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Review Paper

Cashless Everywhere – Opportunities and Challenges for Healthcare Sector

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ABSTRACT

Health Insurance in India is ever evolving. People buy Health insurance because cost of medical facilities and hospitalization can be financially very stressful. As we see medical expenses are on a rise, a health insurance cover can provide the added protection. In India the general and health insurance companies have recently introduced a “CASHLESS EVERYWHERE” facility. Under this initiative all the policyholders are permitted to enjoy cashless facilities for treatment in any hospital. Even if the institution is not empanelled by insurance company Under Cashless Everywhere, the policyholder can get admitted for treatment in any hospital they choose and avail cashless facility. This initiative makes things easier for policyholders who may have preference for a hospital which is not a part of network hospital of the insurance company. Before this initiative, the policyholder had to clear all expenses of such non network hospitals by making self-payments and then approach the insurer concerned for reimbursements.

1. Introduction

The shift towards a cashless society offers significant opportunities and challenges for the healthcare sector. On the positive side, cashless transactions can enhance efficiency, reduce administrative costs, and improve transparency in billing and payment processes. This can lead to faster, more accurate financial management and a reduction in fraud and errors. Moreover, the convenience of digital payments can enhance patient satisfaction and streamline insurance claims and reimbursements. However, the move to a cashless system also presents challenges, such as ensuring the security of sensitive patient data and protecting against cyber threats. Additionally, there is the risk of exacerbating inequalities, as some patients may lack access to the necessary digital tools or internet connectivity. To maximize the benefits and mitigate the risks, healthcare providers must invest in robust cybersecurity measures, promote digital literacy among patients, and ensure inclusive access to digital payment options.

1.1 Objectives of the study

1. To study the purpose behind Cashless Everywhere initiative.
2. To understand views of Insurance companies and Hospitals.
3. To identify the challenges for implementation.

1.2 Literature Review

Binny, Dr. Meenu Gupta (2017), Health insurance in India- Opportunities and challenges. The paper talks about growth of health insurance in India. It further asks companies to develop their business by introduction of new business models by way of novel products. India. The authors also advised to provide comparative industry information to customers in assessment of prices, quality and services provided by health insurance companies.

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K Swathi and R Anuradha (2017), Health insurance in India- An overview. In this paper the authors have suggested government to introduce new health insurance schemes for welfare of the common people. It further suggests IRDA (Insurance Regularity and Development Authority) to take initiatives for promoting competition in health insurers. It further suggests that from time to time government is advised to conduct awareness campaigns.

Harsh S. Dave, Jay R. Patwa, Niraj B. Pandit (2021), From this study the esteemed authors have concluded that along with providing social service to the needy people, all hospitals are also accept health insurance schemes to increase clientele & revenue. But meager number of hospitals with insurance scheme is a concern and it is because of several issues like delayed reimbursement, limited coverage and administrative issues.

Kumar, R., & Duggirala, A. (2021). Health Insurance as a Healthcare Financing Mechanism in India: Key Strategic Insights and a Business Model Perspective. The study pin points that over the last decade, many developments have occurred in the healthcare sector in India. Such changes have also impacted the further rise of the health insurance industry. This paper has analyzed average medical expenditure for different types of ailments and have found this as one of the reasons for lower insurance penetration and popularity. The paper further says that there is a huge opportunity for health insurance organizations to tap the uninsured population.

Kumar, Alok, Health Insurance in India: Is it the Way Forward? (March 28, 2011). The paper says that due to fiscal constraints for government it is difficult to provide free / low cost health care to masses in India. The authors say that insurance can be an important way for mobilizing resources to provide risk protection. However for suitable, periodic and systemic reforms will also be required. The authors pointed out that main issue is about the insurance schemes, processes and regulatory frameworks for removing challenges so that policy holders can have ease of services. Well designed, insurance schemes have the power to make millions of lives better.

2. History of Health Insurance Sector in India

In India the Health insurance service started somewhat late in the mid-1980s with the introduction of "Mediclaim" policies (indemnity type). Health Insurance services were offered by General Insurance companies. Under Mediclaim the cover was limited to reimbursing the cost of treatment through hospitalization, as the name itself suggests "Claim for Medical" expenses.

Mediclaim was offered by National Insurance Company, New India Assurance Company, Oriental Insurance Company, and United India Insurance Company all these are nationalized public sector General insurance companies. Till 1999-2000 the health insurance sector was oligopolistic market with presence of these four nationalized insurance companies. After taking into cognizance the weaknesses of the insurance sector, Government of India thought of the Liberalization of the insurance sector in India. The sector was liberalized and private companies were allowed to apply for license to enter into this business.

Post liberalization gradually many new private sector General Insurance companies started business in India which also offered Health Insurance like HDFC ERGO ICICI Lombard, SBI General Insurance, Bajaj Allianz General Insurance Company, etc. Few standalone Health Insurance companies also started like Star Health, Aditya Birla Health Insurance, Cigna Health Insurance, etc. As per IRDA report at present there are 32 companies offering health insurance services. Of these 32, 4 are nationalized, 7 are standalone health insurance which means they only offer health insurance and nothing else and there are 21 general insurance companies. So the market is very competitive with huge potential for further penetration.

3. Introduction to Cashless Everywhere

Before the introduction of Cashless Everywhere by General Insurance Council, the process of availing Health Insurance benefits in India was quite different. When a policy holder requires medical treatment like surgery or any kind of hospitalization and if the insurance holder decides to get admitted to a network hospital then as per policy terms expenses up to agreed limit is directly paid by the insurance company to the hospital. However, if insurance holder decides to get treatment from an hospital which is not in the network hospital list then insurance companies use to reimburse expenses to the patient post submission of bills and reports.

Hence the patient or their family member had to first settle bills and then initiate claim for reimbursement. The process of claims required collection of all bills, reports, prescriptions and submitting the same to Insurance company. The company will then scrutinize documents, verify claim and then discharge the amount. This was quite tedious as well as time consuming. Therefore, to avoid such long time taking process, most of times patients and their family prefer to choose a hospital which is covered in network out of financial compulsion. Hence choice of hospital was based on financial compulsion and convenience and not based upon quality of treatment and reputation of hospital.

With the introduction of Cashless Everywhere the Health Insurance customers and their family have Freedom of Choice and Simplified Claim Process. Point to be kept in mind is if it is a planned treatment then patient need to inform their

insurance company at least 48 hours before admission to avail of cashless treatment any hospital which is a non-network one. However for emergency hospitalization, one can inform their insurer within 48 hours of admission.

4. Benefits to Customers

After this initiative has been rolled out, policyholders are now allowed to avail cashless facilities for medical treatment in any hospital. Even if the hospital is not in the network of insurance company, a policyholder can still avail cashless treatment in such non-network hospital. However, in case of a planned treatment, policyholder need to inform insurance company at least 48 hours prior to admission to in order to take advantage of cashless treatment at a non-network hospital. But for emergency hospitalization, policy holder can inform his insurer within 48 hours of admission. In the past policyholders had to first pay for treatment at non-network hospitals, then approach the insurer concerned for reimbursements.

As per Business Today, those who opt for cashless are approximately 63% of customers while the remaining 37% apply for reimbursement claims because they might be getting treated from hospitals which are not under tie-up with their Insurance provider. This actually puts a huge amount of stress on the family of the insurer because of finance arrangements that is required suddenly. There was a need to make the whole practice of claims a easy and smooth process, which will improve the policyholder's experience and also will build greater confidence in the system. Further in order to encourage more customers to go for health insurance this was very much needed.

5. Challenges of Cashless Everywhere

The prospect of getting of a cashless facility at a hospital which is not part of insurer's network is very appealing; however there are many realistic challenges. If the hospital and the insurer fail to reach a consensus in 48 hours, patients will not get the facility. But Segar Sampath kumar, Director, Health Insurance, General Insurance Council, is optimistic that wrinkles will be ironed out. Even though a cashless claim feature looks attractive and is designed to streamline the claims process, there may be some obstacles that arise during the process.

5.1 Cashless claim approval delay

A lot of dependence is on the Third Party Administrators (TPA). TPA have to complete all the paperwork and verify the same in order to approve the claim as fast as possible. This is important to get the cashless benefit on time. However, this may not always happen that quickly. There may be some delays in the process due to which a patient may be required to pay from their own pocket for the time being. However, the insurer would of reimburse the expenses after the necessary verifications.

5.2 Partial Claim Settlement

In case of some insurance providers they have mentioned a clause stating that only a part of the coverage sum can be claimed under the cashless facility. The rest policyholder has to pay out of pocket which will be reimbursed later. For many policyholders this could be a challenge particularly when it comes to insurance claims which may arise urgently and unexpectedly..

5.3 Document related challenges

Documentation and all supporting bills and reports must be properly collected because the insurer would verify them minutely. Therefore, paperwork must be proper when claiming a cashless facility. A duly filled pre-approval must be provided to the TPA as soon as possible. Failure in doing so could lead to a unnecessary hassles during the claim process.

5.4 Others

As it is the awareness about Health Insurance is not much in India. On top of that there is further lesser awareness among consumer about cashless hospital facilities. Further lack of standardized rates, and disagreements between the hospitals and insurers related to treatment costs could pose challenges.

6. Conclusion

For Indian Health Insurance customer, Cashless Everywhere is a game changer. On one hand it empowers policyholders and on the other hand it encourages people to opt for health insurance thus helps in growth of the sector as well. It helps in moving towards a future where healthcare decisions are made without financial barriers.

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