

Brief Technical Report on BAIF Community Health Programme

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Introduction

This report is based on data collected during a 10 weeks research in Pune District, India, from October to December 2003 funded and kindly supported by GTZ.

The purpose of the whole study was to get an insight in the evolving health microinsurance schemes in Pune District.

Part of the research was a case study of BAIF Community Health Insurance Scheme¹. To study the organizational structure of the scheme the InfoSure-tool was applied. InfoSure is a computer-based questionnaire consisting of 150 questions covering all aspects of health insurance schemes. The dualistic structure of a quantitative and a qualitative part of the questions secures that data can be compared with other schemes while no information is lost. The tool was developed by GTZ.

23 interviews with the target group using a semi-structured interview guide were conducted to characterize and clarify the structure of the demand side of the scheme.

This paper offers a brief description of the scheme and a summary of the findings of the interviews. The strengths and weaknesses of the scheme are highlighted followed by some recommendations for future improvements.

Brief description of the scheme

The organization of BAIF and the evolution of the health insurance

BAIF Development Research Foundation has its roots in a nature cure ashram set up on the initiative of Ghandi in 1942 in Urulikanchan, a small town in Maharashtra near Pune. The Ashram was managed by Manibhai Desai. Following the philosophy of Gandhi to eradicate poverty among the rural population he successively added components to improve the livelihood of the rural poor. So BAIF was founded in 1967.

Today BAIF runs 750 centres and services an area of one sixth of India. 2000 employees –among them over 100 professionals holding a doctor degree, a MBA or equivalents– contribute to BAIF’s research, training and servicing activities.

The empowerment of women has become a central issue in the work of BAIF. Since a decade, BAIF promotes the founding of women self-help groups for this purpose. These self help groups (SHG) consist of 10-20 women and function as a saving and credit facility. Additionally, BAIF uses these SHGs as a platform for training, capacity building and the flow of information on health and hygiene. Special attention is paid to reproductive health.

¹ Here, we would like to express our deep gratitude for the friendly support by the staff of BAIF, namely Dr. Shrikant Khadilkar, Mr. Mokashi and Mr. Shivtare and the members of the Insurance Scheme who took part in the interviews. We also thank Anagha Joshi for her patience and excellent translation.

Most of the clients of BAIF are agricultural workers, either on their own piece of land or on daily/weekly wages basis. The impact of severe illness on the prosperity of these households is high due to the direct costs of treatment as well the indirect costs like the loss of income. Beside the wealth effects the women in the SHGs complained that it is more difficult for them to claim the equal medical treatment as their husbands do in case of expensive illness.

In 1998 BAIF decided to respond to this situation with a pilot project around their centre in Urulikanchan. They set up a health insurance in their own responsibility but hardly a year later judged the risk of this scheme to be too high.

To serve the need, which still existed, in the best way possible they organized meetings with the SHGs to explain the concept of insurance and to explore the exact needs of the women towards health insurance.

In 59 meetings with different women self help groups several facilitators of BAIF explained the principles of insurances and built awareness regarding risk management. They discussed the insurance needs with the women in terms of features to be covered and the amount of coverage demanded. 727 women took part in these group discussions. Each discussion lasted 90 minutes in average. It was very important for the SHGs to include a kind of repayment of premiums (stated by 59 groups). A minority of 21 groups wished to include asset insurance as well. An important part of the study is a list of health care facilities used by the target group. This list was later handed over to the insurance company.

The expectations of the prospective beneficiaries and the existing (market) insurance products were balanced and modifications have been negotiated with different governmental controlled insurance companies. United India Insurance Company (UIIC) agreed to offer the health insurance part of the scheme, which is a tailor-made Jan Arogya Bima Policy with maternity extensions. BAIF also added life insurance to the package, which is provided by Life Insurance Corporation of India (LIC). Due to a lack of experience with private insurers BAIF decided not to negotiate with them.

Both, the life insurance and the health insurance contract are group insurance policies. In this partner-agent model BAIF is the master policyholder.

In November 2002 BAIF collected the first contributions and passed them over to the insurance companies so that the first policies were handed over in December 2002.

Membership

The initial target group were the members of the women self help groups. Additional to them some neighbours and close relatives joined (only women). In the first year (2003) the group consisted of 892 members of (86) SHGs and 17 neighbours or close relatives of members.

In the second year the scheme opened up for the whole population of the villages. Membership is individually; there is no group discount for whole families joining. The life insurance in the insurance package excludes children younger than 18 and persons older than 60 years. Members above or below these age thresholds can join when they pay the whole premium but they are not covered by the life insurance.

In the second year only 500 members renewed their policies in time. Some were late due to several reasons; they have to enrol as new members and all exclusions of the insurances apply again (e.g. pre-existing diseases). Men did not join because

- information that they may join is not available in all villages
- they do not want to pay for the maternity extensions.

Some members are not willing to renew their policies because of the increase in premium (Rs 25 for compensation of the Insurance Committee members) or dissatisfaction with the frequency and work of the health check-up camps.

Some members also chose to drop out of the schemes because of interpersonal problems within their SHG.

Organization of the scheme

The membership is voluntarily and individually. The members of a SHG take the decision of the membership of an individual and the Insurance Committee confirms it on the basis of trust. Up to now nearly all insured persons are members of a SHG but the possibility to join as a non-member is given. There is no need to join as a whole group.

The policy of United India Insurance Company is issued in the name of BAIF's Self Help Groups Insurance Committee. Each SHG receives its own group insurance policy, where each insured member is listed. The members do not receive a personal policy but have their own id-number and a receipt for their premiums paid.

The insurance id-number consists of a digit for the block followed by two digits for the village, two for the SHG and two for the individual's identification.

In each SHG one member is as an insurance representative responsible for collecting the contributions. She pays the amount collected to the bank account of the BAIF SHG Insurance Committee from where it is passed over to the United India Insurance Company.

Twenty insurance representatives are members of the BAIF SHG Insurance Committee. BAIF is currently organizing the insurance representatives in geographical clusters of one or two villages. The cluster level should be the formal basis where a committee member is elected and responsible for the flow of information and services. So far there is an informal way for the nomination of committee members.

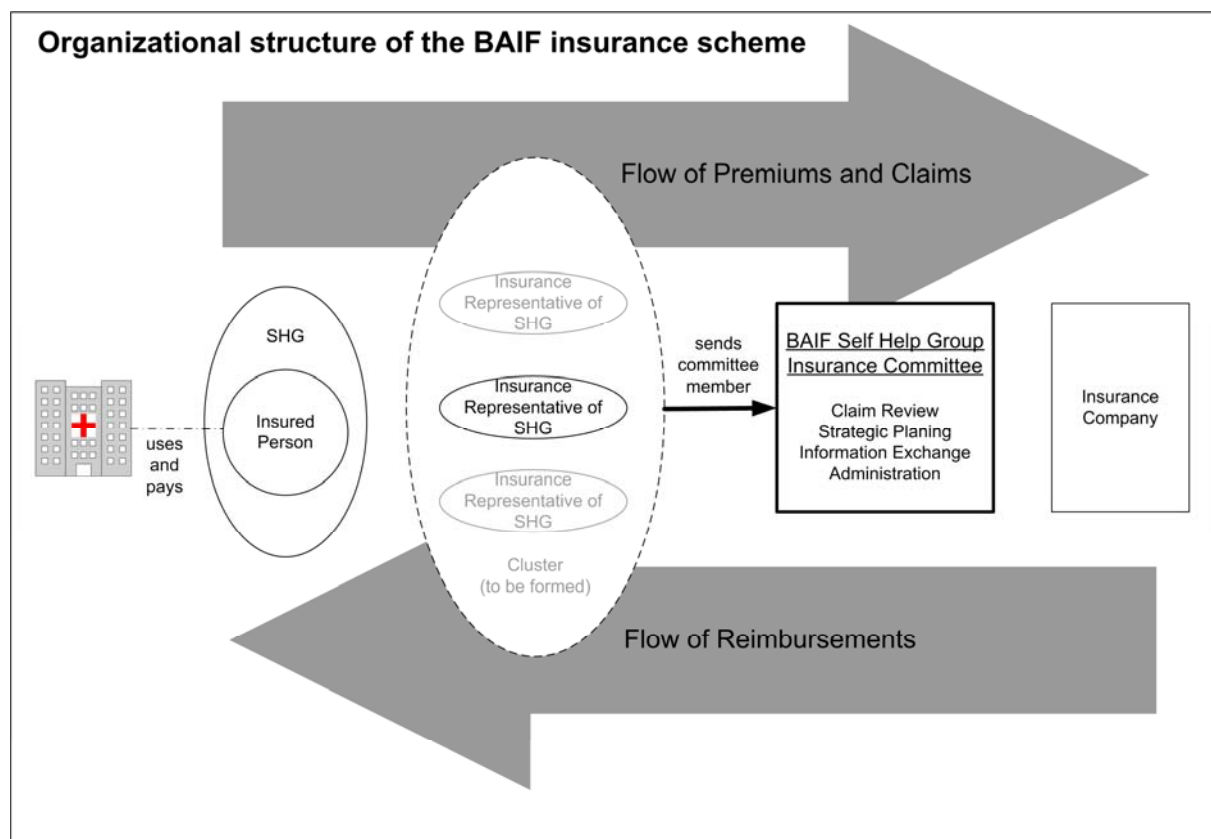
The BAIF SHG Insurance Committee meets on a monthly basis in Urulikanchan. Claim papers of members are reviewed before they are passed over to the insurance companies. The Insurance Committee also serves as a platform for the exchange of information and strategic decisions are taken here as well.

To get a reimbursement of health costs an insured woman has to pass several documents concerning her hospitalization to the SHG's insurance representative. She passes them via a committee member to the Insurance Committee, which checks these before handing them over to the UIIC. These documents have to contain the following data: Admission date; number of days hospitalized; address and phone number of the hospital; receipts of medicals bought in the pharmacy; receipts of medicals purchased from the doctors; prescription of the diagnosis and the

treatment; receipts for special services like x-ray; discharge letter and a list of the total bills.

After the claims are confirmed by the UIIC reimbursement is made in the name of BAIF SHG Insurance Committee, which keeps the amounts of eventually given loans from the revolving fund and passes the rest over to the SHG, afterwards handing over the amount to the insured person. The hospitalization costs are fully reimbursed up to a ceiling of Rs 5,000 per year.

Health care is provided by the regular existing governmental and private facilities. There are no special contracts with these providers. Only one contract exists between BAIF and Nature Cure Ashram in Urulikanchan (50% reduction is given on treatment and lodging), which is not covered by the insurance company.



Until now about 20 persons claimed and most of the claims have been settled. UIIC calculated a claim ratio for the first year of about 60%, which leaves the company well of. A claim ratio of less than 70% prevents UIIC from making losses. In case of long time claim ratios above that mark this will lead to a renegotiation of the premium. But the decision to renegotiate remains with the divisional manager of UIIC.

Fortunately, there has been no experience with life insurance claims until now.

Features of the insurance offered

The insurance package offered by BAIF mainly consist of (for details see table on page 6)

- a life insurance component including disability coverage

- a scholarship
- coverage of hospitalisation
- additional health benefits like an annual health check-up camp.

The life insurance policy is a regular policy offered by the Life Insurance Corporation of India (LIC) targeting poor people (so called Janashree Bima Yojana policy). The annual premium of Rs 200 is subsidized with Rs 100 by the government for those living near poverty line. Because this is true for most of the target group of BAIF a premium of Rs 100 is charged for all.

On initiative of the finance minister the possibility to apply for a scholarship for the first two children of a household was added. The scholarship is granted to the poorest families applying according to a certain number per region. The families applying must be insured with the Janashree Bima Yojana scheme. Rs 300 per annual quarter are paid for pupils visiting 9th to 12th standard with marks well than 65%.

BAIF negotiated some modifications within an existing health scheme (Jan Arogya Bima) of United India Insurance Company (UIIC), a former subsidiary of General Insurance Company (GIC). The structure of UIIC is decentralized. Each division of the company has a certain degree of freedom to modify existing schemes in consultation with the headquarter. The divisional manager is responsible for the balance of the division.

The Jan Arogya Bima health policy of UIIC (offered by all four former GIC subsidiaries) offers reimbursement of costs in case of hospitalization longer than 24 hours. The amount reimbursed is limited to Rs 5,000 per year. Pre-existing diseases, AIDS and any expense incurring during the first 30 days of coverage are excluded. Usually all costs related to child birth and caesarean are excluded as well but due to the pressure of BAIF a special maternity extension was included. Based on the maternity extension of "Mediclaim" policies, the health insurance policies for middle and high-income customers, the UIIC's division calculated a premium of Rs 7.5 per year. The costs of child delivery are now treated like the costs of an illness and contribute to the annual coverage cap of an individual.

The premium of the Jan Arogya Bima policy takes the age of the insured into account; the older the member the higher the premiums. To offer just one premium to all members neglecting their age BAIF and UIIC agreed to add a supplementary charge to all members' premiums.

Both, the life insurance and the health insurance contract are group insurance policies.

Additionally, the Nature Cure Ashram at Urulikanchan offers 50% off from treatment and room costs to all insured in this scheme. This is based on a special agreement between BAIF and the Ashram.

BAIF organizes annual health check-up camps in the villages for preventive purposes. Rs 30 of the premium of each member are used to cover the expenses. Members of the scheme also get a 50% concession on outpatient department charges in BAIF Community Health Research Centre in Urulikanchan.

If an insured person does not claim health insurance or life insurance benefits in a five-year period, a "no claim bonus" is granted. The "no claim bonus" will not exceed Rs 300 per person. Rs 14.25 of the premium are used to finance this incentive.

Rs 25 are administrative costs of the BAIF Self Help Group Insurance Committee, which is a body of the insured members. It reviews the claims, takes care of the flow of information and is the counterpart of UIIC. During the first year of operation of the scheme these costs have been borne by a fund set up by GTZ. This fund is initially intended to help the insured persons in case of hospitalization to bridge the gap between the out of pocket prepayment and the reimbursement by UIIC.

The table gives an overview over the components of the insurance package offered by BAIF.

Overview over the BAIF insurance package

Product Name	Offered by	Covers	Annual Premium
Janashree Bima Yojana	LIC	In the events of *Death (other than by accident) of the member, an amount of Rs.20,000/- is payable. *Death/total permanent disability, due to accident, an amount of Rs.50,000/- is payable. *Permanent partial disability, due to accident, an amount of Rs.25,000/- is payable.	The premium under the scheme is Rs.200/-per annum per member. *50% of the premium i.e. Rs.100/- will be contributed by the member and/or Nodal Agency/State Government. Balance 50% will be borne by the Social Security Fund. Shiksha Sahayog Yojana is covered by this premium as well.
Shiksha Sahayog Yojana	LIC	Scholarship of Rs 300/- per quarter per child will be paid for a maximum period of 4 years. The benefit is restricted to two children per member (family) only.	Shiksha Sahayog Yojana is covered by the premium to JBY as well.
[Tailor-made] Jan Arogya Bima Policy (Group) with maternity extensions	UIIC	Reimbursement of hospitalisation/domiciliary hospitalisation expenses incurred by an insured person for treatment of illness/disease/injury as an inpatient in a Nursing Home. The limit of liability under the policy per year per person is Rs.5,000/-	80.75
Maternity extensions	UIIC	Treats deliveries like illnesses and covers the expenses up to Rs 5,000. It only covers the first two pregnancies.	Incl. in tailor-made JAB
Nature Cure Ashram Urulikanchan	Ashram	50% off from treatment and room cost in the Nature Cure Ashram in Urulikanchan	
Revolving fund	BAIF SHG Insurance Committee through grant of GTZ	Interest of 1% per month to cover up to 50% of hospitalization costs until reimbursement	
Annual general health check-up in a camp organised in the villages	BAIF		30
Cost reduction at BAIF community health centre	BAIF	50% concession on outpatient department charges in BAIF Community Health Research Centre	
Payback of excess collection	BAIF	Those who do not claim LIC or UIIC benefits for five years receive a share of the payback of the excess-collection. The amount per person does not exceed Rs 300.	14.25
Compensation for Insurance Committee Members (introduced 11/03)	BAIF	Compensation for income loss is paid to the members of the BAIF Insurance Committee.	25

Rs 100

Total Premium Rs 250

Long-term perspective

The overall goal of BAIF is to expand the scheme while securing its stability. The experience made with this approach is now communicated to BAIF SHGs in other parts of India. Considering the huge clientele of BAIF 500,000 persons can be seen as the target group. If by 2015 a huge number of this clientele joined and experience with insurance is spread under the members of the scheme, BAIF considers setting up a full service approach (to act as an insurer itself).

Summary results of the interviews with the target group

In the following the main results of the interviews with the target group are summarized. Of the 23 persons interviewed in 3 villages, 7 were not insured, 3 did not renew their insurance after the first year of membership and 13 were members of the insurance scheme.

The average² household size of the persons interviewed is 4.43 ranging from a single person household to a household of 8. The average income per household of the interviewed cannot be stated reliably due to differences in the individual's estimation of farming income and profits. Some families live below poverty line (Rs 264/person and month) in terms of cash available but they rely on subsistence farming while others have a stable and reasonable income. Because many families earn their living from farming activities (either as farm owner or agricultural labourer) their income varies between the seasons.

All members of the insurance scheme and some non-members interviewed are members of the self-help groups set up on initiative of BAIF. These self help groups function as a credit and saving facility and for the flow of information. BAIF puts in big efforts to train and inform the women who take part in the groups. Some of these women often function as facilitators for the formation of new SHGs. Most of the women interviewed are just members of their SHG and do not take part in any other group or organization.

The very majority of women interviewed highlight very positive changes in their personal circumstances since taking part. Gathering of knowledge and confidence is the most frequently stated benefit. The socializing and information exchange function of the SHGs should not be underestimated.

Also in terms of economic security through access to credit the SHGs represent an asset for the women and their families. To get this access to credit is the most frequently stated reason for joining the SHG.

When asked about their habits in using health facilities just one stated that she uses ayurvedic or homeopathic medicine (for minor illnesses and child delivery) but surprisingly three persons would like to have these costs reimbursed by a hypothetical health insurance product. Therefore the statement regarding the use of ayurvedic healers might not reflect reality or – perhaps more likely – people would like to use these facilities more often if they were covered.

Just less than half of the persons interviewed use governmental facilities. Most use it for minor purposes or prevention barely somebody uses the governmental facilities

² The size of the sample is too small to conduct statistical operations, which are reliable. Nevertheless, some mean values should give a very rough idea of what we are talking about.

for major diseases if people can afford to consult a private doctor. Some point out that the reputation of the governmental facilities is not very good; just one person states that the quality of care is good. Those who use governmental facilities most times use them because of the low price.

All but one person use private facilities. Many use it for all purposes, some just for major illnesses. Nobody stated to use it due to the good price. Those who gave a reason for the use of the facility visit private hospitals because they think they are best.

Just one person stated to use a pharmacy for self-medication purposes. The low number of cases might be due to different perceptions of pharmacy; a grocery where medicine is available does not need to be considered similar to a pharmacy by the target group.

No matter which facility (private or public) the interviewed persons use there is a big trust in the doctors.

Asked about the reason for joining the insurance scheme seven persons highlighted the reimbursement and therefore reduction of health care costs as the main reason. Five answered that the health check-up camps convinced them most. But there is a point of dissatisfaction connected to this topic: two persons did not renew their policies because they expected more health check-up camps in their villages to be organized (at least two a year) and the definition of the blood group to be included. They stress that there was an agreement with the organizers of the scheme regarding this issue but they point out that they did not get what they wanted.

The solidarity with others was for three of the interviewed persons the main reason to join. They appreciate the fact that they help others with their contributions if they do not fall sick themselves. Two persons were convinced most by the life insurance while one solely wanted to get the scholarship for her children without really being interested in the other features. A claim for health benefits of this woman was rejected because the facility used did not apply to the conditions of the scheme (number of beds).

One woman joined because of the maternity benefits and one judged the no-claim-bonus to be a good idea. Seven persons did not give any reason.

Absence during time of premium collection stated twice as reason why a person has not joined; one person stated the lack of money during this time as reason. The principles and function of insurance are also not clear to all. Some seem to be more interested in joining the scheme if they know that the money collected is used to cure somebody else if they do not fall sick themselves.

The frequency of the health check-up camps is a matter to those who did not renew their policies. Generally, the health check-up camps are a matter of interest.

One person wants maternity benefits to be included without waiting period.

The knowledge regarding the characteristics of insurances in general or what happens to the premium in particular is spread unequally among the target group. Many do not know anything or cannot remember what BAIF told them about. Some stress the thought of solidarity when judging positively about helping others with their premium if they do not get ill.

Some of the women are able to explain the benefits included correctly and give an abstract overview about the whole scheme.

Asked about their association with the word insurance (bima) six (of 13 asked) said beneficial and two said solidarity.

When talking about the details of the scheme and asking for suggestions to improve the benefits, the answers were as follows (number of persons in brackets):

- (2) All illnesses should be covered (e.g. pre-existing)
- (2) Higher coverage
- (2) Blood group tests should be included in the health check-up camps
- (1) More health check-up camps
- (1) The number of beds being a condition for a facility to be approved in the scheme is not good
- (1) Less premium
- (1) Health check-up camps for women (mammography and similar tests/ venereal diseases for women/ gynaecological tests) should be organized
- (1) Direct medication at the check-up camps
- (1) Family coverage
- (1) OPD coverage
- Eight persons were not asked
- Five persons had no suggestion.

When asked (13 persons) only four had suggestions for the improvement of the claim settlement. Two wanted less paperwork with the documents required. They state that one document with all information on should be enough.

One person wants a quicker claim settlement and another one wants less insurance clauses (“just 5-7”) to make the whole scheme easier.

People who do not take part in the insurance scheme themselves either want to join or have an adverse opinion towards insurance respectively this particular scheme; they say that it is waste of money if one does not fall ill. Most of the persons insured argue against that and try to convince these people of the use of the scheme. Some are successful communicators and convince others to join.

In the perception of fifteen of the interviewed persons there is a danger of a financial collapse of the household due to expenditures for health (plus one seeing a little danger). This possibility of financial collapse is reduced in the opinion of eleven through insurance. Three deny that insurance reduces this danger.

Five of the persons interviewed are not afraid of financial collapse caused by illness at all.

If the persons interviewed could create their own insurance product by choosing only three benefits most of the insurance packages would include:

1. Covering of the costs of hospitalization (mentioned by 15 persons)
2. Scholarships for the children (mentioned by 12 persons)
3. Covering of OPD treatment (mentioned by 10 persons)

The persons were asked to bring the three most important in an order. The following table shows the number of persons who judged a certain benefit to be most, second or third most important in a potential scheme and the total number in the last column.

Possible benefit to be included	Stated to be most important	Stated to be second most important	Stated to be third most important	Total
Hospitalisation	8	4	3	15
Maternity benefits	0	1	0	1
Disability coverage	2	0	2	4
Reimbursement of medicine	0	0	1	1
Ayurveda/ Homeopathy	0	0	3	3
Chronic diseases	0	0	0	0
HIV/ AIDS	0	0	0	0
OPD*	4	4	2	10
Dental	0	3	0	3
Glasses	1	2	3	6
Compensation**	1	0	1	2
Life Insurance	2	0	1	3
Scholarship	4	4	4	12

* Outpatient treatment.

** Explained as follows in the interviews: "If the earning head of the family is ill for a couple of days the insurance should pay a certain amount to the family for each day of income loss except the first three days."

Strengths

- An advantage of the scheme is the personal commitment of the BAIF facilitators to make the insurance scheme work as well as of the target group contributing in the SHG Insurance Committee or in their SHGs.
- BAIF is a good communicator for health insurance because of its other activities in the improvement of the livelihood of rural families. People trust BAIF and the SHG structure is a good basis for the flow of information. This lowers the transaction costs of bringing the health insurance as a product to the clientele as well it lowers the cost of information within the scheme when verifying and settling claims.
- Both, the clientele as well as the insurance companies trust BAIF. BAIF's clientele expects BAIF to have selected the best product available and to take care that the insurance companies fulfil their duties towards them. Even if a lack of knowledge regarding "insurance" exists within the clientele the product "insurance" becomes more trustable through BAIF.
- The existence of SHGs is an asset for the members not just in terms of personal development of skills and confidence but as a possible source of credit for various purposes and especially to bridge the gap between out of pocket pre-payment at the health care facility and the reimbursement by the insurance companies.

- By choosing the partner-agent model as structure for the insurance scheme (linking up with professional insurance companies) the burden of financial loss remains with these companies. Linking to their bigger risk pool adds stability to the scheme as a whole. But it has to be borne in mind that the premium paid to UIIC might vary when a long time adverse claim ratio occurs.
- An advantage of the environment where this scheme is tested (around Urulikanchan) within BAIF's clientele is the good availability of health care service providers especially due to the relatively short distance to Pune. People recognise a sufficient supply with health care services and therefore wish a tool to finance these services; if in other regions of India these services are less available and satisfying in quality the demand for health insurance as a tool to finance these services might not exist.
- The scholarship within the Janashree Bima Yojana seems to be interesting for many members and potential members. It is easy and obvious for the persons that they have a good rate of return on investment of Rs 250 when getting Rs 1,200 per year. This is a positive incentive like health check-up camps or the no claim-bonus are positive incentives for many. Generally, the members are interested in getting value for their money if they do not fall ill.

Weaknesses/Threats

- Generally there is still some irritation regarding the concept of insurance. Some people rely on the expertise of BAIF rather than taking the decision of membership self-responsibly. The topic with its details (function, structure, benefits, claim procedure, annual renewal of membership,...) is that complex that improved ways of communication have to be introduced.
An example is the low ratio (<60%) of those who renewed their policy in time for the second year's membership. Some want to join in the next weeks but have not been aware that due to the delay they drop out the scheme and have to join again; waiting periods and exclusions start again then.
- Some members are not satisfied with the frequency and activities of the health check-up camps. It seems that they generally feel not to have a good rate of return on their money spent.
- Some members are not satisfied with the amount covered in case of hospitalization.
- Some potential members might drop out because of the premium. The premium might be too high to effort for some because the insurance package is not offered modularly but as a block.
- The point of time chosen for the annual premium collection (after harvesting season) is good but some members have a problem to pay at this single point of time due to lack of money or personal absence. Renewal will remain a problem of intense efforts and communication if this problem is not solved in another way.

Recommendations

- Because one aim is to give a rural household optimal protection from the financial risks efforts should be made to extend the scheme to the whole family. For not crowding out the women in favour to insure the men with the limited budget of a family an instrument to remain the women covered has to be developed. This could be a bonus if the whole family is covered or a penalty if the woman is not. Bonus or penalty should be included in those features of the insurance, which are offered by BAIF.
- When targeting the whole family with the insurance product it could be considered to offer the Universal Health Insurance (UHI) scheme parallel to the existing scheme. The existing scheme is favourable for single persons while UHI could be more suitable for the needs of families:

Within UHI hospitalization is covered up to Rs 30,000 for an individual or a family of five or seven respectively. The amount covered is on floater basis for a family meaning that the accumulated expenses of all must not exceed the limit. Certain sublimits restrict further this amount: Room and boarding costs in case of hospitalization must not exceed Rs 150 (Rs 300 in Intensive Care Units), costs for specialist are covered up to Rs 4,500 and services like laboratory and x-ray or artificial limbs up to Rs 4,500 as well. The whole amount covered for any single illness is up to Rs 15,000.

In case of death of the earning head of the family due to an accident a lump sum of Rs 25,000 is paid.

If the earning head of the family is unable to work due to an accident and is hospitalized the scheme pays Rs 50 a day as compensation for income loss starting after three days and limited to 12 days.

The premium connected to the benefits of the UHI mentioned above is Rs 1 per day for an individual, Rs 1.5 per day for a family of five (parents and three children) and Rs 2 per day for a family of seven (insured couple, three children and dependent parents of couple). Families living below poverty line are granted an annual government subsidy of Rs 100.

The scheme is a group insurance scheme with a minimum group size of 100 people or families.

Taking into consideration a family of five persons consisting of the parents and three children under the age of 18, the existing BAIF product could be modified as follows:

Five times coverage of hospitalisation (Rs 25,000/year without floater) leads to a premium of $5 \times \text{Rs } 80.75 = \text{Rs } 403.75$ per year plus one (respectively two) times LIC benefits (Life insurance and accidental coverage) leads to additional Rs 100 (resp. Rs 200) per year (when subsidy of life insurance of government is granted). This adds up to Rs 503.75 a year not taking into account what is added by BAIF (no-claim bonus and health check-up camps). It has to be borne in mind that BAIF currently does not offer such a modular scheme; in favour of simplicity even those (very few) pay the amount for life insurance who are not obliged by LIC. This money is used for other components of the scheme like the no claim bonus.

When subscribing to UHI the same family of five would pay Rs 548 (with government subsidy: Rs 448) a year for a hospitalization coverage of Rs 30,000 with family floater (BAIF: 5 x Rs 5000 = Rs 25,000) and coverage of accidental death of the earning head of the family of Rs 25,000 (BAIF (per insured person): accidental death: Rs 50,000; death other than accident: Rs 20,000; permanent disability: total disability 50,000 and partial disability Rs 25,000). The scholarships, which are included in the BAIF product for the poorest families through the life insurance component of the package, have no equivalent in UHI.

Obviously both schemes offer advantages: UHI offers a higher coverage for hospitalisation (but no maternity extensions) for the whole family and for each single case (up to Rs 15,000 instead of Rs 5,000 within Jan Arogya of the current BAIF package) but the current BAIF package has a favourable life insurance in terms of coverage and scholarships attached for the poorest. To state it clearly: the floater of UHI is an advantage but there are definitely many clients in the BAIF scheme preferring the benefits of LIC in the whole product.

If coverage should be extended to the whole family with the existing product package the life insurance component should be eliminated for children younger than 18 years. They are not able to claim for benefits (person aged 18-60 can join) and due to the relatively high costs might not be covered in the whole BAIF scheme as a consequence. This leaves their families exposed to financial risks.

To offer an optimal protection to the whole family of BAIF's clients BAIF should renegotiate their tailor-made Jan Arogya scheme in order to introduce a floater so that the whole family is covered like in the UHI. A modular offer could be made to the families: at least one person has to take the whole insurance package including the LIC part. To insure further adults with LIC could be handled to be optional.

When insuring the whole family a bonus could be offered (as incentive) by e.g. reducing the contribution to the Insurance Committee's expenses (less than Rs 25).

- The cluster level should be introduced in the very next future to have an institutional basis for the election of the SHG Insurance Committee members and to improve the flow of information.
- It might be helpful to introduce a little brochure or poster, which explains the features of the scheme. Pictures have proven to help even those members who are illiterate to remember the contexts explained. So it might be easier for them to understand the extent of the benefits or the exceptions if additionally to a short text a picture is used.
- An explanation of the scheme might be included in a kind of insurance card, where besides some data of the insured person individual medical results and history are summarized. This can include information on health gained by the check-up camps (like blood group when joining the scheme) and exclusions like a list of all pre-existing diseases. Besides helping to improve the documentation of the individual's history of health this card helps to make the

members feel to have a good value for their money (simply to hold something in their hands).

If a modified scheme for families is offered by BAIF such a card can show the insured person which modules they have chosen and which benefits are included. This might help to avoid some irritation between members of different modules.

- To solve some problems connected to the annual renewal of the scheme a more flexible way of payment might be helpful. SHGs can be invited to introduce a saving mechanism, which secures throughout a year that a sufficient amount of money is saved by an insured person. In October of each year (the month before premiums are collected and have to be handed over to the insurance companies) the insurance representative of each group can inform the members about the amount missing on their account. This instrument could help the members to pay a part of the premium whenever money is available.