National Health Claim Exchange

Source: TH

Why in News?

Recently, the **National Health Authority (NHA)** and the **Insurance Regulatory and Development Authority of India (IRDAI)** launched the National Health Claim Exchange (NHCX) to facilitate the exchange of **claims-related information among stakeholders** in the **healthcare and health insurance ecosystem**.

What is the National Health Claim Exchange (NHCX)?

- **About:**
  - It is a digital platform designed to **streamline health insurance claims** processing in India.
  - It will act as a **centralised hub for all health claims**, alleviating the **administrative burden** on hospitals and providing a seamless, paperless, and secure contractual framework.
  - The system is designed to accommodate the dynamic and diverse healthcare system of India, aligning with **IRDAI's objective** of achieving **'Insurance for All by 2047'.**
- **Advantages:**
  - NHCX aims to **simplify and expedite the cashless claims** process, potentially reducing waiting times and **out-of-pocket expenses** for patients.
  - NHCX **streamlines claim processing** by eliminating the need for multiple portals and manual paperwork, reducing administrative burdens for hospitals.
  - The platform could lead to a more standardised approach to **healthcare pricing** through uniform data presentation and **centralised validation**.
  - The system can help **detect and prevent fraudulent claims** through data verification.

Note

Out-of-Pocket Expenditure (OOPE):

- Out-of-Pocket Expenditure (OOPE) is the **money paid directly by households**, at the **point of receiving health care**.
- It **excludes the individuals covered** under any public or private insurance or social protection scheme.

<u>**As per IRDAI, Status of Insurance in India:**</u>

- **Health insurance** contributes to **approximately 29%** of the total general insurance premium income in India.
- In **life insurance business**, India is **ranked 10th** in the world. India's share in **global life insurance market** was **2.73%** during 2019.
- In **non-life insurance business**, India is **ranked 15th** in the world. India's share in **global non-life insurance market** was **0.79%** during 2019.

<u>**Insurance Penetration and Density:**</u>

- Insurance penetration and density are two metrics, among others, often used to assess the level of development of the insurance sector in a country.
- **Insurance penetration** is measured as the **percentage of insurance premiums to GDP**.
    - Insurance penetration which was **2.71% in 2001** has steadily increased to **3.76% in 2019** (Life 2.82% and Non-Life 0.94%).
- **Insurance density** is calculated as the **ratio of premiums to population** (per capita premium).
    - The insurance density in India which was **USD 11.5 in 2001**, reached to **USD 78 in 2019** (Life- USD 58 and Non-Life - USD 20).

<u>**Government initiatives Related to Health Insurance:**</u>

- Pradhan Mantri Jeevan Jyoti Yojana (PMJJBY)

- **Pradhan Mantri Suraksha Bima Yojana (PMSBY)**

- **Ayushmaan Bharat: Pradhan Mantri Jan Arogya Yojana**

- **Bima Sugam, Bima Vistar, Bima Vaahaks**
- **National health Policy 2017** envisages health insurance as an important quality service as well as to increase population coverage reduces catastrophic expenditure in health sector.

What is the Need for the National Health Claim Exchange in India?

- **High Out-of-Pocket Expenditure:** A study highlights the importance of health insurance in reducing out-of-pocket expenses.
    - The data showcases a concerning **reliance on private insurance** for hospitalisation, especially in rural areas (73.5 cases per 100,000 people).
    - **Streamlined claims** processing through **NHCX** can lead to faster claim settlements, potentially **reducing financial burdens** for patients.
        - This can incentivize more people to utilise health insurance, ultimately reducing reliance on out-of-pocket payments and improving financial security.
- **Inefficiencies in Claim Processing:** Varying requirements and processes of different insurance companies lead to **delays and errors in claim decisions** and **lack of transparency** for patients behind claim approvals or denials.
- **High Operational Costs for Hospitals:** Currently, hospitals in India face **administrative burdens** due to the **multiple portals** for different insurance companies as well as **manual processes** for submitting and tracking claims.

What are the Hurdles in the Adoption of the National Health Claim Exchange (NHCX)?

- **Digital Adoption Gap:** Encouraging both hospitals and insurance companies to fully integrate with the NHCX platform requires **ongoing efforts and training**.
    - **Example:** Hospitals, especially smaller ones in rural areas, may **lack the necessary IT**

infrastructure or trained staff to fully integrate with the NHCX platform.

- **Building Trust and Collaboration:** For the success of NHCX, building trust among policyholders through **delivery of efficient services** and **streamlined claim processes**.
  - **Example:** Historically, **communication gaps** and **complexities** between hospitals and insurance companies have led to claim processing issues.
- **Data Security Concerns:** Robust measures are essential to **ensure data privacy** and prevent security breaches.
  - **Example:** With a centralised platform handling sensitive health and financial data, robust cybersecurity measures are crucial to prevent data breaches.

Conclusion

The NHCX is not just a technological advancement, it's a critical step towards improving healthcare accessibility and affordability in India. By addressing the current inefficiencies and complexities, NHCX has the potential to empower patients, hospitals, and insurance companies for a healthier future.

> ***Drishti Mains Question:***
>
> Q. Highlighting the key features of the National Health Claim Exchange (NHCX),discuss the hurdles in its adoption in India.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims:

Q. Which of the following are the objectives of 'National Nutrition Mission'? (2017)

1. To create awareness relating to malnutrition among pregnant women and lactating mothers.
2. To reduce the incidence of anaemia among young children, adolescent girls and women.
3. To promote the consumption of millets, coarse cereals and unpolished rice.
4. To promote the consumption of poultry eggs.

Select the correct answer using the code given below:

(a) 1 and 2 only

(b) 1, 2 and 3 only

(c) 1, 2 and 4 only

(d) 3 and 4 only

Ans: (a)

Mains:

Q. Performance of welfare schemes that are implemented for vulnerable sections is not so effective due to the absence of their awareness and active involvement at all stages of the policy process – Discuss. **(2019)**