Can Insurers Improve Healthcare Quality? Evidence from a Community Micro-insurance Scheme in India

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Using three indicators of quality, the authors investigate whether microinsurance can help improve the quality of healthcare provided to poor patients. The three indicators are: structure (material and human resources available to patients at healthcare facilities), process (what steps are followed in giving care to patients) and outcome (the effects of the care on a patient's health status). The find that health insurance status is not significantly associated with better quality care as measured by the three dimensions of quality.

Healthcare Quality for the Poor & Microinsurance

The authors designed a study to compare the quality of care received by a group of uninsured and insured patients in the city of Pune in Maharashtra. They specifically look at patients who had undergone a caesarian section, appendectomy, hysterectomy or abdominal hernia surgery. The insured patients were all members of Uplift India Association, a non profit network of nine non governmental associations operating in the Pune area and all were also microcredit clients of an NGO in the Uplift network. Uplift's community based microinsurance scheme operates like a mutual fund for healthcare. Patients have to bear the cost of treatment in hospitals within the network's facilities and then apply for reimbursement which is capped at 75% of the treatment costs at a particular facility. The uninsured subjects were identified through non-governmental organizations operating within the same community, and had similar socio-economic backgrounds to the insured patients. Data was collected through individual interviews, surveys of lead doctors at the facilities that provided care to the patient sample and through visits to 18 of those facilities. Additionally the medical files of patients from each of the healthcare provider facilities were consulted to determine the facility's standard operating procedures.

Quality of care was measured across three dimensions: structure (indices were constructed to measure the infrastructure and equipment available at a facility and qualifications of staff members); process (patient files were examined to determine diagnostic procedures, norms of pre- and post-operative care and procedures at a facility); and outcome (by determining patient satisfaction with each of three dimensions of quality through a survey).

Results

The researchers observed that 69% of insured patients consulted Uplift before choosing a healthcare facility for a surgical procedure and this was mainly to confirm whether the hospital they selected was in-network and therefore eligible for reimbursement. Uplift could direct these patients to the best quality care provider and patients also supplemented this information with information from informal sources (family, friends, prior experience, proximity of facility to their house etc.). Network facilities received higher quality scores than non network facilities (87% vs. 76.2% on the quality index) but did not employ better lead doctors (in-network doctors had less experience and were less qualified than non-network doctors). Most importantly both insured and uninsured patients who visited network facilities reported similar levels of overall satisfaction (83.8% and 83.3% respectively) indicating that patient insurance status may not necessarily lead to higher quality care, as measured by patient satisfaction.

Policy Implications

The results of this study reveal that healthcare insurance status is not significantly associated with better quality care for patients. It suggests that health microinsurers can improve the quality of medical care their clients receive and that although microinsurance offers opportunities for aggregation that could lead to increase care quality, this aggregating power is not being utilized. Further study is needed to address the question of which direction causality runs—whether microinsurers steer clients to better facilities or whether being part of a microinsurer network might lead to better quality care at a particular facility.