

# Understanding Consumer Preferences for Attributes of Health Insurance Services in Rural India

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## ABSTRACT

The quality of healthcare services varies geographically in India, the rural region is mostly in a distressed state. The poor quality of health care services in the rural region force people to avail costlier private healthcare facilities with out of pocket expenditure (OPE). In order to reduce the burden of OPE on low and marginal income group people, several state governments in India have launched health insurance schemes. The insurance schemes have increased the accessibility of health care services but inequity still exist. However, poor assessment of consumer preferences in designing health insurance schemes has resulted in low penetration rate and poor customer satisfaction. This research aims to determine the preferences for attributes of health insurance in rural settlements of India based on users' perception. The present work has analyzed factors affecting the utilization of antenatal care (ANC) and child vaccination care. The research suggests that health insurance coverage increases the odds of receiving ANC services. Subsequently, we compared several health insurance plans launched by different states in India.

We have used discrete choice experiment (DCE) method to elicit the preferences for the attributes of the health insurance schemes. The initial list of attributes was developed based on literature review and a qualitative study i.e. focus group discussion (FGD). Through FGD, we have identified ten important attributes of health insurance. Subsequently, we have ranked the ten attributes according to the preferences of rural respondents. The top six attributes were selected for designing the DCE. The preferences for the attribute and attribute levels were estimated using Multi-Nomial Logit and Random-Parameter Logit. The analysis shows that all attribute levels significantly affect ( $P < 0.05$ ) the choice of the consumer. The result from this analysis demonstrated that willingness to pay is highest for the attribute level 'entire extended family'. The provision of health insurance perceived by the consumers is essential for the viability as well as sustained use of services. This study provides us an opportunity to evaluate and select the best possible attributes and attribute levels for designing health insurance for the target population.

**Keywords:** Out of pocket expenditure, discrete choice experiment, focus group discussion, quality of health care services, willingness to pay