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An Assessment Of Awareness, Possession, Utilisation, And Experiences Of Health Insurance Policies In Bhopal: Analyzing Barriers To Purchase Among Informed Individuals

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Abstract: This study investigates the awareness, possession, and utilization of health insurance policies among citizens of Bhopal, India, with a focus on identifying barriers to policy adoption despite high levels of awareness. A sample of 400 respondents was surveyed, revealing that while 95% of the population is aware of health insurance, only 76.9% possess a policy, and just 33.75% have utilized it. The study highlights several key barriers to the purchase of health insurance, including lack of information (44%), high premium costs (28%), and lack of trust in insurance providers (8%). Furthermore, 66.25% of individuals with health insurance do not utilize it, primarily due to insufficient knowledge on how to claim benefits or dissatisfaction with the claims process. The findings underscore that although awareness is widespread, significant barriers, such as affordability, complexity, and trust issues, hinder full adoption and utilization. The study recommends strategies to enhance health insurance uptake, such as improving communication about policy benefits, reducing premium costs, and building trust through better customer service. These insights aim to inform both policy makers and insurance providers in their efforts to improve health insurance coverage and utilization in urban India.

Keywords: **Health Insurance, Awareness, Possession, Utilisation, Barriers**

Introduction

The health insurance market in India has witnessed remarkable growth over the past decade, emerging as a vital component in enhancing access to healthcare services for millions of citizens. Government initiatives, coupled with the rise of private insurance providers, have expanded the range of options available to individuals, particularly in urban areas. Health insurance has been increasingly recognized as a means to protect families from the financial strain of medical emergencies and long-term healthcare needs. With the introduction of flagship programs like Ayushman Bharat, aimed at providing universal health coverage, and a growing middle class seeking private health insurance options, the landscape of healthcare financing in India is undergoing significant transformation.

Despite these advancements, a substantial gap remains between the awareness of health insurance policies and their actual utilisation by the population. Many individuals are aware of the existence of insurance schemes, yet factors such as mistrust, high premiums, complexity of policies, and negative past experiences often deter them from purchasing or utilising these policies. This discrepancy is of particular concern in urban areas where one would expect higher levels of insurance uptake given better access to information and services. Consequently, the issue of underutilisation and under-penetration of health insurance schemes persists, raising questions about the efficacy of current efforts to promote health insurance among the public.

The research evaluates health insurance awareness and policy ownership and utilization rates among Bhopal citizens because this knowledge gap exists in the urban center of India. Bhopal serves as an excellent laboratory to study urban health insurance adoption patterns because it has more than 2.3 million residents. The urban setting of Bhopal contains all the key problems which affect Indian cities generally such as economic inequality and miscommunication gaps alongside a lack of reliability in insurance products. This research emphasizes Bhopal through its assessment of both informational and other barriers facing well-informed people who avoid health insurance policy acquisition while offering practical recommendations for improved health insurance usage.

Given these dynamics, policymakers and the insurance providers would need to understand them in order to improve the reach, affordability and efficiency of health insurance schemes. This research will conduct the findings to help identify the gaps with those in current strategies and suggest the potential interventions at the front end or in targeting the financial, informational and the psychological barriers preventing the effective penetration of health insurance in such urban populations as the city of Bhopal. Ultimately, the adoption of health insurance will not only protect citizens of India against the medical emergencies but also support the larger objective of universal health coverage in India.

Literature Review

Research on health insurance adoption in India has highlighted several recurring themes related to awareness, possession, and utilisation.

(H. Thakur & Ghosh, 2017) explored the barriers to health insurance adoption, particularly among educated individuals. It revealed that even those with higher education, typically more informed, were deterred by the perceived high costs of premiums and inflexible insurance plans. This indicates that the issue extends beyond mere awareness to include perceived value and affordability, where the costs of health insurance often outweigh its benefits for many. Additionally, high premium costs and rigid insurance options were identified as significant barriers among middle-income groups, underscoring the pervasive nature of economic challenges affecting health insurance uptake in urban India.

Further, (Jain & Mittal, 2018; R. Thakur, n.d.) conducted an insightful study examining the discrepancy between the moderate levels of awareness regarding health insurance policies and the actual possession of these policies in India. They found that although many individuals were aware of health insurance options, few had opted to purchase them. This gap was largely attributed to a pervasive mistrust in insurance providers and the perceived complexity of insurance terms. The study highlights that while individuals may have general awareness, the intricacies of policy details, coupled with a lack of trust, significantly hamper their willingness to adopt health insurance schemes.

Building on this, (Patel & Raj, 2018) explored the role of employer-provided health insurance in boosting possession rates among urban employees. Their study found that corporate health insurance schemes were effective in increasing both possession and utilization of health insurance. They proposed that this model could be replicated to improve coverage across other demographic groups.

(Das & Kannan, 2019) investigated the utilization of health insurance among the urban poor in Delhi. Their study revealed that even when individuals possessed health insurance, actual usage was low due to a lack of understanding of how to claim benefits and fears of hidden costs. This mirrors the findings in your research, where a significant portion of policyholders did not utilize their insurance, possibly due to similar issues.

(Sengupta & Nundy, 2020) added a critical dimension to this discourse by emphasizing affordability as the principal deterrent to health insurance uptake, especially in urban areas. Their research demonstrated that while awareness may be higher in urban settings like Bhopal, high premium costs, compounded by inadequate transparency in policy terms, prevent many from participating in insurance schemes. This finding underscores the need for clearer communication and more affordable policy options to bridge the gap between awareness and actual adoption(Towfighi et al., 2020).

(Kumar & Singh, 2020) focused on the issue of distrust in insurance providers, noting that a lack of transparency and poor customer service were major obstacles to policy adoption in urban India. They suggested that improving the clarity of policy terms and enhancing customer service could bridge the trust gap and encourage broader participation.

Similarly, (Rathi & Verma, 2021; R. Thakur, n.d.) explored the urban-rural divide in health insurance adoption and found that although urban areas like Bhopal showed higher levels of awareness, policy possession remained disproportionately low. This was largely due to the high costs associated with health insurance and persistent trust issues with insurance companies. Their research suggests that even in areas where there is higher access to information, significant economic and trust barriers remain.

(Bhatt et al., 2022) delved into the experiences of existing policyholders and identified negative interactions with the claim process as a major factor deterring future policy purchases. Many individuals expressed dissatisfaction with the claim process, describing it as time-consuming, opaque, and cumbersome. This not only reinforced existing mistrust but also discouraged policyholders from renewing or recommending insurance to others. The study highlights the importance of simplifying claim processes and enhancing customer service to improve policyholder satisfaction and overall trust in the system.

The literature on health insurance awareness highlights significant gaps in understanding among insured individuals. Studies, such as those by (Sodani, 2001), indicate that community preferences for health insurance are influenced by factors like cost and quality of care. However, knowledge gaps persist, with (K. S. Ramesh Bhat & A. Garg, 2005) noting that policyholders often lack awareness about their coverage, exclusions, and cashless reimbursement processes. Demographic factors, such as age, gender, education, and income, also shape individuals' perceptions and willingness to pay for health insurance, as found by (Sumninder Kaur Bawa Kaur G. & Kaur R., 2011).

The literature on health insurance coverage highlights significant gaps in awareness and enrollment, particularly in rural areas. While many individuals have heard of health insurance schemes, a considerable number lack knowledge about key components such as types of insurance, eligibility criteria, and diseases covered. Informal sources, such as friends and relatives, often serve as the primary means of information, leading to incomplete understanding and misconceptions (Sodani, 2001). Research shows that financial constraints and a perceived lack of need are common reasons for non-enrollment, with a study revealing that 32% of urban educated individuals enrolled in health insurance, many citing financial barriers (Singh, 2007).

Coverage rates also differ notably between urban and rural populations, with urban areas exhibiting higher enrollment rates (R. S. & N. Gupta, 2010). The literature emphasizes the need for improved knowledge delivery systems and targeted awareness campaigns, particularly for economically disadvantaged groups, to ensure better access to healthcare services without financial hardships.

Additionally, challenges like the unavailability of insurance cards during emergencies and lack of awareness about Third Party Administrators (TPAs) can hinder access to healthcare services (Pandit, 2016). To improve this situation, researchers recommend collaboration between insurance companies, TPAs, and hospitals to enhance awareness, simplify policy language, and standardize procedures for cashless hospitalization. Overall, the literature stresses the need for targeted education and awareness initiatives to empower individuals and improve access to healthcare.

Additional studies corroborate these findings and add further depth to the understanding of health insurance adoption in India(*(PDF) Health Insurance Awareness in India: A Review*, n.d.).

Together, these studies provide a comprehensive view of the complex landscape of health insurance in India. They illustrate that while awareness may be increasing, several barriers—ranging from high costs, mistrust, and policy complexity to poor customer experiences—continue to hinder broader adoption and utilization of health insurance policies. Addressing these challenges requires not only improving affordability and transparency but also fostering trust and simplifying processes to enhance the overall insurance experience.

Objectives of the Study

The objectives of this study are:

1. To evaluate the levels of awareness regarding health insurance policies among Bhopal's citizens.
2. To analyze the possession and utilisation rates of these policies.
3. To assess user experiences and identify the barriers to purchasing health insurance among informed individuals.

Hypothesis

The study is built around three hypotheses:

1. **Hypothesis 1**: There is a low level of awareness regarding health insurance policies among Bhopal's citizens.
2. **Hypothesis 2**: The possession and utilisation rates of health insurance policies are low among Bhopal's citizens.
3. **Hypothesis 3**: Informed individuals face significant barriers to purchasing health insurance policies in Bhopal.

Methodology

The research methodology for this study involved administering a **structured questionnaire** to **400 respondents** across Bhopal. The respondents were selected through **stratified random sampling** to ensure representation from a diverse cross-section of the population, including different **age groups, occupations, and income levels**. This approach allowed for an analysis of how demographic factors influence health insurance awareness, possession, and utilization.

The questionnaire contained both **closed-ended and open-ended questions**. Closed-ended questions gathered quantifiable data on **demographic characteristics, awareness, possession, and utilization of health insurance policies**. Open-ended questions provided respondents with the opportunity to share personal experiences and describe **barriers to purchasing health insurance**. Prior to full-scale administration, the questionnaire was **pilot-tested** with a smaller sample, and adjustments were made to improve clarity and ensure reliability.

The key variables measured were:

- **Awareness**: Whether respondents were aware of health insurance policies.
- **Possession**: Whether they had an active health insurance policy.
- **Utilization**: Whether they had used their insurance.
- **Barriers to purchase**: Reasons for not purchasing insurance, such as cost, mistrust, or lack of information.
- **Factors encouraging uptake**: Motivations for purchasing insurance, such as employer-provided schemes or government incentives.

The data collected was analyzed using descriptive statistics, including frequencies, percentages, and means, to summarize trends in health insurance awareness and adoption. Cross-tabulations were used to examine relationships between demographic variables and key indicators like awareness and possession. Results were presented using tables and charts, which visually depicted the distribution of responses and highlighted important patterns. These visual tools facilitated a clear understanding of trends, such as the gap between awareness and possession or the prevalence of barriers like high premium costs.

This methodology employed a systematic approach to collect and analyze data on health insurance dynamics in Bhopal, providing insights into both the awareness and adoption of health insurance policies and the barriers preventing broader participation.

Data Analysis and Findings

- **Awareness of Health Insurance Policies**

The first objective was to assess the level of awareness about health insurance policies among Bhopal's citizens. **95% of respondents** reported being aware of health insurance policies, while merely 5% of respondents were unaware of health insurance policies.

Table: 1 Awareness of Health Insurance Policies

Category	Count	Percentage (%)
Aware	380	95
Not Aware	20	5

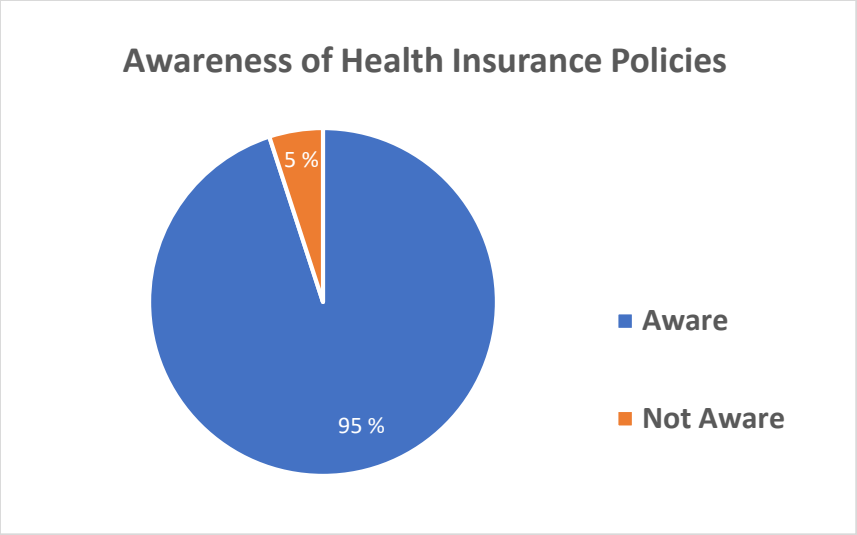

Figure 1 Awareness of Health Insurance Policies

As shown in **Figure 1**, 95% of the respondents reported being aware of health insurance policies, while only 5% was unaware of health Insurance reflecting widespread knowledge of health insurance among the population. This finding does not support **Hypothesis 1**, which predicted low awareness.

- **Possession and Utilisation of Health Insurance Policies**

Out of the 380 aware respondents:

- **76.9%** possess insurance (**292** respondents)
- **23.1%** do not possess insurance (**88** respondents)

Among those who possess insurance:

- **33.75%** have utilised their insurance (**99** respondents)
- **66.25%** have not utilised their insurance (**193** respondents)

Table: 2 Possession and Utilisation of Health Insurance Policies

Category	Count	Percentage (%)
Aware Respondents	380	100
Possess Insurance	292	76.9
Do Not Possess Insurance	88	23.1
Utilised Insurance (Among Owners)	99	33.75
Did Not Utilise Insurance (Among Owners)	193	66.25

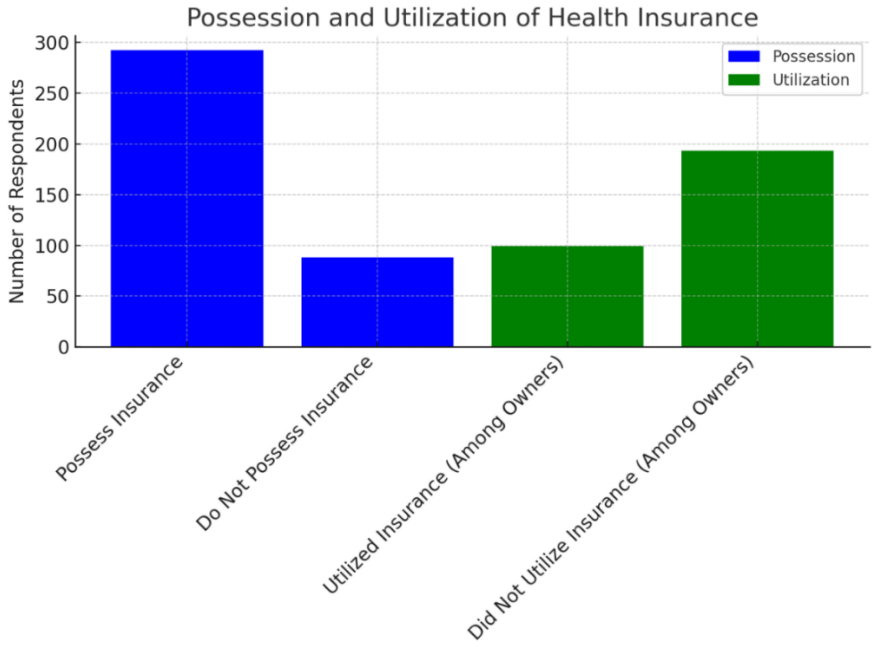

Figure 2 Possession and Utilisation of Health Insurance

Figure 2 shows the possession and utilisation of health insurance policies among the respondents. While **76.9%** possess health insurance, a significant proportion (66.25%) of those policyholders have not utilised their insurance. This highlights a gap between policy possession and actual utilisation, partially supporting **Hypothesis 2**, which posits that utilisation rates are low.

- **Barriers to Purchase**
  For the **88 respondents** who do not possess insurance, the barriers remain the same with updated counts:
  - **44%** face a lack of information (**39 respondents**)
  - **28%** cite high premium costs (**25 respondents**)
  - **8%** report lack of trust in insurance providers (**7 respondents**)
  - **4%** report complexity of policy terms (**4 respondents**)
  - **4%** report negative experiences (**4 respondents**)

Table: 3 Barriers to Health Insurance Purchase

Barrier	Count	Percentage (%)
Lack of Information	39	44
High Cost of Premiums	25	28
Lack of Trust in Providers	7	8
Complexity of Policy Terms	4	4
Negative Experiences	4	4

The third objective was to assess the barriers preventing informed individuals from purchasing health insurance. Among the 23.1% of respondents who do not possess insurance, the most common barriers were:

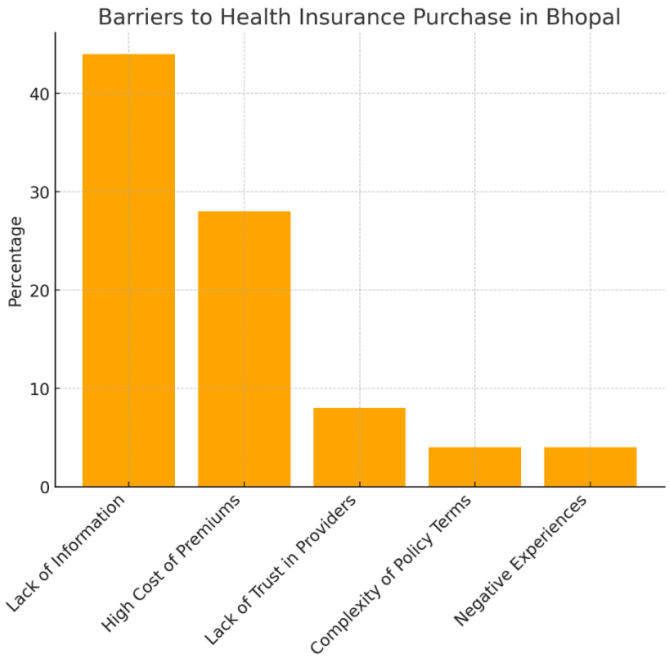

Figure 3 : Barriers to Health Insurance Purchase

Figure 3 illustrates the primary barriers preventing informed individuals in Bhopal from purchasing health insurance. The leading barriers include a **lack of information** (44%) and the **high cost of premiums** (28%). This supports **Hypothesis 3**, which posits that informed individuals face significant barriers to purchasing health insurance.

Findings

This study data is some important trends in the health insurance awareness, possession and in use among Bhopal residents. The awareness levels were very high as 95% of respondents were aware about the health insurance policies. Yet, these individuals actually had only 76.9% of them being covered by a health insurance. Additionally, those who had insurance in fact used their policy only 33.75%.

A key finding of this study is that the barriers to purchasing health insurance, even among informed individuals, are significant. The most common barrier identified was a lack of information, cited by 44% of respondents who did not possess insurance. This suggests that despite widespread awareness, detailed knowledge of policy terms and benefits may be lacking, thus preventing individuals from making informed purchasing decisions. The second most cited barrier was the high cost of premiums, reported by 28% of respondents, followed by a lack of trust in insurance providers (8%) and the complexity of policy terms (4%).

These results are consistent with the similar findings brought forth by (Jain & Mittal, 2018) who established that mistrust and policy complexity were among the top reasons hampering health insurance adoption in India. According to (Sengupta & Nundy, 2020), availability and affordability of microfridges remain inequality and affordability remain a major barrier, especially in urban settings. This adds to the body of knowledge by highlighting that these barriers even play a role in the health insurance landscape in the urban centre of Bhopal.

Discussion

The findings of this study reveal several important insights into the health insurance market in Bhopal. In particular, actual possession and use of health insurance policies is, however, low despite the high level of awareness, which contradicts Hypothesis 1. It means raising awareness is not enough to get greater adoption. Other barriers to be closed include cost, lack of details, and trust problems, with all of this leading to a gap between awareness and policy possession.

One of the major findings of this research is that 66.25 percent of people with health insurance have not used theirs. According to (Bhatt et al., 2022), this underutilization may be due to a lack of knowledge as to how to claim benefits, or otherwise dissatisfaction with the claims process. To boost utilisation, the insurance providers should simplify the claims process and enhance customer service to satisfy the policyholder.

The barriers identified in this study—such as high premium costs, insufficient information, and lack of trust—are consistent with the literature on health insurance adoption in India. (Sengupta & Nundy, 2020) highlighted that affordability is a persistent issue, and this is reflected in the 28% of respondents who cited high premiums as a reason for not possessing insurance. Similarly, the lack of trust in insurance providers,

reported by 8% of respondents, mirrors the findings of (Bhatt et al., 2022; Jain & Mittal, 2018) , who both pointed to distrust in providers as a significant deterrent to policy adoption.

Moreover, the lack of detailed information about policy terms, which was cited as a barrier by 44% of respondents, suggests that insurers need to improve their communication strategies. As (Rathi & Verma, 2021) observed, clearer and more transparent policy communication could help bridge the gap between awareness and possession. Providing potential policyholders with clearer, jargon-free explanations of insurance benefits could demystify the insurance process and encourage more individuals to invest in health insurance.

This study suggests several strategies for improving health insurance adoption in Bhopal, including simplified communication, reduced premiums for low-income groups, and trust-building initiatives. These strategies align with previous recommendations in the literature (N. Gupta & Pandey, 2019; Sengupta & Nundy, 2020), and if implemented, could significantly enhance health insurance uptake in the region.

Recommendations

Based on the findings, the following recommendations are proposed:

1. **Simplified Communication:**
- Public awareness campaigns should be implemented with clear, jargon-free explanations of health insurance policy benefits and terms. This will help reduce confusion and ensure that people understand how the policies work and what they are entitled to.
- Providing accessible and user-friendly information through various channels, including digital platforms, print media, and community outreach, will empower individuals to make informed decisions about purchasing health insurance.

2. **Reducing Premium Costs:**
- Introduce targeted government subsidies for low-income groups and vulnerable populations to lower the financial burden of purchasing health insurance. These subsidies could help bridge the affordability gap.
- Insurance companies should also consider offering flexible payment options, such as instalment plans or income-based premiums, to make health insurance more accessible for all income levels.

3. **Trust-Building Initiatives:**
- Insurance providers need to focus on building trust by enhancing transparency in claim processes. Clear communication about what policies cover and how claims are processed can reduce distrust.
- Improving customer service through faster and more efficient claim processing, as well as providing policyholders with positive experiences, will help increase satisfaction and long-term trust.

4. **Addressing Policy Complexity:**
- Offering user-friendly resources, including online comparison tools, in-person counselling, and helplines, will help individuals better understand and navigate the complexities of various insurance policies.
- Simplifying insurance terms and reducing the legal and technical language used in policies can encourage greater comprehension, particularly among those with lower levels of literacy.

By implementing these strategies, health insurance awareness can be effectively translated into greater possession and utilization in Bhopal, ensuring that more citizens are covered and have access to essential healthcare services.

Conclusion

Insights into the current state of health insurance, awareness, and possession from the citizenry of Bhopal are obtained in this study. The awareness rate is high (95%), although the invention rate (76.9%) is much lower, and utilization rate is even more extreme (33.75%), with 76.9% of policyholders not utilizing the insurance. These figures, therefore, suggest there's little or nothing resembling awareness giving rise to adoption or utilisation, indicating deeper issues with the system.

According to previous studies, the most common barriers to health insurance adoption are lack of details, high premiums and a lack of trust in provider. All of these corroborate the results of our study. The challenges of improving policy possession and utilisation can be addressed through targeted implementation, like communication simplifying in the insurance space, subsidized premiums to support the low-income strata, as well as improving the trustworthiness of insurance providers.

The study also emphasizes the needs of the insurers to urge them to promote widely about health insurance but to also make it as accessible and user friendly as possible. It can be simplifying policy terms in terms of

policy complexity and enhancing customers' experience, mainly in claim processing, or creating outreach programmes targeted at a variety of targeted demographics.

In conclusion, bridging the gap between awareness and actual possession/utilisation of health insurance policies in Bhopal requires a multifaceted approach that includes both economic incentives and trust-building initiatives. If implemented effectively, these strategies could lead to a more inclusive health insurance landscape, ultimately improving the overall health outcomes of the population.

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