

An Analytical Study of Health Insurance Schemes Offered by the Central and State Governments of India: A Comprehensive Review

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Abstract: Health insurance schemes play an important role in improving access to healthcare and protecting economically vulnerable households from the financial burden of medical treatment. Government health insurance schemes play a crucial role in promoting universal healthcare access, especially for those who might not have access to private insurance options. In a nation as diverse and dynamic as India, ensuring accessible and affordable healthcare remains a monumental challenge. In India, the federal and state governments' provision of public health insurance is a vital step in the direction of universal health coverage and the removal of financial obstacles to accessing healthcare. The primary state-specific models and significant government-sponsored health insurance programs like PMJAY, CGHS, and ESIS are thoroughly analyzed using secondary data in this study. The study assesses coverage trends, financial protection outcomes, service utilization, and significant operational issues using information from government reports, national surveys, scholarly studies, and publications from international agencies. The results show notable improvements in enrolment and service accessibility, but they also point to continuing problems like inadequate financial risk protection, unequal access in rural areas, and restricted outpatient coverage. In order to ensure more efficient and equitable healthcare delivery, the study ends by suggesting policy changes that improve scheme design, beneficiary awareness, and system accountability.

Keywords: Health Insurance, Public Health Policy, Central Government Schemes, State Government Schemes, Universal Health Coverage, Ayushman Bharat, PMJAY, Financial Protection, Healthcare Access.

Introduction:

Government Health Insurance Scheme:

A government health insurance scheme refers to a program established and operated by a governmental body to provide citizens with healthcare coverage. These schemes aim to ensure that individuals can receive medical treatment and services without facing excessive financial burdens.

The beneficiaries are entitled to various healthcare services, such as doctor visits, hospital stays, prescription medications, and preventive care. Such initiatives vary widely in scope, design, and eligibility criteria, often reflecting the priorities and resources of the governing administration. Various government health insurance schemes launched by the state as well as the central governments, have emerged as powerful tools in addressing this challenge, aiming to provide financial protection and medical support to millions across the country.

Government-sponsored health insurance programs have been envisioned as financial safeguards that guarantee fair access to healthcare in order to counteract this. These programs seek to lower the prevalence of medical expense-driven poverty and pay for hospital stays. Beginning with initiatives like the Employees' State Insurance Scheme (ESIS) in 1952, the journey subsequently broadened to encompass more comprehensive programs like the Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (PMJAY) (2018) and Rashtriya Swasthya Bima Yojana (RSBY) (2008). At the same time, different state governments introduced programs that were specific to their socioeconomic environment.

World Bank (2020) mentioned that “When compared to other nations with comparable economic status, health outcomes are still below ideal despite notable economic advancements High Out-of-Pocket Expenditure (OOPE), which as of 2018 accounted for 48.2% of India's total health expenditures, has been one of the main causes of poor health outcomes (National Health Accounts, 2020)

By offering to insure 500 million people, or about 40% of India's population, under a government-funded insurance scheme, PMJAY (2018) marked a paradigm change (National Health Authority, 2022).

Difference between Government Health Insurance Schemes and Private Health Insurance Schemes

Government and private health insurance schemes differ in various ways, including their sources of funding, coverage options, eligibility criteria, costs, and management. Here are some key differences between these two kinds of **health insurance schemes**:

1. Source of Funding

- **Government Health Insurance Schemes:** These are funded by the government through taxpayer contributions.
- **Private Health Insurance Schemes:** These are funded by individuals or organisations who purchase insurance plans.

2. Coverage Options

- **Government Health Insurance Schemes:** These schemes often aim to provide basic healthcare coverage, essential medications, and preventive care to a broader population, especially those who may not be able to afford private insurance.
- **Private Health Insurance Schemes:** They often offer a range of plans with different levels of coverage, including more comprehensive options and access to a wider range of medical services.

3. Eligibility Criteria

- **Government Health Insurance Schemes:** Eligibility for government schemes is often determined by factors such as income level, employment status, age, and other demographic criteria. These schemes may prioritise vulnerable populations and those without access to private insurance.
- **Private Health Insurance Schemes:** Eligibility for private insurance is generally open to anyone willing to pay the premiums, regardless of income or employment status. Some plans may have certain medical underwriting or restrictions based on pre-existing conditions.

4. Costs

- **Government Health Insurance Schemes:** The costs of government schemes are often subsidised to a bare minimum by the government, making them accessible to the lower-income group.
- **Private Health Insurance Schemes:** The costs of private insurance are higher due to the broader range of services covered and the involvement of private companies.

Benefits offered by Government Health Insurance Schemes

The benefits can vary depending on the specific health insurance scheme, but here are some common advantages:

- **Universal Access:** Offers healthcare coverage to a vast population, ensuring everyone can access medical services.

- Financial Protection: Guards individuals against high medical costs by covering a significant portion of expenses.
- Preventive Services: Emphasises early detection and prevention through regular check-ups and screenings.
- Improved Outcomes: Ensuring timely medical attention leads to better health outcomes.
- Choice of Providers: Allows individuals to select healthcare providers they trust.
- Equal Access: Reduces disparities by providing equitable healthcare for all citizens.
- Support for Vulnerable: Addresses healthcare needs of the elderly, children, and low-income groups.
- Emergency Coverage: Provides coverage for emergencies and catastrophic events

Research Questions:

- ✚ What are the main characteristics and coverage trends of the main state and federal health insurance programs?
- ✚ To what extent have these programs improved access to healthcare and decreased OOPE?
- ✚ What operational obstacles prevent these schemes from succeeding?
- ✚ What legislative actions can improve the structure of public health insurance?

Literature review:

1. The paper “Penetration and Coverage of Government-Funded Health Insurance Schemes in India” by Hooda (2020) gives a detailed understanding about the extent and coverage of health insurance schemes like RSBY and PMJAY and its development. Using data from major surveys (IHDS, NFHS, NSS), the study shows substantial gaps (up to 68.2% less than reported) between official claims and the percentage of households actually covered. Insurance growth has indeed been impressive, notably due to so-called pro-poor schemes, yet penetration still favours the urban and richer segments of the population. It is highlighted in the paper that implementation failure, weak awareness creation, and low targeting are the challenges that afflict equitable access as well as missing infrastructure for the same. It suggests good regulation, a smart hospital network and transparency for real financial protection and health for all in India. Wavikar et al. (2025)
2. Bajpai (2021) in his paper titled “Health Insurance Sector in India: A Study on Awareness and Preferences” examines the structure, awareness, and preferences related to health insurance in India. The study outlines various insurance plans—individual, family floater, group, and critical illness—and highlights growing awareness post-liberalization. Using secondary data, it shows rising premiums, increased coverage, and a shift in market share from public to private and stand-alone insurers. Despite progress, the paper notes limited voluntary adoption and awareness, especially among low-income groups. It recommends product innovation, policy reforms, and extensive awareness campaigns to expand penetration and promote health security for all. Rath, J. P., & Jain, N. (2025)
3. The paper titled “Health Insurance Awareness and its Uptake in India: A Systematic Review Protocol” by Reshmi, B et al. (2021) outlines a comprehensive plan to assess interventions aimed at improving health insurance awareness in India. The authors propose a mixedmethods systematic review, drawing from diverse databases and grey literature, to evaluate the effectiveness of educational, policy, and promotional initiatives. The protocol is grounded in robust methodological frameworks such as PRISMA and the Cochrane Handbook. It emphasizes understanding both demand- and supply-side factors affecting insurance uptake. The study's relevance is heightened by India's low insurance coverage despite multiple schemes like PMJAY. The paper ensures rigor through detailed inclusion criteria and quality
4. Phalswal, Neeraja, Dixit, and Bishnoi (2023) in their paper Government Health Insurance Schemes and Their Benefits to Indian Population: An Overview have given a detailed review of numerous central and state level government health insurance schemes in India. It covers schemes like Ayushman Bharat, RSBY, CGHS, ESIC and state specific schemes like MukhyamantriAmrutum Yojana and Chiranjeevi Yojana. The findings

underscore the role of the schemes in lowering out-of-pocket expenses and increasing access to care to the poor. But at the same time also underscores continued problems of awareness, spotty execution and patchy national coverage. It calls for more meaningful engagement by frontline health workers, and better policy communication. The review acts as an informative source by gathering disparate pieces of information and providing it in one, accessible document.

Critical Evaluations of Particular Plans :

- ❖ The Karnataka implementation of RSBY was critically evaluated by Rajasekhar et al. (2011), who noted low renewal rates and provider malpractices.
- ❖ supply-side subsidies have been the main emphasis of India's health funding changes. However, demand-side funding through insurance emerged in the 2000s due to the constraints of a tax-funded system in reaching poor populations (La Forgia & Nagpal, 2012)
- ❖ According to Fan et al. (2012) ,Aarogyasri (Andhra Pradesh) is credited with notable increases in hospital utilization, but it is also linked to heavy financial burdens and a preference for tertiary care over primary care.
- ❖ According to Fan, Mahal, and Glassman (2012) , To guarantee that public insurance produces the intended health results, underlined the need of strategic purchasing.
- ❖ PMJAY, or Ayushman Bharat: Although it was praised for its ambitious scope, Sundararaman and Muraleedharan (2015) critiqued it for having a lower penetration rate among underprivileged communities.
- ❖ According to Prinja et al. (2017), public insurance programs had a minimal effect on OOPPE reduction but have increased healthcare consumption.
- ❖ According to Karan et al. (2017) , substantial OOPPE continued even with health insurance because outpatient services and medications were not covered.

Overview of key schemes

Scheme	Launched	Coverage	Features
ESIS	1952	Workers earning up to ₹21,000	Comprehensive medical and cash benefits
EGHS	1954	Central government employees	OPD, hospitalization, and AYUSH services
Aarogyasri	2007	BPL families in Andhra Pradesh	High-cost tertiary care
MJPJAY	2012	Low-income groups in Maharashtra	Coverage for major surgeries
BSKY	2018	Odisha families	₹5 lakh coverage; ₹10 lakh for women
PMJAY	2018	₹5 lakh per family	Tertiary and secondary care, cashless service

Research Methodology :

Research Design:

- ✓ The study uses only secondary data and employs a descriptive and analytical research design.
- ✓ The main objective is to assess the impact, performance, and structure of India's state and federally supported health insurance programs.

Data Sources:

- Secondary Information Publications from the government (such as the Ministry of Health and Family Welfare and the National Health Authority Annual Reports).
- Policy documents (such as PMJAY, AarogyaSri, CGHS, and ESIS program guidelines). Research papers and scholarly pieces that have been published in reputable journals.
- Information obtained from surveys conducted by the National Sample Survey Organization (NSSO) Reports from global institutions, such as the UNDP, WHO, and World Bank. NGO reports and working papers are examples of grey literature.

Data Gathering Instruments:

- ✓ Thorough analysis of the secondary sources that are available. Gathering and evaluating data pertaining to the strategy.
- ✓ Comparative evaluation of different insurance models' policies.

Method of Data Analysis

- ✓ Article and report content analysis.
- ✓ Trend analysis with secondary data.
- ✓ Comparative analysis between states and schemes using important metrics such as hospitalization rates, OOPE reduction, claim settlement time, and enrollment rate.

Data Analysis:

Trends in Coverage and Enrollment

- By 2022 PMJAY alone had enrolled almost 540 million beneficiaries, according to the National Health Authority (2023).
- More than 80% of eligible households were enrolled in states with strong state-led insurance programs, such as Tamil Nadu (CMCHIS) and Andhra Pradesh (Dr. YSR AarogyaSri) (MoHFW, 2023).

Scheme	Coverage (millions)	Year
PMJAY	540	2022
AarogyaSri	15	2022
MJPJAY	9	2022

Outcomes for Financial Protection As per the World Bank Report (2022):

- Among participating families, PMJAY has resulted in a 13% reduction in catastrophic health expenses.
- According to Fan et al. (2012) [5], AarogyaSri beneficiaries in Andhra Pradesh saw a 21% decrease in OOPE when compared to non-beneficiaries.
- But according to NSSO (78th Round, 2022), families are still being forced into debt by outpatient and prescription charges that are mainly hidden by the insurance arrangements in place.

Use of Services :

The PMJAY Annual Report (2022) data reveals,

- By 2022, more than 4.2 crore hospitalizations had been approved under PMJAY.
- Seventy percent of the claims were for tertiary care, including oncology and cardiology.
- Better hospital networks and proactive grievance redressal mechanisms in states like Tamil Nadu and Kerala resulted in greater service use rates (National Health Authority, 2022).

Findings:

- Insurance Expansion: Public health insurance programs have considerably increased coverage, especially since PMJAY.
- Limited Financial Protection: Outpatient service OOPE is still high, and catastrophic expenditures have only slightly decreased.
- Operational Variability: States differ significantly in the quality of implementation.
- Access Inequities: Women's use rates are lower than men's, and rural beneficiaries encounter obstacles to hospital access.
- Awareness Deficit: According to several reports, a major obstacle is still a lack of beneficiary awareness (NITI Aayog, 2021) [9] .

Suggestions :

- ✚ Increase the Benefits package that includes pharmaceutical and outpatient services.
- ✚ Encourage hospitals in rural areas to join by forming public-private partnerships.
- ✚ Using e-claims management and digital health IDs, strengthen monitoring frameworks.
- ✚ Boost awareness campaigns, especially for women living in remote areas.
- ✚ Encourage State-Centre convergence to prevent administrative misunderstandings and duplication.

Conclusion:

The government-sponsored health insurance programs in India are essential to improvements in the health system, according to a review of secondary data. However, issues including uneven access, insufficient financial protection, and scattered coverage still exist. To come closer to universal health coverage, the ecosystem must be strengthened through more focused IEC initiatives, improved provider networks, thorough coverage, and strong monitoring.

Key Scheme Comparison

Scheme	Beneficiary Group	Sum Insured	Major features	Challenges
ESIS	Industrial workers	Full coverage	Medical + disability benefits	Private sector coverage gaps
Aarogyasri	BPL in AP	₹5 lakh	Tertiary care focus	Cost overruns
CGHS	Central govt employees	Comprehensive	OPD + IPD services	Quality variability
MJPJAY	Low-income Maharashtra	₹1.5 lakh (basic)	Cardiology, oncology focus	Rural access gaps
BSKY	Odisha residents	₹5 lakh (general), ₹10 lakh (women)	Smart card-based cashless	Infrastructure deficits
PMJAY	500 million	₹5 lakh/family	Pan-India	Awareness gaps,



	(bottom 40%)		portability, cashless.	outpatient costs
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