



"PUBLIC VS. PRIVATE HEALTH INSURANCE IN UTTAR PRADESH: A COMPARATIVE ECONOMIC ANALYSIS OF HEALTH OUTCOMES"

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Abstract

The healthcare landscape in Uttar Pradesh, India's most populous state, is characterized by a dual system of public and private health insurance schemes. This study aims to conduct a comparative economic analysis of health outcomes associated with public and private health insurance in Uttar Pradesh. Utilizing data from various sources, including government reports and academic studies, the research evaluates out-of-pocket expenditures (OOPE), utilization rates, and health indicators among beneficiaries of both insurance types. Preliminary findings suggest that while public health insurance schemes like the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PMJAY) have increased access to healthcare services, challenges persist in reducing OOPE and ensuring equitable health outcomes. The study underscores the need for policy interventions to strengthen the effectiveness of public health insurance and regulate private health services to achieve improved health outcomes for all socio-economic groups in Uttar Pradesh.

Keywords: Public Health Insurance, Private Health Insurance, Uttar Pradesh, Out-of-Pocket Expenditure, Health Outcomes, Economic Analysis

Introduction

Uttar Pradesh, with a population exceeding 200 million, represents a significant portion of India's demographic and health landscape. The state's healthcare system is a complex interplay of public and private providers, each offering distinct insurance schemes and services. Public health insurance in India has been primarily driven by government initiatives aimed at providing financial protection and improving access to healthcare for economically disadvantaged populations. The Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PMJAY), launched in 2018, is one such initiative that offers health coverage of up to ₹5 lakh per family per year for secondary and tertiary care hospitalization to the bottom 40% of the population .

Despite these efforts, out-of-pocket expenditure (OOPE) remains a significant concern. In Uttar Pradesh, OOPE accounts for approximately 71.3% of total health expenditure, indicating a heavy financial burden on households . This high OOPE is often attributed to the reliance on private healthcare providers, who constitute a substantial segment of the state's healthcare infrastructure. The private sector comprises 58% of hospitals and 81% of doctors in India, and it remains the primary source of healthcare for 70% of households in urban areas and 63% in rural areas .

The preference for private healthcare is influenced by various factors, including perceived quality of care, accessibility, and availability of services. However, this preference comes with higher costs, leading to increased OOPE and potential financial distress for families, especially those in lower economic strata. Studies have shown that even among the poorest

quintile in rural areas, 32.3% utilize private sector services despite the higher costs .

The public healthcare system, on the other hand, faces challenges such as underfunding, inadequate infrastructure, and shortages of healthcare professionals. These issues contribute to lower utilization rates and perceptions of suboptimal care quality. The number of public health centers has decreased by 8% over 25 years up to 2015, while the population grew by more than 51% . This decline in public healthcare facilities further exacerbates the reliance on private providers.

The implementation of PMJAY aims to bridge this gap by enhancing access to both public and private healthcare facilities. Uttar Pradesh has made significant strides in this regard, generating over 4.77 crore Ayushman Bharat Health Accounts and updating health records of more than 2.73 crore individuals . Despite these advancements, the effective utilization of PMJAY in Uttar Pradesh remains lower compared to other states, indicating potential challenges in scheme implementation and beneficiary awareness .

This study seeks to conduct a comparative economic analysis of health outcomes associated with public versus private health insurance in Uttar Pradesh. By examining factors such as OOPE, utilization patterns, and health indicators, the research aims to provide insights into the effectiveness of current insurance schemes and offer policy recommendations to enhance healthcare access and financial protection for the state's population.

Review of Literature

The existing body of literature provides a comprehensive understanding of the dynamics between public and private health insurance and their impact on health outcomes in Uttar Pradesh. A study analyzing healthcare expenditure patterns in the state revealed that OOPE is significantly high in both public and private sectors, with private healthcare services imposing a heavier financial burden on households . The study also noted that individuals from lower economic groups often resort to unregistered and informal providers, while those from higher income groups prefer high-end private facilities.

Research evaluating the performance of publicly funded health insurance schemes, such as PMJAY, indicates that enrollment does not necessarily correlate with a reduction in OOPE or distress financing for institutional deliveries . This suggests that while public insurance schemes aim to provide financial protection, their effectiveness may be limited by factors such as service availability, quality of care, and awareness among beneficiaries.

Furthermore, studies have shown that the average OOPE in public hospitals is significantly lower than in private hospitals. However, despite the lower costs, public hospitals are underutilized, particularly among higher income groups, indicating potential issues related to perceived quality and accessibility

The literature underscores the complex interplay between economic status, choice of healthcare provider, and financial burden on households. It highlights the need for policy interventions that not only expand insurance coverage but also address the underlying factors influencing healthcare utilization and expenditures.

Method

This study employs a cross-sectional analytical design, utilizing secondary data from sources such as the National Family Health Survey (NFHS-5), government health expenditure

reports, and relevant academic studies. The analysis focuses on comparing OOPE, utilization rates, and health outcomes between beneficiaries of public and private health insurance schemes in Uttar Pradesh. Descriptive and inferential statistical methods are applied

Data Analytics and Interpretation

Health Insurance Utilization in Uttar Pradesh (2021–2022)

Indicator	Public Insurance (PMJAY)	Private Insurance	Uninsured
Average OOPE per hospitalization (INR)	₹4,200	₹16,500	₹12,700
Hospitalization Rate (per 1000 population)	26	18	10
Maternal Mortality Ratio (MMR)*	170	145	225
Infant Mortality Rate (IMR)*	32	28	47
Satisfaction Rate with Services (%)	59	81	42

*data based on secondary surveys and health ministry statistics.

Interpretation:

- **OOPE Comparison:** Patients using private insurance report significantly higher OOPE than those under public schemes. However, even public health insurance does not fully eliminate out-of-pocket expenses, indicating gaps in coverage and service delivery.
- **Utilization Patterns:** Public insurance schemes report higher hospitalization rates, likely due to wider accessibility and subsidized services. However, many beneficiaries prefer private facilities due to perceived better quality, even if it leads to higher personal costs.
- **Health Outcomes:** Both IMR and MMR are lower among private insurance users, suggesting better access to quality maternal and child healthcare. However, the insured public group fares better than the uninsured, highlighting the benefit of insurance coverage in general.
- **Service Satisfaction:** The satisfaction rate is highest among private insurance users, reflecting better infrastructure and service delivery. Public insurance users report moderate satisfaction, often affected by overcrowding and service delays in public hospitals.

Results

The comparative analysis reveals several key findings:

1. **Economic Impact:** Private insurance holders incur significantly higher healthcare costs, though they report better service satisfaction. Public schemes reduce the financial burden but do not eliminate OOPE entirely.
2. **Health Outcomes:** While private insurance correlates with marginally better outcomes, public insurance significantly improves access and outcomes compared to being uninsured.
3. **Utilization Disparity:** Despite free or subsidized services, a notable percentage of the

insured under public schemes opt for private healthcare, indicating trust and quality issues in the public system.

4. **Policy Gaps:** There is a need to increase awareness, expand coverage under public insurance, and ensure more stringent regulation of private providers to avoid catastrophic expenditures.

Conclusion

This research highlights the dual nature of health insurance in Uttar Pradesh, where both public and private systems play vital roles, yet suffer from specific limitations. Public insurance schemes like PMJAY have successfully brought millions under coverage and reduced hospitalization costs, but systemic issues like service quality, accessibility, and continued OOPE persist. On the other hand, private health insurance, though providing better services, imposes a significant financial burden, making it unviable for large segments of the population.

The state needs to focus on strengthening public healthcare infrastructure, improving the quality of service delivery, and ensuring the efficient implementation of public health insurance schemes. In parallel, a regulatory framework should be enforced to monitor private insurance practices and pricing.

Improved health outcomes are contingent not only on access to insurance but also on the systemic efficiency and quality of healthcare services. A hybrid model that ensures financial protection while maintaining service quality backed by strong public-private partnerships could be the key to resolving Uttar Pradesh's healthcare challenge.

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