

MEDICAL INFLATION AND THE NEED FOR HEALTH INSURANCE IN INDIA

Addressing rising healthcare costs through
insurance coverage

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**UNDERSTANDING
MEDICAL
INFLATION**

DEFINITION AND CURRENT RATE



Medical Inflation Defined

Medical inflation is the yearly increase in costs for hospitalization, diagnostic tests, medicines, and insurance premiums.

Current Inflation Rate in India

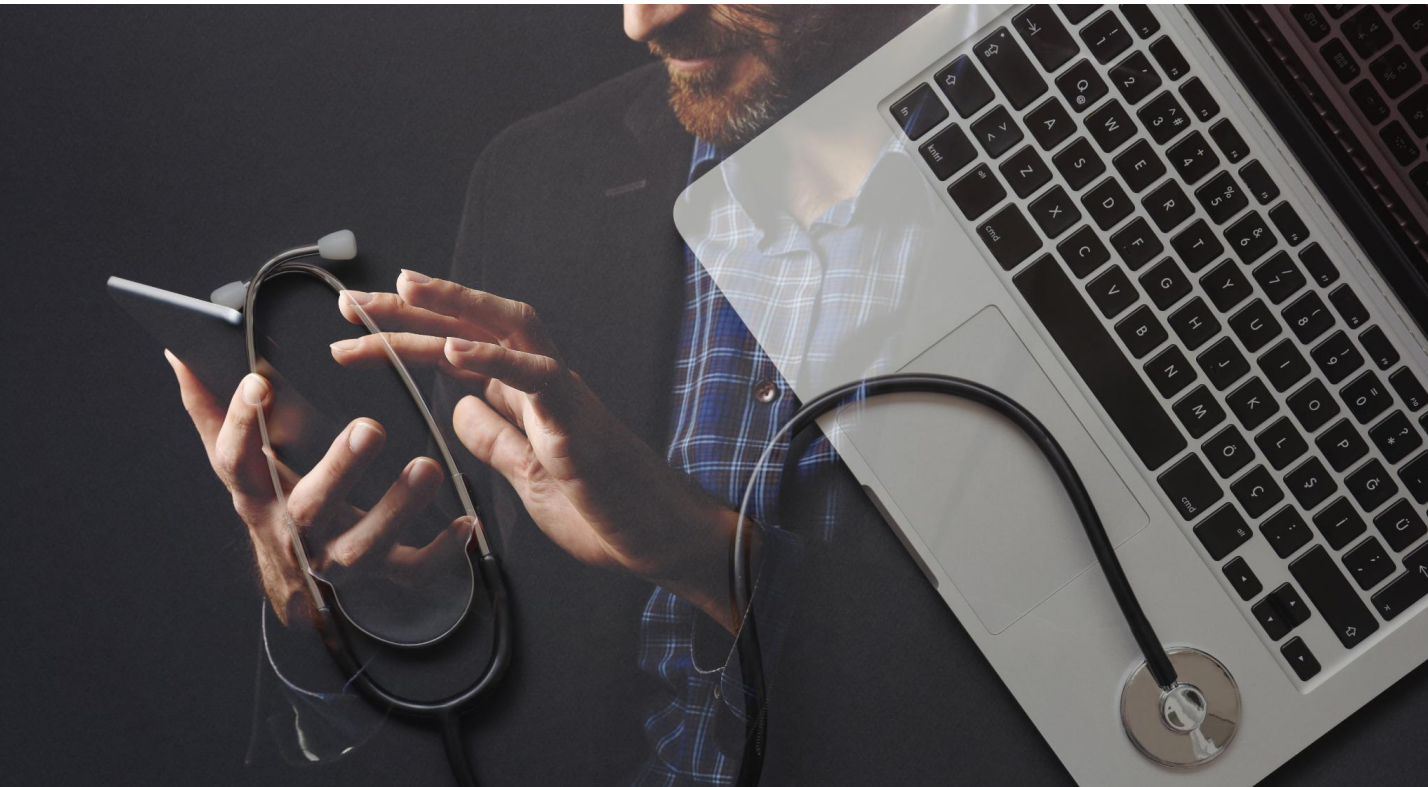
India's medical inflation rate is 14%, the highest among Asian countries, reflecting steep healthcare cost rises.

Factors Driving Inflation

Rising demand, technology advances, and healthcare professional shortages contribute to escalating medical costs.

Impact on Affordability

Rising medical costs strain families financially and reduce healthcare accessibility without financial protection.



KEY DRIVERS OF MEDICAL INFLATION

Technological Advancements Cost

Medical technology improvements enhance outcomes but significantly increase healthcare expenses.

Increasing Medical Tourism

Rising medical tourism boosts demand for healthcare services, driving up overall costs.

Chronic Disease Prevalence

Chronic illnesses create ongoing medical costs, contributing to inflation in healthcare spending.

Healthcare Workforce Shortage

Shortage of healthcare professionals, especially in rural areas, worsens demand-supply gaps and raises costs.

**IMPACT ON
HEALTHCARE
AFFORDABILITY**

FINANCIAL BURDEN ON HOUSEHOLDS



High Out-of-Pocket Expenses

62% of healthcare expenses in India are paid directly by patients, causing financial strain on families.

Borrowing for Hospital Costs

23% of hospital expenses are covered through borrowings, increasing household debt and financial insecurity.

Expensive Medical Procedures

High-cost treatments like organ transplants range from ₹20 to ₹80 lakhs, often unaffordable without insurance.

Impact of Financial Burden

Financial strain leads to delayed treatment and worsened health outcomes, increasing long-term healthcare costs.

HEALTHCARE EXPENSE DISTRIBUTION

EXPENSE TYPE	PERCENTAGE
Out-of-pocket	62%
Borrowings	23%
Insurance	15%

**ROLE OF
HEALTH
INSURANCE**

BENEFITS OF HEALTH INSURANCE



Financial Protection

Health insurance covers major medical expenses, providing a financial safety net during emergencies.

Cashless Treatment

Most plans offer cashless treatment at network hospitals, reducing upfront payment burdens.

Tax Benefits

Policyholders can avail tax benefits under Section 80D of the Income Tax Act.

Tailored Coverage Options

Plans are available for individuals, families, and senior citizens with customized coverage.

ADOPTION TRENDS IN INDIA



Rising Health Insurance Coverage

Health insurance coverage in India has grown to cover 37% of the population by 2021 due to increased awareness and healthcare costs.

Digital Platform Accessibility

Digital platforms are simplifying policy purchase and claims, improving insurance accessibility across India.

Innovative Health Products

Telemedicine and wellness programs are innovative products driving higher adoption rates of health insurance.

Challenges in Universal Coverage

Significant challenges persist in achieving universal health coverage, especially in rural and low-income areas.

**CHALLENGES AND
STRATEGIC
RECOMMENDATIONS**

CHALLENGES IN INSURANCE PENETRATION



Low Rural Penetration

Insurance penetration is low in rural India due to lack of awareness and limited accessibility.

Rising Premium Costs

Medical inflation drives premiums higher, making insurance unaffordable for many Indians.

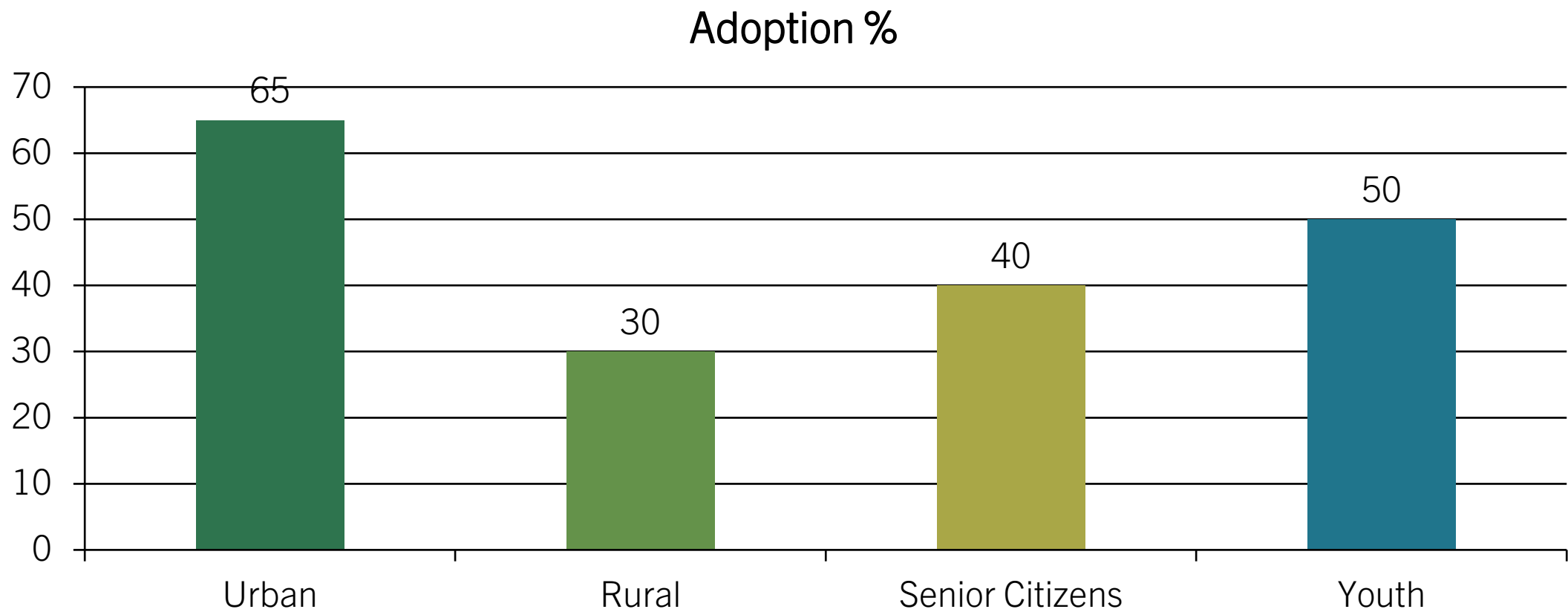
Limited High-Risk Coverage

Insurance coverage for high-risk diseases remains limited, exposing vulnerable groups.

Need for Targeted Interventions

Financial literacy, regulatory reforms, and public schemes expansion are key to solving challenges.

HEALTH INSURANCE ADOPTION TRENDS



STRATEGIC RECOMMENDATIONS



Promote Early Insurance Adoption

Encouraging early health insurance uptake reduces long-term costs and leads to better health outcomes.

Encourage Preventive Healthcare

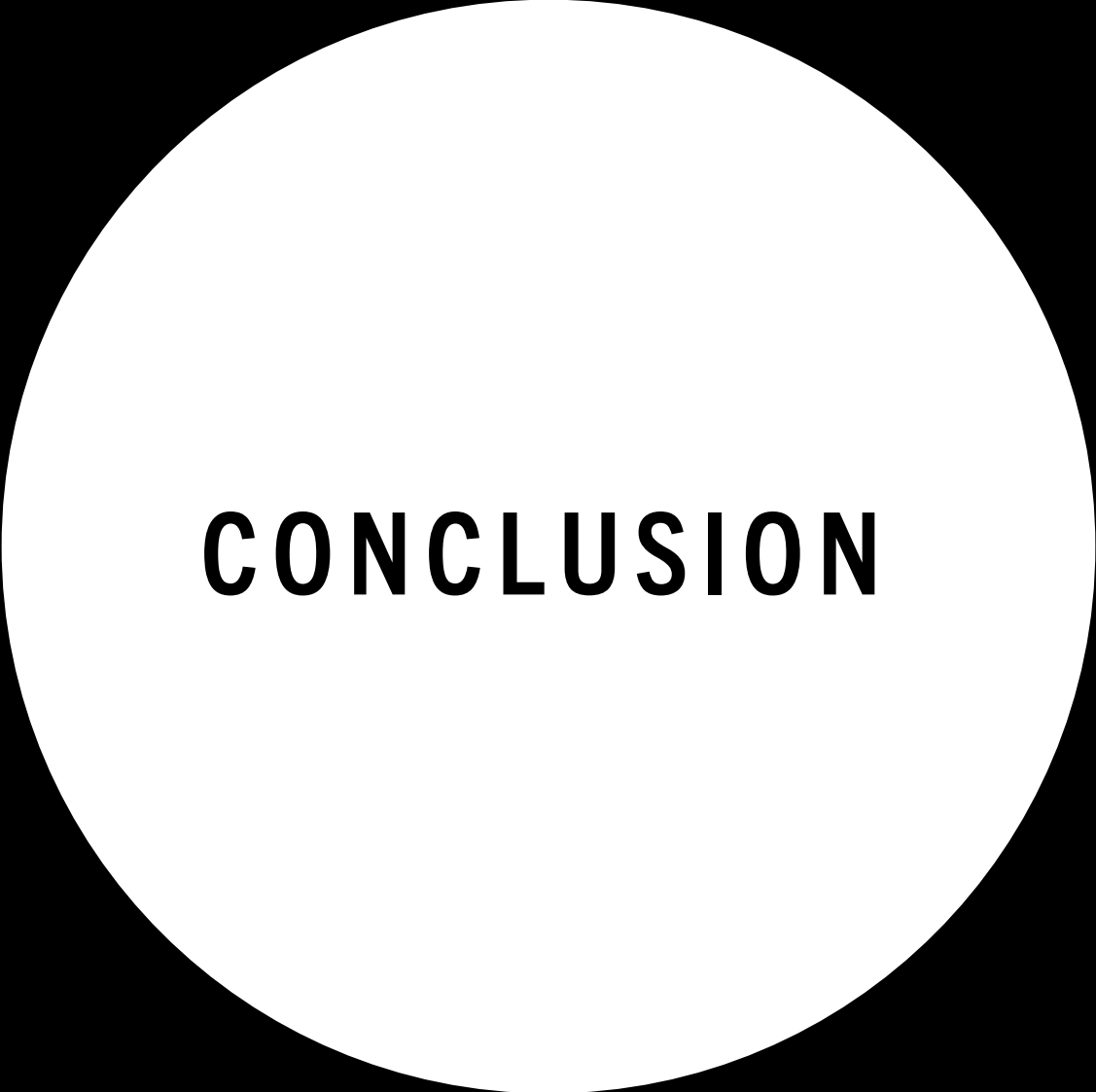
Wellness programs promote preventive care, lowering chronic disease incidence and improving health.

Utilize Employer Group Plans

Employer-sponsored group insurance plans expand coverage to a broader workforce efficiently.

Advocate Policy Reforms

Policy reforms are crucial to enhancing insurance affordability and expanding health coverage nationwide.

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CONCLUSION

SUMMARY AND CALL TO ACTION

Impact of Medical Inflation

Rising medical costs in India significantly affect healthcare affordability and increase family vulnerabilities during emergencies.

Role of Health Insurance

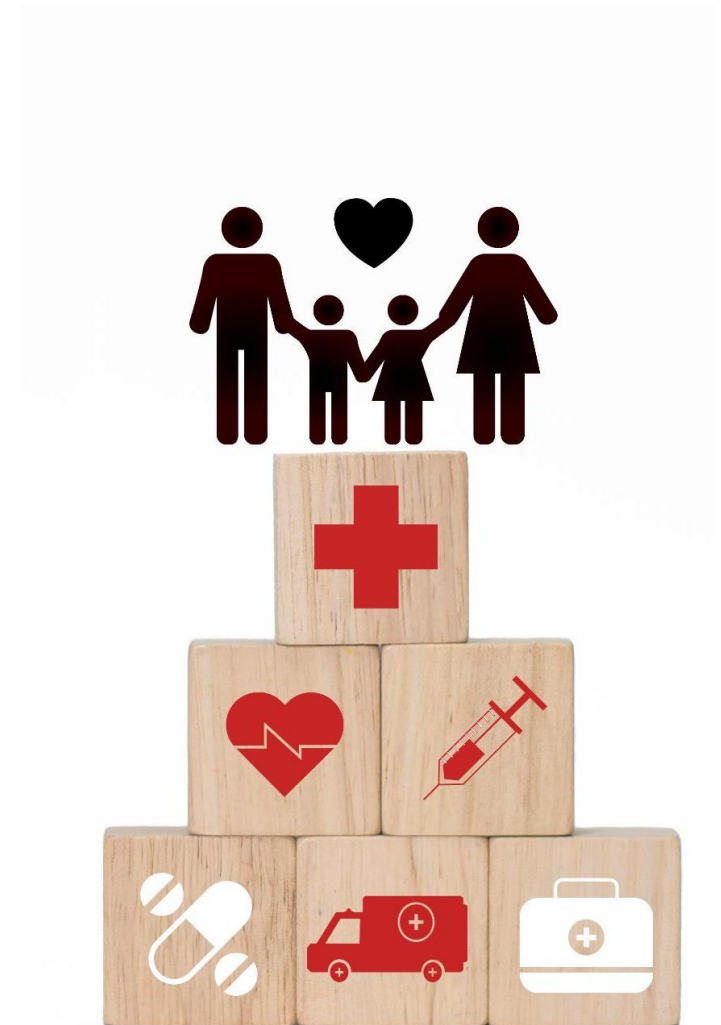
Health insurance provides essential financial protection and relief against unpredictable medical expenses in India.

Need for Collaborative Efforts

Insurers, employers, policymakers, and individuals must collaborate to expand access and achieve universal health coverage.

Building Resilient Healthcare Systems

Adopting strategic measures will help create a resilient healthcare system ensuring quality care for all in India.



Q & A

- Questions and open discussion