India has achieved significant improvement in many health indicators over the past decades: Infant and maternal mortality rates have substantially declined, immunisation coverage among children has drastically increased, and the life expectancy of Indian women and men is up by many years. Despite such notable progress, India’s health system is still characterized by great inequalities, financial barriers, and high direct payments for health care services.

India is the world’s second most populated country, 88 per cent of its workforce is informally employed and every fifth Indian lives below the international poverty line of less than $1.9 per day. The Indian Government spends only 1.1 per cent of its GDP on healthcare. Due to an underfunded public health system and lack of formal employment, most people do not have effective social security coverage. Nearly 62 per cent of the total health expenditure in India is out of pocket which is a leading cause of impoverishment, pushing 63 million Indians below the poverty line every year.

The new health insurance scheme

PM-JAY was launched by Prime Minister Narendra Modi on 23 September, 2018. On the same day the scheme was also launched in 26 out of 36 States and Union Territories (UTs); Of the remaining 10 States/UTs, 7 have already agreed to implement the scheme and rest are expected to follow in the next few months. The scheme is completely tax-financed and funded jointly by the Central and State Governments. It is free of cost for the beneficiaries.

PM-JAY targets poor and deprived rural families and certain occupational categories of urban workers and their families. It is an entitlement-based system. Eligibility is determined based on data from the 2011 Socio-Economic Caste Census. Over 107.4 million eligible families have been identified which amounts to a total of around 500 million individuals (including beneficiaries of RSBY). Each family is entitled to use health care services in public and empanelled private hospitals for up to 500,000 Indian rupees (approx. 6000 euros) per year. There is no cap on family size or age. This is to ensure that nobody is left behind and disadvantaged household members, such as girls and the elderly, get equal access to free health insurance.

As entitled beneficiaries are automatically covered in the system, no separate insurance card is required. At the hospital help desk, they simply identify themselves with any Government-issued identity card. Once their identity is verified via the secure PM-JAY online database, benefits can be claimed. Moreover, benefits of the scheme are portable, this means that patients can use any empanelled hospital across India. So far, more than 14,000 hospitals are empanelled or are in the process of joining PM-JAY.
Since 2008, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), GIZ has supported the Indian Government in the design and implementation of the national health insurance scheme RSBY. A dedicated bilateral programme called Indo-German Social Security Programme (IGSSP) was started in 2011 for this purpose. In 2015, responsibility for the scheme shifted from the Ministry of Labour and Employment to the Ministry of Health and Family Welfare (MoHFW), which then became the main partner.

IGSSP’s support includes advisory services on the design and implementation of RSBY and the successor scheme PM-JAY. In June 2018, MoHFW set-up a national executive body for PM-JAY, the National Health Agency (NHA), which is now also one of IGSSP’s implementing partners. IGSSP’s policy advice to the MoHFW, the NHA and state Health Departments is pivotal in terms of setting-up and rolling-out PM-JAY. Insights and experiences from RSBY and various state level schemes in addition to international experiences were considered in the design and implementation for the new PM-JAY.

For the design of the scheme, IGSSP provides advice and support in:

- technical advice on design of benefits packages,
- premium estimates,
- development of packages and rates,
- development of IT framework,
- development of hospital empanelment criteria,
- development of quality parameters,
- stakeholder consultations,
- bringing international experiences.

For the implementation of the scheme, IGSSP provides advice and support in:

- preparation of various guidelines,
- capacity building and strengthening of NHA and state implementers,
- design of awareness raising campaigns and tools,
- development of innovative digital solutions,
- data security and privacy,
- coordination with State Governments,
- development of monitoring framework and tools,
- research and evaluations.

In addition to funding by BMZ, IGSSP receives co-financing from the Bill and Melinda Gates Foundation.

Potential impacts

PM-JAY is currently one of the most important social policy reforms of the Indian Government. As PM-JAY provides people below the poverty line with cost-free access to health care, it is ultimately about empowering the poor. It aims at lowering out-of-pocket expenditures for health and may contribute to reducing poverty. It has the potential to fundamentally reform the Indian health sector and improve the quality of health services, since it is being implemented on a large scale.

In addition, PM-JAY contributes to job creation in the medical and related sectors. New hospitals may be opened in the next years, thereby also improving access to health care. With more than half a billion beneficiaries, PM-JAY is deemed to become the largest, completely government-funded, health insurance scheme in the world. It is a critical step towards Universal Health Coverage in India and hence to achieving the 2030 Agenda for Sustainable Development.