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India | Equity Research | Sector Update

## Health Insurance

### Ayushman Bharat critical for insurance penetration: Tracking the progress of the scheme

Ayushman Bharat (flagship government health scheme) is critical for increasing the health insurance penetration in India. Till date, since its launch in CY18, over 340mn Ayushman cards have been issued, but there are only 30k hospitals empanelled in the scheme. However, the usage has progressively increased over the last 5 years, indicating improved adoption. The average monthly hospital admissions increased from ~663k in FY19 to 1,388k in FY23. However, the average ticket size remains low (~INR 12.6k) and majority of hospitals under the scheme (80%) have less than 50 bed count. We present all the details in this report. However, considering that this scheme is targeted as family floater (INR 0.5mn) for bottom 40% of poor and vulnerable population, this is not a substitute or competition to regular retail/group insurance schemes.

#### Ayushman Bharat (AB): Flagship government health scheme

Ayushman Bharat, a flagship scheme of the Government of India, was launched as recommended by the National Health Policy 2017, to achieve the vision of Universal Health Coverage (UHC). It is an attempt to move from sectoral and segmented approach of health service delivery to a comprehensive need-based health care service (covering prevention, promotion and ambulatory care) at primary, secondary and tertiary levels. Ayushman Bharat adopts a continuum of care approach, comprising the two inter-related components:

- Health and Wellness Centres (HWCs)
- Pradhan Mantri Jan Arogya Yojana (PM-JAY)

The government announced creation of 1,50,000 Health and Wellness Centres (HWCs) by transforming the existing sub centres and primary health centres. These centres are envisaged to deliver an expanded range of services to address the primary health care needs of the entire population in their area. These centres also participate in expanding access, universality and equity close to the community and focus on keeping people healthy by engaging and empowering individuals and communities to choose healthy behaviours and make changes that reduce the risk of developing chronic diseases and morbidities.

AB PM-JAY is completely funded by the Government of India and the cost is shared between the central and the state governments. The government decides a national ceiling amount per family that is used to determine the maximum limit of the central share of the contribution. The existing sharing pattern is in the ratio of 60:40, for states (other than North-Eastern states and three Himalayan states) and Union Territories with legislature. For North-Eastern states and three Himalayan states (viz. Jammu and Kashmir, Himachal Pradesh and Uttarakhand), the ratio is 90:10. For Union Territories without legislatures, the central government may provide up to 100% on a case-to-case basis ([link](#)).

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## Eligibility under AB

AB PM-JAY has been rolled out for the bottom 40% of poor and vulnerable population, close to 120mn households. The inclusion of household is based on deprivation and occupational criteria of Socio-Economic Caste Census 2011 (SECC 2011) for rural and urban areas, respectively. The SECC involves ranking of the households based on their socio-economic status. It uses exclusion and inclusion criteria and accordingly decides on the automatically included and automatically excluded households. Rural households that are included are then ranked based on their status of seven deprivation criteria (D1 to D7) and urban households are categorised based on occupation categories for identifying targeted beneficiary families.

**For rural, AB PM-JAY covered all families that fall into at least one of the following six deprivation criteria (D1 to D5 and D7) and automatic inclusion (destitute/ living on alms, manual scavenger households, primitive tribal group, legally released bonded labour) criteria:**

- D1- Only one room with kucha walls and kucha roof
- D2- No adult member between ages 16 to 59
- D3- Households with no adult male member between ages 16 to 59
- D4- Disabled member and no able-bodied adult member
- D5- SC/ST households
- D7- Landless households deriving a major part of their income from manual casual labour

**For urban areas, the following 11 occupational categories of workers are eligible for the scheme:**

- Ragpicker
- Beggar
- Domestic worker
- Street vendor/ cobbler/hawker / other service provider working on streets
- Construction worker/ plumber/ mason/ labour/ painter/ welder/ security guard/ coolie and other head-load worker
- Sweeper/ sanitation worker/ mali
- Home-based worker/ artisan/ handicrafts worker/ tailor
- Transport worker/ driver/ conductor/ helper to drivers and conductors/ cart puller/ rickshaw puller
- Shop worker/ assistant/ peon in small establishment/ helper/delivery assistant / attendant/ waiter
- Electrician/ mechanic/ assembler/ repair worker
- Washer-man/ chowkidar

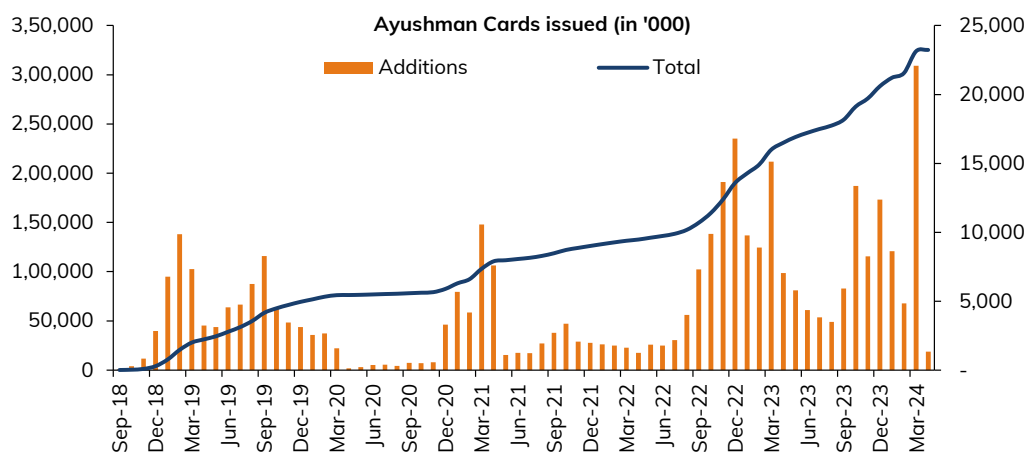
States have been provided the flexibility to use their own database for PM-JAY. However, they will need to ensure that all the eligible families as per SECC database are also covered ([link](#)).

## Ayushman cards

From the start of scheme in CY18, the government has issued over ~342mn Ayushman cards, forming ~25% of India's population. Currently, scheme benefit is available to citizens, if they fall in above mentioned criteria irrespective of age, family size or gender ([link](#)).

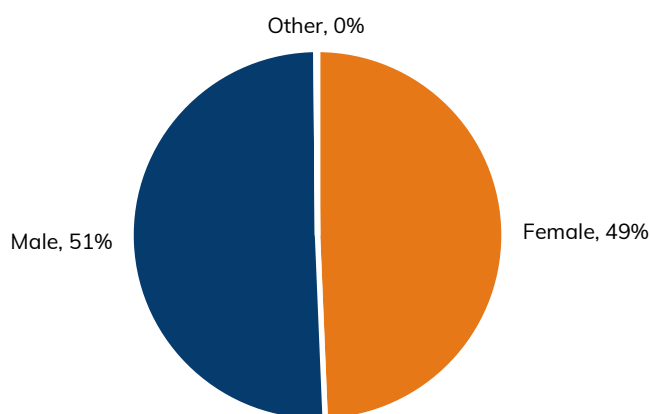
Based on age group, 29% of Ayushman cards are issued in age group of 15-29, about 27% in the age group of 30-44 while for 60 and above, 14% cards are issued based on fulfilling criteria.

### Exhibit 1: Ayushman card issued



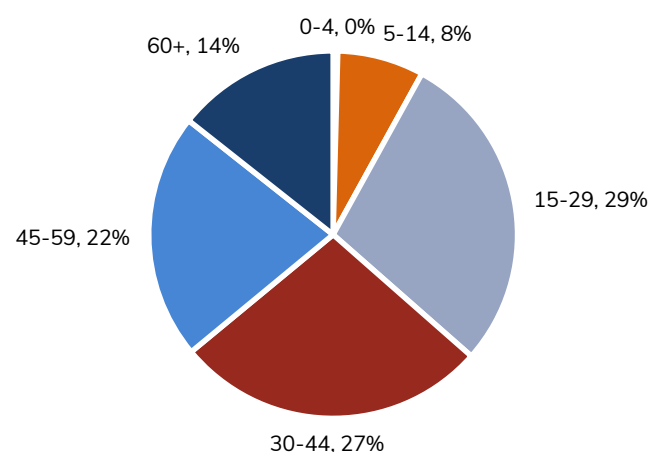
Source: I-Sec research, National health authority dashboard

### Exhibit 2: Gender mix (%) in cards



Source: I-Sec research, National health authority dashboard

### Exhibit 3: Age group mix (%) in cards

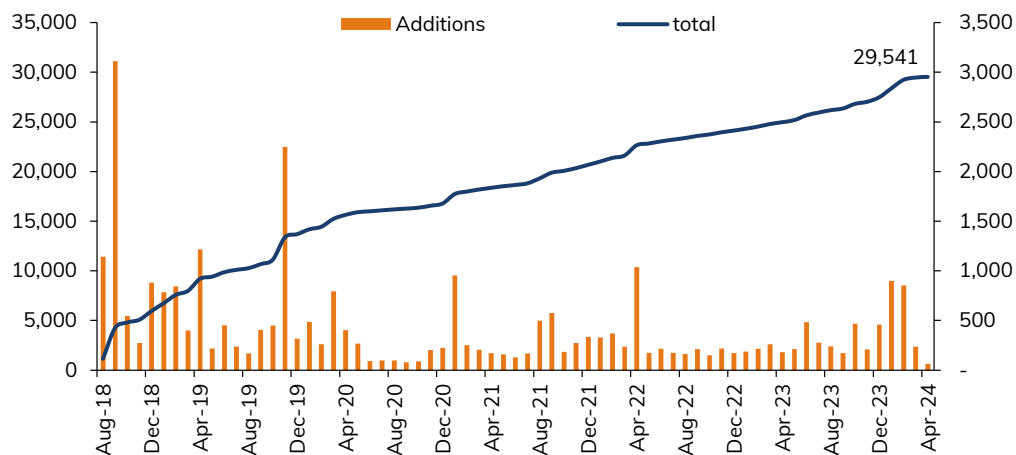


Source: I-Sec research, National health authority dashboard

## Hospitals empanelled under AB

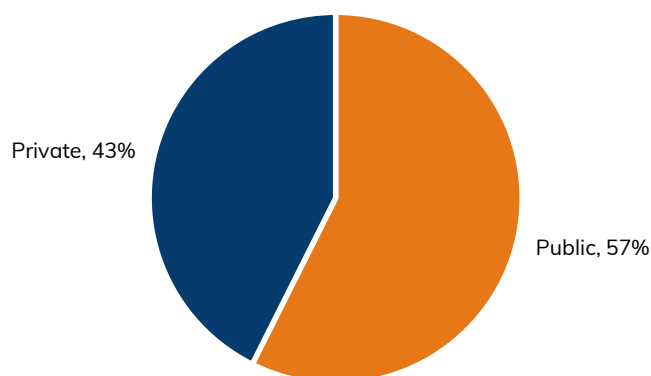
There are more than 30k hospitals empanelled under AB PM-JAY. Within that, share of private hospitals is 43% and the balance comprises public hospitals. More than 80% of hospitals have bed capacity of less than 50. 10% hospitals have bed capacity of 51-100 and the balance have more than 100 bed capacity.

**Exhibit 4: Hospitals empanelled**



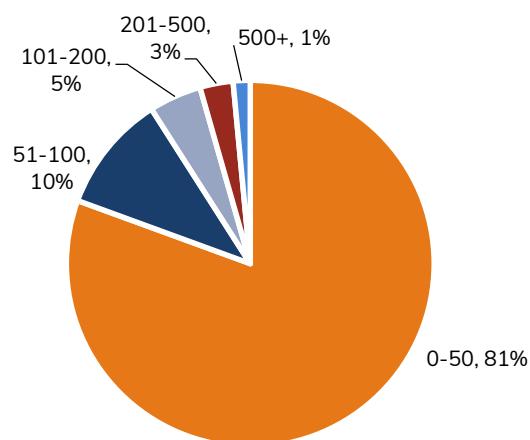
Source: I-Sec research, National health authority dashboard

**Exhibit 5: Public and private hospital mix (%)**



Source: I-Sec research, National health authority dashboard

**Exhibit 6: Mix of hospital empanelled based on bed strength**



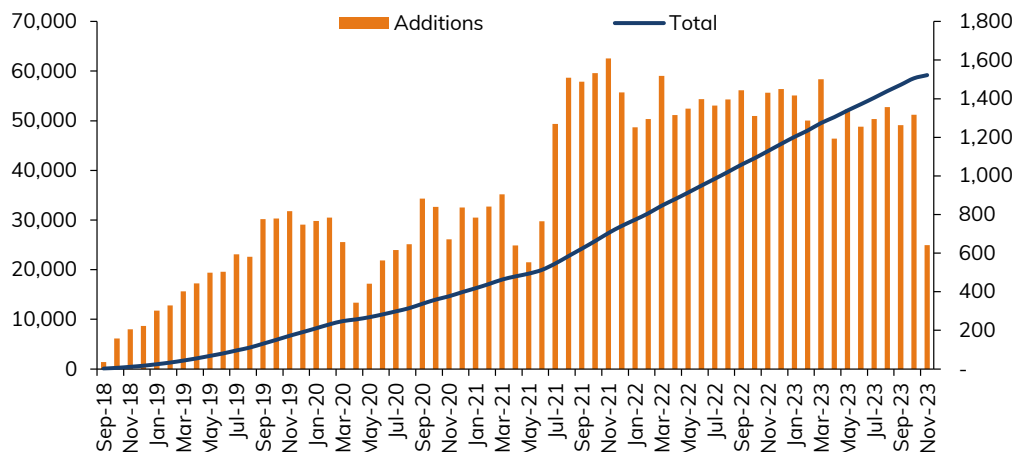
Source: I-Sec research, National health authority dashboard

## Hospital admissions under AB

Overall, hospital admissions authorised under AB PM-JAY have reached over 65mn, and free treatment worth INR 820bn has been provided till date.

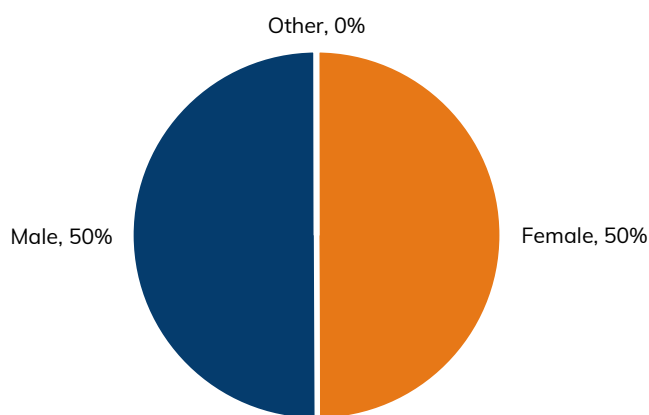
Based on age group, 20% of hospital admission was between 15-29, 23% between 30-44, 27% between 45-59 while 24% of total hospital admissions authorised was for aged 60 and above.

**Exhibit 7: Trend of number of hospital admissions (in '000)**



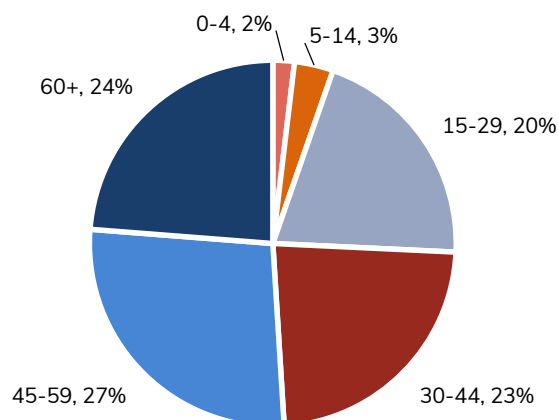
Source: I-Sec research, National health authority dashboard

**Exhibit 8: Gender mix (%) in hospital admissions**



Source: I-Sec research, National health authority dashboard

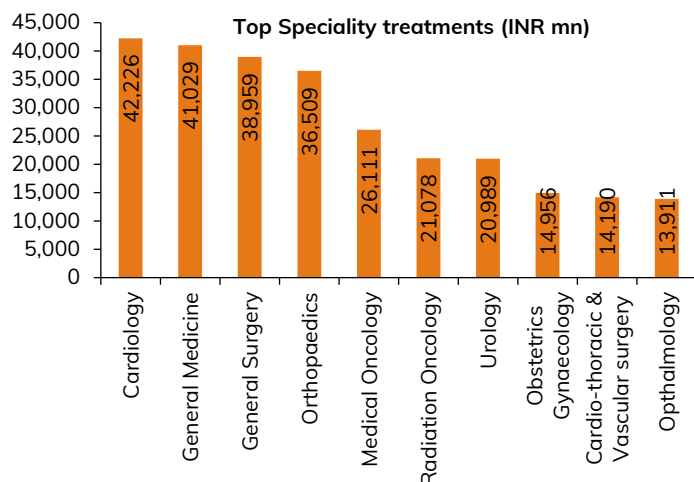
**Exhibit 9: Age mix (%) in hospital admissions**



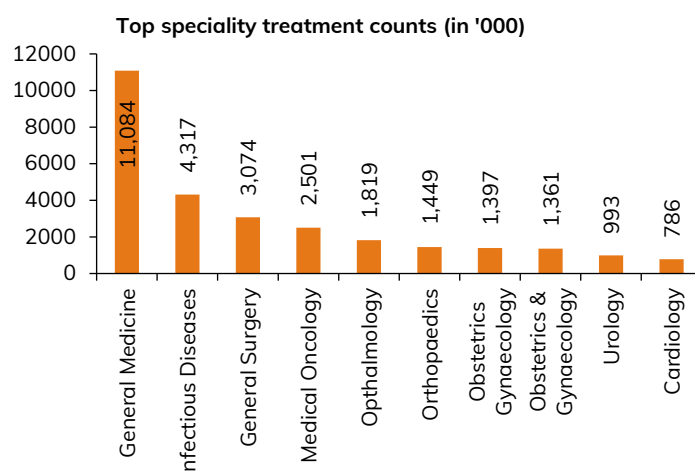
Source: I-Sec research, National health authority dashboard

## Top speciality treatments and procedures performed under AB

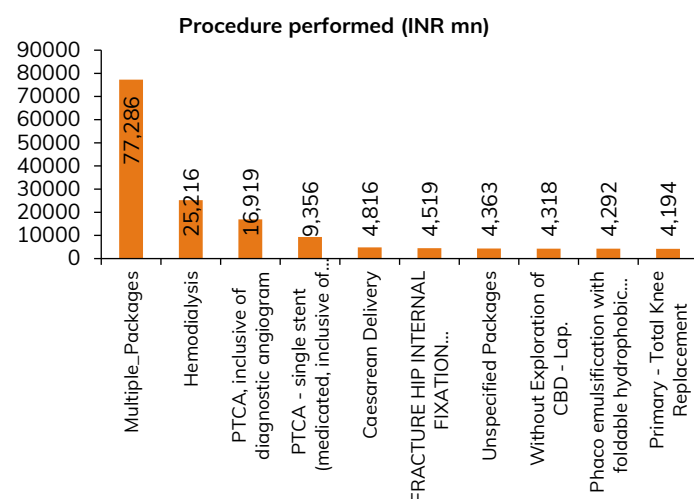
The AB PM-JAY beneficiaries can avail treatment corresponding to a total of 1,949 procedures under 27 different specialties ([link](#)). The top tertiary care specialties under which treatments have been availed by beneficiaries till date are medical oncology (cancer treatment), emergency care, orthopaedic and urology (kidney-related ailments).

**Exhibit 10: Top spends in speciality treatment**

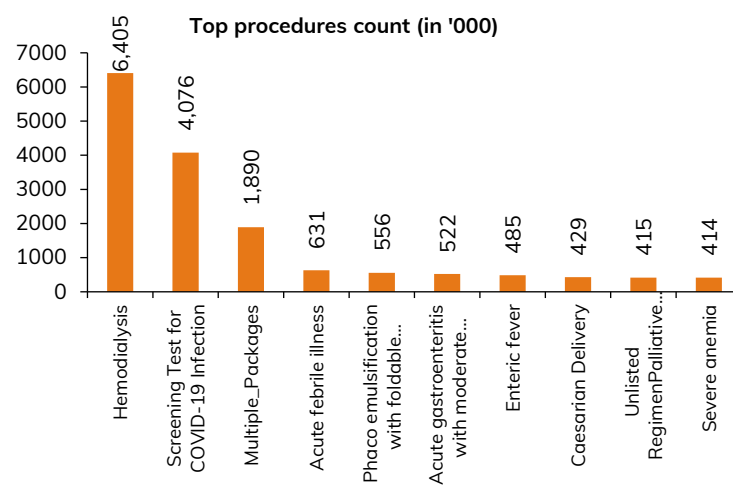
Source: I-Sec research, National health authority dashboard

**Exhibit 11: Count of speciality treatments**

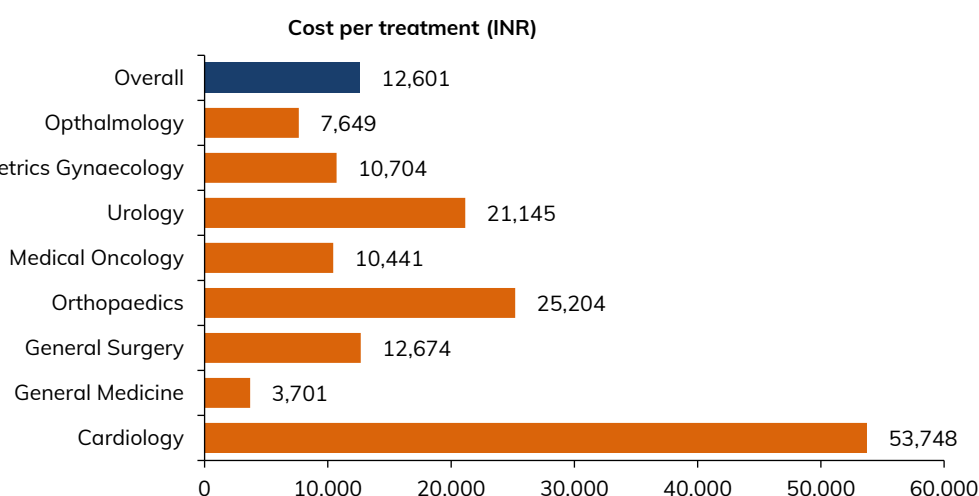
Source: I-Sec research, National health authority dashboard

**Exhibit 12: Spends on procedures performed**

Source: I-Sec research, National health authority dashboard

**Exhibit 13: Count of procedures performed**

Source: I-Sec research, National health authority dashboard

**Exhibit 14: Spend per treatment**

Source: I-Sec research, National health authority dashboard

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