

Willingness to Pay for Health Insurance amongst the Urban Poor: Evidence from a Slum in Mumbai, India

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The study aims to assess the demand for health insurance, gather evidence on willingness to pay for it and its determining factors amongst the urban poor in Mumbai. This was ascertained through dichotomous bidding process on 300 households. Results of the multivariate regression model suggest that households with presence of morbid conditions and prior experience of inpatient admissions were more likely to join and pay for health insurance. They indicate the need for a state-subsidized insurance scheme as more than 50 per cent of the people willing to pay expressed their inability to pay more than one per cent of their annual income.

I Introduction

In India, health insurance is increasingly being looked at as a way to provide quality health care to the people and protect them financially against the risk of illness. At present, it has not made much headway with only a small proportion (about 10 per cent) of the population covered by any form of health insurance. Importantly, the private health insurance plans offered by both public and private insurance companies are mainly targeted to the urban middle and upper classes and settled job holders with regular flow of income and higher ability to pay. Of late, the government has introduced a publicly funded health insurance scheme namely *Rashtriya Swasthya Bima Yojana* (RSBY) to cover the Below Poverty Line (BPL) households working in the informal sector. But none of the health insurance companies has put out any scheme for the population just above the poverty line and engaged in informal sector or self-employed people with the assumption that they lack the capacity to pay. These groups have remained outside the ambit of any social security scheme or government financed health scheme despite the growing evidence of higher incidence of catastrophic health expenditure and impoverishment due to out of pocket health payments amongst them (IIPS-WHO 2006).

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