.

There are a few self-managed health insurance and micro health insurance schemes. Member-based association, viz. Association for Craft Producers, Hospitals[6], viz. B. P. Koirala Institute of Health Science, Public Health Concern Trust, Dhulikhel Hospital, and trade unions like: General Federation of Nepalese Trade Union, managed the schemes in different periods. Cooperatives societies, viz. Bindhavasini Saving Fund Cooperative Society Limited, Highway Community Health Cooperative, and Bikalpa Cooperative Limited also run health insurance programs (Ghimire, 2014).

Besides NEFSCUN[7], a national association of cooperatives, managed by a separate micro-insurance fund, provides financial assistance to the members. This service was started in 2005 and re-executed the product including death risk policy (DSP) with a double accidental death benefit. In 2008, a 15- year term combined savings and death risk policy was launched. The policy covers the risk from NRs. 10,000 to 100,000 for an individual member (NEFSCUN Report, 2016).

The objective of the paper is to focus on the actual awareness and how well the Nepalese intellectual community is informed about the health insurance programs launched by the Government of Nepal .and. evaluate their perception regarding the health insurance. This paper is divided into five sections. The second section reviews the earlier studies on health insurance. Third section deals with the methodology and fourth section discusses the findings of the study.

[5] *https://www.microinsuranceacademy.org/project/banke-and-dhading-nepal/*
[6] *http://www.acp.org.np/*
[7] *Nepal Federation of Savings and Credit Cooperatives' Union, estd in 1988, has 2980 members.*

Section five concludes the paper. The findings of the study does not represent the entire country's insurance coverage since the respondents are selected only from the Pokhara Valley.

II. Review of Literature

Large number of studies have been carried out on the awareness about health insurance in India and in western countries but there are only a limited number of studies carried out in Nepal in this area. Raising awareness is one of the most important factors considered while selling insurance products because it is quite a complex process to sell financial products as compared to marketing other products. Due to the lack of awareness, Nepalese insurance penetration is around 2% and density is almost $12 (IB, 2016). The contribution of health insurance to the total Nepalese insurance industry is insignificant.

The study conducted by Kala and Jain in Rajasthan in 2015 found that out of 120 respondents, 84 per cent were aware about the health insurance. Similar type of study carried out by Bhavesh, Desai, Algotar, Desai, and Bansal (2014) on awareness about health insurance in Jaipur city of Rajasthan state in India shows that out of 500 families, 43.4% were aware of health insurance. Studies conducted in Pakistan also have arrived at similar results - out of 400 Pakistani respondents, 82% confirmed having heard about the health insurance schemes. Majority of the respondents confirmed that the insurance agents were their main source of information. (Amir and Ahmad, 2013)

A study by Kedare (2012) in Mumbai found that 68% of the respondents were aware about the health insurance; 64% knew about the benefits, and 54% had opted for insurance policies. The respondents stressed on hospital care as the most important feature of an insurance policy. Madhukumar, Sudeepa, and Gaikwad (2012) conducted a study in Nandagudi area (Bangalore) having 331 households. One third of the households have health insurance, and 22 per cent of the individuals have taken health insurance cover. It is also found that low income is the barrier to purchasing health insurance. The reasons offered for the reluctance to buy insurance are (i) uncertainty of income, (ii) non-reliable services, (iii) not recommended by friends and relatives, and (iv) no valid reason for opting for an insurance policy.

Similarly, another study of individuals having incomes above US$ 200 per month in Mangalore city shows that 64% of the respondents were aware about the health insurance, and 39% were ready to take health insurance. It is found that socio-economic status has significant effects on the awareness about health insurance and the decision to opt for a suitable insurance cover (Reshmi, Nair, Sabu, and Unnikrishnan, 2012).

III. Methodology

The study covers the perceptions, awareness, and opinions regarding health insurance among the university teachers in the Pokhara valley. The data has been collected using a structured questionnaire with nominal, ordinal and ratio scale of measurement. The respondents were selected using purposive sampling method. The sample size is determined with some assumptions. The university teachers in five constituent colleges are almost 1000[8]; confidence level is considered to be 95 percent and margin of error is supposed to be 7.4 percent. The sample size is calculated using software[9] that has been found to be 150. (The sample size has been calculated using a software called "Raosoft"). Five demographic variables (gender, age, marital status, ethnicity and education levels) of the respondents have been considered to test the awareness level and the perceptions. Eight variables related to health check-up, medical expenditure, health insurance policy and five variables related to the perception have been included to examine the awareness about health insurance. Likert-scale (five points) is used to obtain the responses. Association is tested by chi-square test and differences are measured by Mann-Whitney and Kruskal-Wallis tests.

IV. Results and Discussion

4.1 Demographic Characteristics of the Respondents

Major demographic characteristics of the respondents, viz. gender, marital status, ethnicity, age and educational levels are given in Table 2.

Table 2
Demographic Characteristics of Respondents

Attributes	Frequency	Percent
1. Gender		
Male	105	70
Female	45	30
Total	150	100
2. Marital Status		
Single	40	27
Married	110	73
Total	150	100

Attributes	Frequency	Percent
3. Ethnicity		
Janajati	43	29
Marginalized	12	8
Madheshi	3	2
Brahmin /Chhetri	92	61
Total	150	100

[8] *Four constituent colleges of Tribhuvan University and four central colleges of Pokhara University.*
[9] *http://www.raosoft.com/samplesize.html*

Variables	Frequency	Percent
4. Age Group		
Up to 30 years	38	25
31 to 40 years	64	43
41 to 50 years	35	23
51 and 60 years	10	7
61 to above	3	2
Total	150	100
5. Education		
Master	107	71
M. Phil	24	16
Ph D	19	13
Total	150	100

Source: Field Survey, 2017.

Out of 150 respondents (a) 70% are male; (b) 73% are married and (c) 61% belong to Brahmin and Chhetri communities; (d) 43% are in the age group between 31 and 40 years; (e) 71% are postgraduates, 16% are M. Phils and 13% are Ph Ds.

4.2 Awareness and Knowledge of Health and Insurance

No doubt, health is more important than wealth. Out of the eight statements, five were constructed to explore the opinion on health care and health insurance. Three statements were designed to identify their knowledge on health insurance programmes and activities in the country and were specifically directed to respondents residing in the city areas. Opinions were taken in dichotomous form, i. e. 'agree' or 'disagree'. The association between respondents' demographic characteristics and their opinions have been tested by chi-square. The frequency of opinion and p-value of chi - quare test are presented in Table 3.

Table 3

Frequency and *p*-value of Chi-Square Test on Awareness and Knowledge about Insurance

Statements	Opinion (%) (n =150)		*p*-value of Chi-Square test*				
	A	D	Gender	Age	MS	Ethnicity	EL
I. Awareness							
1. Regular health check up	66	34	0.38	0.01	0.74	0.01	0.01
2. Major portion of income spent on medical treatment	26	74	0.01	0.10	0.56	0.01	0.02
3. Not unhappy to spend on medical treatment	57	43	0.18	0.51	0.02	0.16	0.68
4. Out-of-pocket health expenditure is essential	88	12	0.52	0.92	0.98	0.26	0.08
5. Interested to purchase health insurance policy	91	9	0.25	0.41	0.27	0.01	0.18
II. Knowledge about Insurance							
6. Government health insurance program is launched in Pokhara	57	43	0.57	0.01	0.76	0.01	0.02
7. Nepalese health insurance program is not suitable for everyone	57	43	0.06	0.03	0.31	0.11	0.40
8. Government health insurance is not implemented all over the country	91	9	0.43	0.80	0.73	0.02	0.83

* 5% level of significance

***A**: Agree, **D**: Disagree, **MS**: Marital Status, **EL**: Educational Level*

Source: Field Survey, 2017.

Out of the five statements related to health awareness, it is found that more than 90 percent of the respondents are ready to purchase health insurance; 66 % prefer regular health check-ups and only 34 % have spent major portion of their income on self-medical treatments. But, more than four fifth of the respondents agree that out-of-pocket health expenditure is essential. Majority of the respondents are not unhappy to spend a major portion of their income on health care. The result also shows that the majority of respondents agree that health treatments through insurance cover is preferable and a significant number of respondents are not averse to spending on health care.

Similarly, respondents' knowledge about government-run universal health insurance programs was measured through three statements. Majority of the respondents are aware about the government's health insurance programs launched in Pokhara. More than 90 percent have

knowledge about the coverage of insurance program across the country. But, majority of the respondents are not aware of the nature of the programs. It is has been established that these programs are suitable for all; but, less than majority is aware of their suitability. It can therefore be concluded that university teachers have only a general idea about health insurance but they lack in-depth information.

The *p*-value of chi-square test shows that out of 40 (8X5) associations, only 12 have been found significant. Most of the associations between the opinions and knowledge with regard to gender, age, marital status, educational levels and ethnicity are insignificant. The opinions regarding the health awareness and knowledge of health insurance, are least associated with (i) gender and marital status (1 out of 8); most associated with ethnicity (5 out of 8); and moderately associated with age and educational levels (3 out of 8). It can therefore be concluded that knowledge on health insurance and health practices is influenced by the age and ethnicity of respondents.

4.3 Perception Regarding Health Insurance

In order to identify the perceptions of the respondents regarding the health insurance, the following statements were constructed and views were collected as to whether they 'agree', 'strongly agree', or "disagree", "strongly disagree", or are "neutral". The 'agree and strongly agree' are grouped under "A" and 'disagree and strongly disagree" are grouped under D and the others under N and presented in percentages, and the p-value of Kruskal-Wallis Test (KWH) based on ethnicity and age group are presented in Table 4.

Table 4
Perception Regarding Health Insurance

Statement	Opinion (%), n=150			*p* value KW H test*	
	A	N	D	Ethnicity	Age
1. Universal health insurance is very essential for Nepal	86	12	2	0.09	0.01
2. Health insurance is better especially for the poor	17	21	62	0.11	0.54
3. Health insurance is better only for employees	19	19	61	0.79	0.86
4. Government has capacity to meet the claims on health insurance policies	29	49	22	0.33	0.46
5. Third-party administrator is essential for health insurance	58	27	15	0.02	0.63
6. Health insurance should be made compulsory for all citizens	77	21	1	0.61	0.01

* 5% level of significance

***A**: Agree, **D**: Disagree, **N**: Neutral*

Source: Field Survey, 2017.

Table 4 gives the opinions of the respondents under three categories (A-N-D). More than four fifth of the respondents agree that universal health insurance is very essential for Nepalese citizens and majority of them also agree on the necessity of a Third-party administrator. More than three fourth of the respondents are in favour of compulsory health insurance. More than 60 percent of the respondents disagree with the statement that "health insurance is only better for poor and employees". It means that it is good and necessary for all. It is matter of surprise that the intellectual community (49%) has no idea that the government has the capacity to cover the health insurance claims. It can be concluded that university teachers have better idea about the necessity of health insurance and the role and responsibility of the government towards the health sector. But, majority of the respondents surprisingly lack the specific technical knowledge about health insurance schemes and policies.

It was a matter of great interest for the researcher to find out whether the demographic characteristics of the respondents had any impact on the respondents' perceptions and awareness about the concept and practice of health insurance in Nepal. Ethnic group and Age group are taken as grouping variables and six different opinions have been tested using Kruskal-Wallis Test. It has been found that out of 12 relationships, only three have significant differences. "Universal health insurance is very essential in Nepal" and "Health insurance should be made compulsory for all citizen" are influenced by the age of the respondents ($p=0.01$), and the opinion "Third-party administrator is essential for Health Insurance" is influenced by the ethnicity of the respondents ($p=0.02$). Rest of the opinions have no impact difference based on age and community to which they belong since p-value of KWH-test is more than 5%. The researcher was able to conclude that the Pokhara university teachers (teachers belongs to two universities: Pokhara and Tribhuvan) are aware of the health insurance schemes but they are unaware of the technical details and management aspects of the health insurance policies and practices that are prevalent in the Health Insurance Industry in Nepal.

V. Conclusion

Based on the study it can be concluded that majority of the respondents are conscious about their personal health and showed willingness to undergo health treatments availing insurance cover. Significant number of respondents are not unhappy to spend on health care. Majority of the respondents are aware about the government health insurance programs launched in Pokhara. Almost all the respondents have general knowledge about the coverage of insurance programs across the country but majority of the respondents are not aware about the detailed nature of the insurance products and other nitty-gritty of its functioning.

The respondents' opinions regarding health awareness and knowledge about health insurance are mostly associated with ethnicity but are least associated with gender and marital status, and are moderately associated with age and educational levels. University teachers have better idea about

the necessity of health insurance schemes and responsibility of the government towards the health sector but lack specific technical knowledge on health insurance policies.

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