

# Adding Fire to Pain

## State Health Insurance Is Not Easing the Burden of Out-Of-Pocket-Expenditure

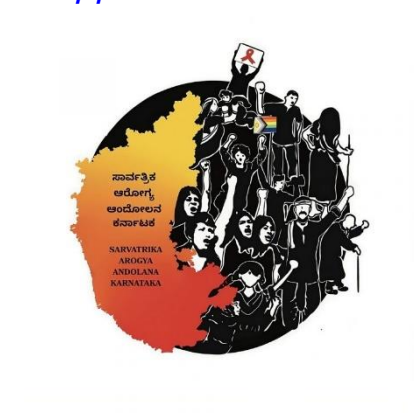
Field-based study

By

Saarvatrika Arogya Andolana - Karnataka

SAA-K

<https://saakarnataka.org/>



### A people's campaign for Universal Health Systems

SAAK is a state level network comprising of various workers unions, people's organisations, civil society organisations, networks and individuals working with beedi workers, construction workers, garment workers, sanitation workers, manual scavengers, sex workers, migrant workers, informal sector workers, women, gender and sexual minorities, Adivasis, Dalits, farmers, waste pickers, elderly, persons with disabilities, urban poor, rural poor, persons living with HIV, issues of public health and nutrition who are working together to realise the dream of Right to Health through Universal Health Systems in Karnataka.

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## *Adding Fire to Pain*

### **State Health Insurance Is Not Easing the Burden of Out-Of-Pocket-Expenditure**

Health Insurance schemes including Ayushman Bharat-Arogya Karnataka (AB-ArK) are advocated by central and state governments as system for solving the problem of Out-Of-Pocket Expenditure (OOPE), a key barrier to access to health care. All the insurance schemes involve contracts with private hospitals so that low income persons and families can have expanded access to medical care (especially specialist care) because government hospitals and services have not expanded adequately to meet population needs.

SAA-K (Sarvathrika Arogya Andolaan Karnataka) conducted a study between May-July 2024, the results which show that these much-touted health insurance schemes are a myth for providing effective, cashless care. A study conducted by Janarogya Andolana Karnataka in 2012-13 also showed similar findings.<sup>1</sup> Several similar studies have shown that health insurance schemes are not supporting poor families.

A total of 116 persons were interviewed and case stories documented from eight districts of Karnataka by SAA-K Health Activists to document the expenses and hardships incurred due to hospitalisation and to find out if State-led Health Insurance were helpful or not. This booklet presents the high OOP expenses that people are bearing for common secondary and tertiary healthcare in Karnataka and how the design and process of AB-ArK and other state-led insurance are only creating further red tape for health care and moving far from being people-centric.

#### **Key findings:**

- **102 people were admitted to government and private hospitals, and 94% of them possessed insurance.**
- **17% of those admitted to government hospitals could not use their insurance, and compared to 49% admitted to private hospitals who were denied insurance coverage.**
- **BPL/ration cards were the most accepted form of insurance in government hospitals; in private hospitals it was AB-ArK**
- **Only for 5 out of 102 (4.9%) had treatment free of cost. 97/102 incurred high OOPE relative to wages.**
- **People on average are spending almost similar (and sometimes more) amount OOP in both government and private hospitals when they have utilised insurance as compared to when they are unable to utilise insurance.**
- **Insurance IS NOT reducing the OOP.**
- **Patients do not get to see the actual bill and the amount allocated for their treatment.**
- **Medicines and tests are still NOT available free of cost.**

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<sup>1</sup> State insurance schemes in Karnataka and users' experiences – Issues and concerns  
<https://www.ippapublicpolicy.org/file/paper/1435207141.pdf>

*Case story of an 8-year-old girl from Davanagere district*

The girl's mother is a beedi worker and father is a daily wage construction worker. The child had difficulty walking and her neck was deviating to one side. She was taken to a private hospital 9 km away since they perceived this as an emergency, where they spent ₹36,000 on admission, MRI, tests and treatment. She was said to have a mass in her spine and that she needed to be operated. For this, she was referred to a neurosurgeon at another private hospital due to the lack of a neurosurgeon in the Government facilities. At this facility they required that the child's name be in the ration card. Later they went to a hospital in Mangalore thinking they might treat with a parent's ration card, spending a total of ₹10,000 on food, treatment, and other miscellaneous expenses, but there also they were asked to have daughter's name in the ration card and to produce an AB-ArK referral letter from government facility. For 3 months, the father tried to get his daughter's name in the ration card but the server wasn't connecting in the state portal. They were told that it had been paused due to new enrolments for the Gruhalakshmi scheme.

When the family went to the district hospital in Davanagere to get a referral letter for AB-ArK, the hospital didn't have the "referral code" required for the diagnosis. None of the hospitals that they visited had noted this code in her documents. The family had to visit a private neurosurgeon and request him to write the referral code. He wrote this down for them with the promise that they would get treatment from their private hospital. However, without a ration card, further AB-ArK referral letters couldn't be processed and the child remained without treatment despite spending a total of ₹46,000 spent in the process. Moreover, the father continued to lose several days of daily wages in this paperwork while the child remained ill.

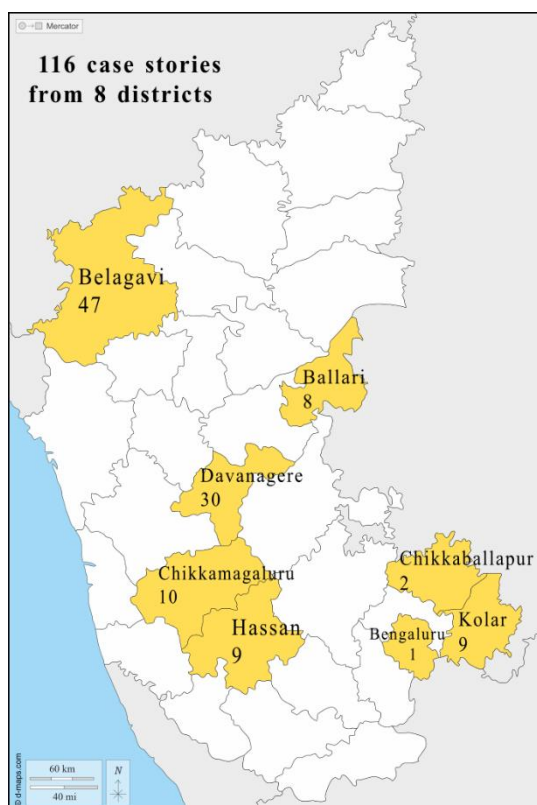
The above case story represents just one among many working-class families who are left to navigate the confusing and unaccountable pathway to care during serious sickness to get healthcare even when they possess BPL cards and insurance cards.

## Study Findings

The **116 persons** were from **eight districts** of Karnataka as shown in the map below:

- **Reasons for hospitalisation** - appendicitis, cardiovascular diseases, accidents/ injuries, anaemia, piles, kidney stone, gallstones, diabetes, cataract, eye surgeries, kidney disease, hernia, pneumonia, pregnancy, mass/cancer, gynaecological issues etc.
- Of 116 persons, **107 of them (92.2%) had at least one type of health insurance** and only 9 didn't have any insurance.
- Some (n=28) stated having more than one insurance.

The following (Table 1) is the breakup of the various insurances that the 107 possessed -



**Table 1: Insurance that people possessed**

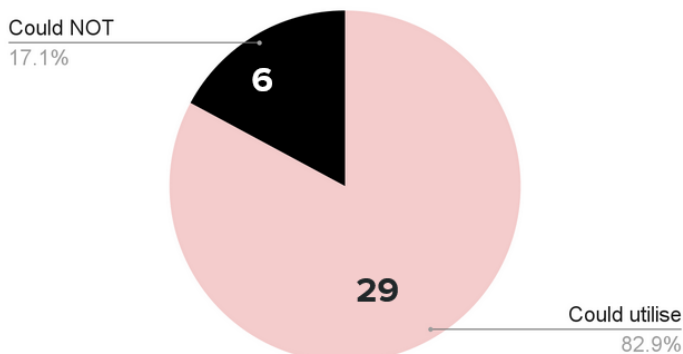
Insurance	No. of people
Ayushman Bharat	54
BPL Ration Card	56
Aadhar Card	11
Yeshasvini Card	12
ESI card	1
E-shram	2
Arogya Raksha Dharmasthala Sangha	5
<b>Total (more than 107 because some people have more than one insurance)</b>	<b>141</b>

**102 of the 116 persons interviewed were admitted to various government and private hospitals. Among them, 96 persons (94.11%) possessed one or the other insurance**

### Health insurance utilisation

Of the 96 persons who possessed at least one insurance, only 61(63.5%) persons could utilise any insurance during their hospitalisation. The number of people who could utilise insurance in government hospital and private hospitals is as given in figure 1.

Utilisation of insurance in Government hospital



Utilisation of insurance in Private hospitals

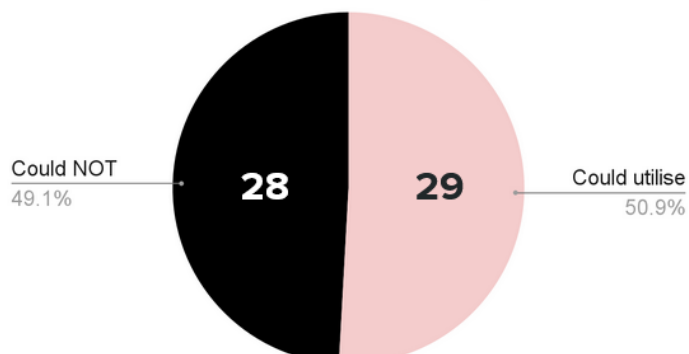


Figure 1: Utilisation of insurance in Government and private hospitals

### Which insurance/card got utilised?

Table 2 shows which insurance or cards were used in the hospitals

Sl no	Government Hospitals	Private Hospitals
1.	BPL ration card - 16	AB-ArK - 17
2.	BPL ration card/Aadhar card - 3	BPL ration card - 6
3.	AB-ArK - 3 BPL ration card/AB-ArK - 1	Arogya Raksha Dharmasthala Sangha - 3
4.	Yeshasvini card - 4 Yeshasvini/AB-ArK - 1	Yeshasvini card - 1
5.	ESI - 1	Others - 2

### For others Health insurance was rejected on the following common reasons:

- Private hospital refused saying it doesn't apply to them
- Child's name not in the ration card (including a 15-day old baby)
- Due to emergency - couldn't process the insurance in the beginning
- Paid first and were told it'll get reimbursed, but it did not
- They were told that insurance will apply only for 3 lakh and above

## OOP Expenses when health insurance was used:

**Only for 5 out of 102 (4.9%)** had treatment free of cost (4 due to Ayushman Bharat and one due to BPL Ration card)

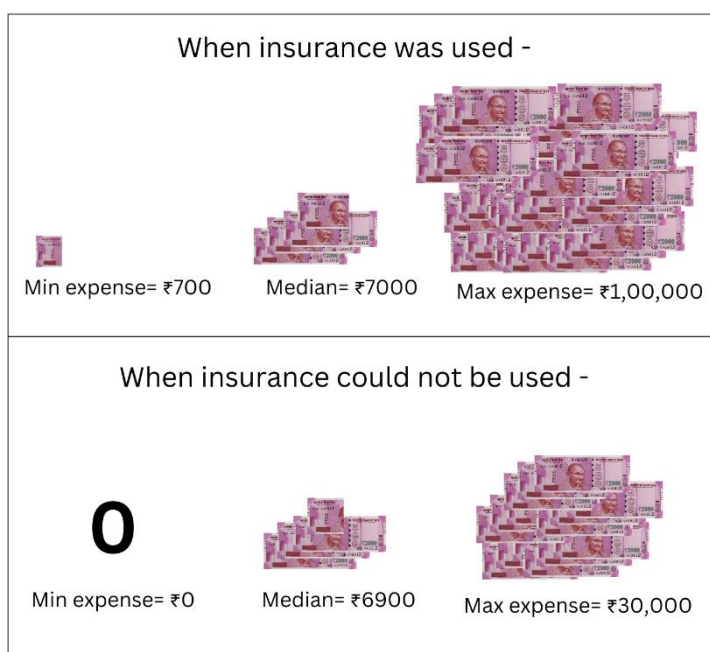
✓ **5 out of 102**

✗ **97 out of 102 → high OOPE in both government and private hospitals**

**Patients don't get to see the actual bill and the amount allocated for their treatment**

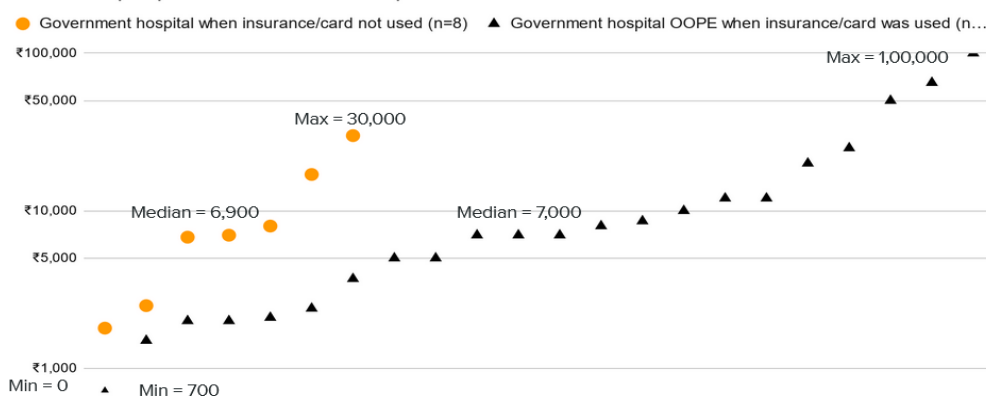
**In Government hospitals the following had to be spent**

### OOPE in Government hospitals



So, one can observe from this chart that most people with a card or insurance would end up spending more than those who did not have a card, although it is not very high. But one thing is obvious that having a card or insurance is not going to make much difference.

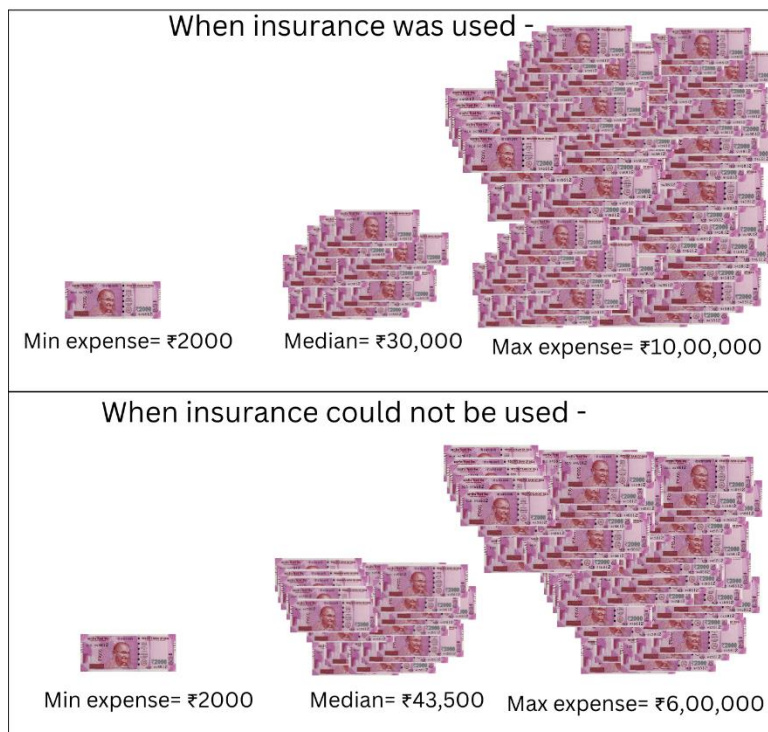
OOPE of people in Government hospital when insurance/card was used and not used



**Figure 2**

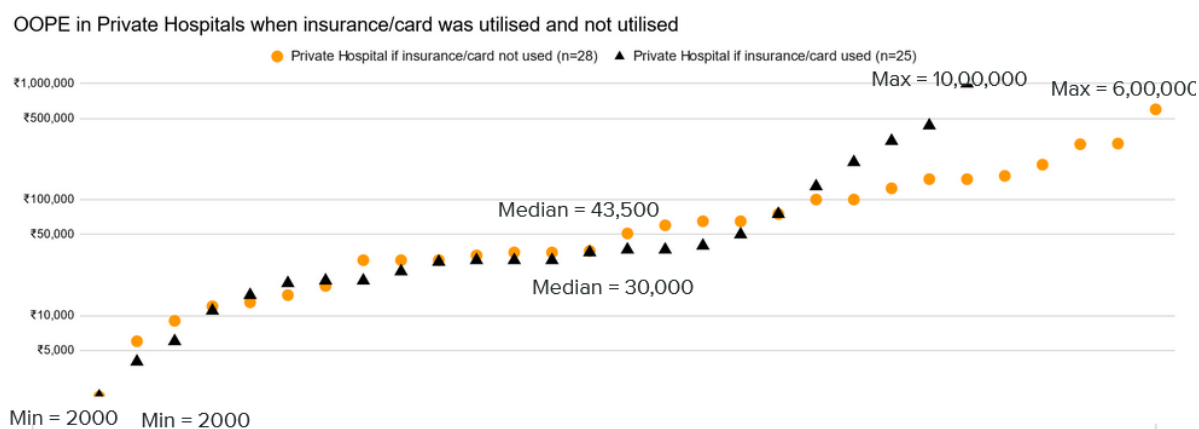
**In private hospitals the following was spent:**

### OOPE in private hospitals



So, one can observe from this chart that most people with a card or insurance would end up spending similar to those who did not have a card with only a small reduction in the median amount. **Again, what is clear is that having a card or insurance is not going to make much difference.**

**Figure 3**



### Reasons for spending money despite having utilised insurance

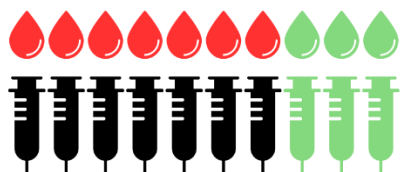
- Overall treatment
- Surgeries
- Medicines
- Testing
- Not reimbursed/partially reimbursed, although was promised.



*“Patients will have one or the other bill prescribed outside in Government hospitals, ideally all these should be reimbursed, but you know how it is...” - Arogyamitra*

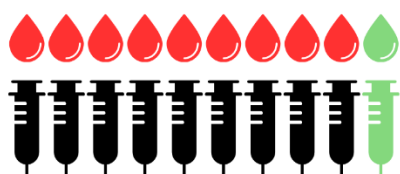
**Medicines and tests are still NOT available free of cost - ✗**

7 out of 10 people are spending money on medicines and tests (70.8%)



When insurance/ card was used (48 people)

7 out of 10 people are spending money on medicines and tests (94.4%)



When insurance/ card could not be used (18 ಜನ)

Although a slightly lesser number of persons had to spend on medicines and testing when insurance was utilised, this is a marginal difference and the high rates of OOP expenses is unacceptable. Moreover, on an average a **person utilising insurance is spending much more (₹17,500) than the person unable to use insurance (₹12,500).**

**✓ Medicines and testing must be accessible free of charge.**

**61.6% people had to navigate more than one facility to get treatment and many travelled up to 5 centres**

**Additional Expenses:** Most individuals had additional high indirect expenses due to having to travel far distances for care

<b>Table 3: Other indirect expenses - travel, food, lodging (88 persons)</b>				
	<b>FOOD</b>	<b>TRAVEL</b>	<b>LODGING</b>	<b>OTHERS</b>
Average cost	Rs 3,000	Rs 2,760	Rs 1,000	Rs 5,000
Maximum cost	Rs 12,000	Rs 10,00,000	Rs 5,000	Rs 50,000
Minimum cost	Rs 600	Rs 200	Rs 1000	Rs 500



## Coverage of AB-ArK as per 2022

This chart is taken from AROGYA MANTHAN 2022 by the Karnataka government.<sup>2</sup>

Family Type	Numbers	Amount (in ₹crore)
BPL	33,26,707	3777.85
APL	3,44,998	1,216.23
Total	36,71,705	4,998.04

The chart shows that a huge number of patients have been covered and that several crores have been spent.

**But it hides the true picture of the hardships faced by people highlighted in our study.**

## Lessons From This Study

- 1) Illnesses that need hospitalization are impoverishing the marginalised communities. The participants for this study were all from the working-class population, members of various trade unions, rural and tribal communities and thus were from the marginalised communities.
- 2) It is evident that Out-of-Pocket (OOP) is a major economic burden on the marginalised communities.
- 3) The much-touted insurance cards and insurance schemes are hardly making any impact and not serving the purpose of reducing OOP expenses and providing care for marginalised communities.
- 4) Moreover, the processes involved in utilising insurance - like getting referral codes, approval, breach of privacy/ consent in taking patient's pictures even in government hospitals are dehumanising and taxing for people who are already sick.
- 5) In cases of emergencies, AB-ArK has a provision where patients can avail treatment in private hospitals and private hospitals to process the insurance. But in reality people are having to travel in sickness for approvals or end up spending high OOP.
- 6) The numbers shown as success in terms of "coverage", "beneficiaries treated", "amount disbursed" are hiding these people's lived realities.
- 7) There seem to be several hurdles that have been created so that ultimately the needy can never get benefitted.
- 8) Most secondary and tertiary care needs OPD care, multiple visits, and follow-up care. The current insurance models treat this care as episodic or one-off events and thus people are having to spend OOP.

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<sup>2</sup> <https://abdm.gov.in/arogyamanthan2023>

## WAY FORWARD

- 1) **THE GOVERNMENT MUST STRENGTHEN GOVERNMENT HOSPITALS and SERVICES AND INCREASE THE BUDGET.**
- 2) We demand the government to **stop insurance-based financing for healthcare** but instead invest this in strengthening public institutions for Universal Healthcare.
- 3) An SAA-K study<sup>3</sup> has shown that prescription of medicines by government doctors to be purchased by patients from private pharmacies outside is rampant. **This needs to be stopped totally through robust state supply of medicines and has already been done by Tamil Nadu, Kerala, and Rajasthan states.**
- 4) So also advising patients who have come to government hospitals for treatment being referred for various investigations outside at private laboratories is causing major economic drainage. **The government facilities should have robust laboratory facilities.**
- 5) Empanelment of private hospitals by the government for delivering healthcare is not yielding any fruits and needs to be stopped. **Instead, the government should use the money in strengthening the public health services.**
- 6) **Stop all forms of Private Public Partnerships in delivering healthcare immediately.** These insurances push people to rely on private health care and further lose trust in public institutions. **Government's responsibility is in building people's trust through strengthening the public health system.**

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<sup>3</sup> Survey by Sarvatrika Arogya Andolana Karnataka (SAAK) finds patients visiting government hospitals spend an average of ₹ 433 per visit out of pocket  
<https://www.thehindu.com/news/national/karnataka/rapid-survey-highlights-lack-of-access-to-free-medicines-in-government-hospitals/article67168721.ece>