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India's Poor Get Health Care in a Card

Credit Plan Gives Nation's Neediest the Funding for Medical Treatment -- and Tool for Charging It

By **JACKIE RANGE**

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Jagadhri, India

Virender Kumar's leg was crushed when a truck hit the motorbike he was riding, and he was brought to a private hospital. The ward at Gaba Hospital is damp and cramped. Ceiling fans whir in the sweltering heat.



Jackie Range/ The Wall Street Journal

At left, people wait to register for the new health-care initiative.

But things aren't as bad as they could have been for the 36-year-old shoe salesman. Because of a new Indian government initiative, Mr. Kumar carries a smart card that entitles him to 30,000 rupees, about \$700, of hospital care. That can go a long way at the treatment prices set by the program. A day in intensive care, for instance, costs as much as \$23.

"For poor people, it's great," says Mr. Kumar.

To qualify for the National Health Insurance Program, families must meet certain criteria and generally earn less than about \$100 a year.


The smart card, which contains personal data and fingerprints for an entire family, costs participants less than \$1 -- what could be a day's pay for a casual laborer. The fee is intended to make sure beneficiaries value the program and take time to understand it, and it creates an obligation on the part of the government to deliver. The card is good at any hospital, private or public, that has enrolled.

India has earmarked \$1 billion for the rollout of the program by insurance companies in states across the country. The program isn't expected to fund itself -- it will be bankrolled by the government because the beneficiaries are so poor.

Many health-care programs have been introduced in India by New Delhi, state governments and nongovernmental organizations. But so far, none of those programs has taken root throughout the country.

The National Health Insurance Program is different, according to the Indian government, because of its use of technology; its business model, in which insurance companies and hospitals are given

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incentives to take part; and because the information on the smart cards is secure. The program enables a family that is below the poverty line to choose where its members would like to receive their benefits, and it helps migrant workers who travel with the card and also likely wouldn't have the money to cover the costs of treatment up front.

The plan presents a way for insurance companies to market themselves and develop brand awareness. A large, private general-insurance company in India, ICICI Lombard General Insurance Company Ltd., which is a joint venture of **ICICI Bank** Ltd. of India and **Fairfax Financial Holdings** Ltd. of Canada, is introducing the program in the northern states of Haryana, Rajasthan and Uttar Pradesh -- regions with a combined population of more than 240 million people, many of whom would qualify. ICICI Lombard says that though the business currently operates at a loss, it views the program as a way of engaging with rural customers. And as India's economy grows, these customers may become better off.

For private hospitals, the program can increase the number of patients and potentially widen the client base. By opening private facilities to more patients it should take some of the weight off overflowing government hospitals.

Those government hospitals, which already offer free treatment to such patients, can also apply to join the program. If they do, they are paid the same rates private hospitals would get.

Since its launch in April, about 1.5 million people have joined the plan. India's government said it would like to add 12 million families before next April -- about 60 million people -- and then continue at that rate for another four years.

Rural India has enjoyed few of the fruits of growth as India's economy has expanded by about 9% annually over the past four years. Providing some welfare to India's poorest -- 60% of the nation's 1.1 billion people eke out a meager living off the land -- has been a key focus of the ruling coalition, led by the Congress Party.

During the past four years, the government has rolled out a host of programs aimed at improving life for the poor, and the pace has accelerated as the government approaches the next general election, which must be held by next May.

The health-care plan has had plenty of teething trouble. In rural areas where there is no electricity, teams have to carry mobile generators to run their printers, scanners and other equipment. Dust gets into the printers and breaks them. In the summer heat, the tape that needs to be affixed to the smart cards gets stuck in the machines, which are imported and designed to operate in cooler conditions.

At a local school in the village of Balachaur, families lined up one warm, humid monsoon afternoon in August to register for the program.

It is not long before a problem arises.

Vidhya Devi, the wife of a farm worker with two daughters, says only her husband's name is on the card, making only him eligible for care.

Himanshu Roy, a manager with ICICI Lombard, explains that this problem occurs frequently because the state government has provided incomplete information. He says Mrs. Devi needs to

write to the state, then present the complete information.

Another hurdle for the plan: It requires families to register in their home states, where they need to already have been recognized as sufficiently poor to qualify. That means some of those who are in need of hospital treatment but are far from home might not be able to tap into the funds.

And since it is limited to hospital care, the program doesn't address some of the factors that cause many illnesses in India, such as malnutrition.

Supporters say despite the program's shortcomings it provides a crucial lifeline for India's poorest who can barely afford food, let alone hospital treatment. For them, hospitalization typically means borrowing money from extended family members or paying extortionate interest rates to a moneylender.

"The moment they are hospitalized, they are dead, whether they die in the hospital, or when they come out of the hospital they are burdened with so much debt they will never recover," said Anil Swarup, director general of labor and welfare at the Ministry of Labor and Employment in New Delhi.


In Gaba Hospital in Jagadhri, where Virender Kumar sought treatment for his leg, B.S. Gaba, the hospital's director and owner, says more than 1,000 people have had their treatment paid for in the two months since the smart-card program was introduced there. "It's the best scheme India has, I think, and real welfare for the poor," he says.

Healing Touch
India is introducing a smart-card-based health-insurance system for the nation's poorest 300 million people

Health-care snapshot:

- Health expenditures as a percentage of GDP, 2003: 4.8%
- Hospital beds per 10,000 people, 2006: nine
- Births attended by trained personnel, 2005-2006: 48%
- Infants fully immunized against measles by their first birthday, 2005: 56%
- Population with access to improved sanitation, 2001: 52%

Source: World Health Organization



Jackie Range/The Wall Street Journal

--Vibhuti Agarwal and Krishna Pokharel contributed to this article.

Write to Jackie Range at jackie.range@wsj.com²

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