

Retail Participation in Health Insurance: A Model of Consumer Preferences

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Abstract

Several countries are realizing that, with the increasing cost of health care, commercial health insurance is a key solution to meet health care financing needs of their citizens. India is one of the countries that allowed retail health insurance to begin operations, but the industry sector is still nascent in India with poor retail participation and hence there is an urgent need to understand consumer preferences, so as to significantly increase retail participation. This article has looked at the extant literature in modelling consumer and patient preferences in health industry, and this knowledge base was used to model consumer preferences in retail health insurance. The methodology included a detailed literature review and a primary data survey of 495 respondents, based on a systematic random sampling methodology. From a total of 58 variables, the variables were reduced using factor analysis and then the consumer preferences were modelled using structured equations modelling (SEM). The study provides key consumer perspectives that will be useful for researchers and practitioners facing similar health care market scenarios. The consumer preferences model will help the health stakeholders to design products that will be more suited to consumer needs and improve retail participation, which is a key building block to bridge the health financing gap that most of the countries are facing.

Keywords

Health insurance, consumer choice, preference model, India

Introduction

India offers a wide variety of health care services to its population. On one hand, there are advanced hospitals and diagnostic centres in urban areas, and, on the other hand, the rural areas depend significantly on government health centres. Between these two extremes, there are government hospitals, private hospitals, private practitioners, dispensaries and clinics (including Indian traditional medicine systems). Paradoxically, despite health being a major government subject, the majority of India's

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