

Understanding the Decision to Purchase Health Insurance Among Academicians

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Abstract: This study investigates various factors influencing the decision of academicians in Malaysia to purchase health insurance. Health insurance is a policy that gives coverage for medical expenses and hospitalization. In Malaysia, health policy is commonly known as medical policy and the term medical card is broadly used to represent health policy and the benefits available under the policy. Through qualitative interviews with six faculty members, the research uncovers the complexities of the decision-making process. The findings reveal that personal experiences, cultural values, social influences, and financial considerations significantly shape these decisions. However, the study's small sample size and regional specificity limit the generalizability of the results. Future research should address these limitations by incorporating a larger and more diverse sample to enhance the external validity of the findings. Such an approach would provide a more comprehensive understanding of the factors influencing health insurance decisions and inform policy interventions aimed at improving healthcare accessibility and affordability.

Keywords: *Purchase intention, Health insurance, Academicians*

1. Introduction and Background

Health insurance operates as a financial instrument for individuals to mitigate the financial burden associated with medical-related costs and expenditures. Thus, this will offer a sense of security and peace of mind to the individual. In Malaysia, this policy is commonly known as medical insurance and the medical card is broadly used in representing health insurance policy and the benefits available under the policy. The fundamental focus is providing coverage for medical expenses and hospitalization benefits to the insured. However, diverse plans are offered by insurance companies, to meet the distinct needs of potential insured individuals. This paper aims to understand the factors that influence academicians' decision to purchase health insurance policies. Academic professionals, being a specific demographic with unique needs and considerations, present an intriguing cohort for analysis. This research provides an in-depth understanding of the motivations, preferences and challenges that drive academicians in Malaysia toward embracing health insurance coverage.

2. Literature Review

Health Insurance Industry in Malaysia

The health insurance industry is a crucial component of Malaysia's economy, playing an important role in mitigating personal and business risks associated with uncertainties. According to Gupta (2019), in 2015, health insurance accounted for 4.2% of the overall industry's premium. Consumers, in pursuit of superior services, are turning to private healthcare, despite government initiatives aimed at providing exceptional public healthcare (Rahman, 2010). Many Malaysians prefer the option of private healthcare as compared to government healthcare service provided as it is regarded to be of higher quality and has a shorter waiting time. According to Jaafar et al. (2013), highlighted 54% of medical specialists are associated with private emergency clinics, contributing to 20% of total admissions and over 12% of total outpatient attendances. This trend has had a substantial impact on the demand for health insurance since people are more likely to obtain insurance policies that allow them to use private medical facilities. Rahman (2010) describes attempts to improve public healthcare facilities. Projections by Tay et al. (2020) suggest that private emergency clinic beds are expected to constitute half of all medical clinic beds by the year 2020.

Factors Influencing the Purchase of Health Insurance Policies

A study conducted by Anil Singh and Malay (2021), found that there are six (6) significant key factors influencing individuals in their decision-making process to purchase health insurance policies, which are awareness, company-related information, risk, promotion, tax benefits, and security. The acquisition of

insurance policies depends on individuals' income levels. Lower-income groups of people often display less interest in purchasing policies when their priorities in fulfilling their immediate needs. Conversely, individuals with sufficient income exhibit a greater inclination to pay insurance premiums (Khan & S. Ahmed, 2013). This is supported by Aizuddin and Aljunid (2017) mentioned that the ability to pay for health insurance was found to be significantly predicted by monthly income and Salameh et al. (2015) in their study found that among public universities employees earning between RM5000 to RM10,000 per month were found to be more ready to pay for health insurance. Despite the above factors, social influences such as peer effects, family and insurance agents have an impact on health insurance demand (Ng et al. 2014). According to Yazid et al. (2012), demographic factors of age and gender are the most important factors in influencing medical and health insurance and Takaful demand.

Several studies undertaken in various countries (Yardim et al., 2010) show that healthcare services, including diagnosis and treatment, place a large cost of burden on consumers. This burden does not only relate to economic issues, but it may also result in treatment discontinuation, especially among low-income households. Thus, this has an adverse effect on the life of patients and their family members.

Health insurance is important in reducing the potentially catastrophic financial costs connected with chronic disease treatment. It helps ease the economic strain, enabling smoother spending patterns and subsequently an improvement in Quality of Life (Geng et al., 2018; Yardim et al., 2010).

3. Research Methodology

Qualitative research traces its origins to the fields of education and social sciences, particularly in the examination of intricate human behaviors (Taylor and Bogdan, 1984). According to Burns and Grove (2010), qualitative research represents a systematic and subjective approach to illuminate and interpret daily life experiences, providing them with significance. This methodology empowers researchers to delve deeply into behaviors, diverse perspectives, and life experiences, uncovering the intricacies of a situation within a holistic framework Creswell (2007, p. 15) characterizes qualitative research as follows:

"Qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher constructs a complex, holistic picture, analyses words, reports informant details, and conducts the study in a natural setting."

The fundamental aim of this study is to understand the decision-making process of academicians when purchasing health insurance. This is substantiated by the research question focusing on the factors that contribute to the purchase of health insurance among academicians. The study utilizes a qualitative approach, specifically focusing on a phenomenon-oriented investigation. The chosen methodology involves conducting semi-structured interviews, and the research is centered on six (6) academicians selected from the Faculty of Business and Management at UiTM Puncak Alam, Selangor.

4. Results and Discussion

Based on the findings, a thorough exploration has been conducted, probing into the decision-making process and the determinants influencing an academician's choice when acquiring health insurance. The research reveals key factors including preferences for health insurance, personal experiences, and the impact of an individual's cultural and belief systems. Additionally, socio-economic factors and the burden of increased medical expenses have been addressed in the analysis, contributing to a comprehensive understanding of the elements influencing the decision to purchase a health insurance policy.

Theme 1: Personal Experience and Cultural Values and Beliefs in Decision-Making and Challenges

When exploring the factors linked to an individual's decision-making regarding the purchase of health insurance, a comprehensive range of discussions can be undertaken. In the decision-making process, there is a notable emphasis on the substantial impact of personal experience, relationships, and the importance of timely and comfortable treatment in influencing the decision to acquire health insurance. Participants highlighted the role of friends, family, and their own health experiences in shaping their perception of the essential nature of health insurance.

Sub-Theme 1: Uncertainty of Health Conditions and the Influence of Healthcare System Experience

The current health situation with the development of epidemics and the evolution of serious diseases has resulted in health instability in the community. In other words, many patients have been and are seeking treatment in government hospitals as well as in private hospitals. Full beds in the ward are common these days. The health facilities offered by government hospitals are of high quality and comparable to the health facilities offered by private hospitals. Many specialist doctors of high caliber are from government hospitals. However, because of the comfort and speed of the treatment process in private hospitals compared to government hospitals, is one of the contributing factors to the demand for private healthcare facilities in the community.

"I strongly agree that health insurance is very important because the health condition is uncertain due to emerging diseases and epidemics."

"My experience with the waiting time and waiting list that are too long in government hospitals. This is the influence factor that led to the purchase of health insurance so that I can use the available benefit provided by the policy."

Sub-Theme 2: The Influence of Family Members, Friends, and Social Media

The demand for health insurance is significantly influenced by various factors, including the opinions of family, and friends, and the pervasive impact of social media. Notably, the sway of social media is particularly recognized for its substantial impact on younger generations. Social media not only impacts the younger generation but also serves as a rapid source of information. Most of the participants do agree with the trend towards increased individual autonomy in decision-making, with participants acknowledging their ability to access timely information from the internet. These are supported by various opinions from the participants interviewed.

"My family history made up the decision that influences towards health insurance."

"The use of social media has helped people to understand what health insurance is. Easy to get information from social media."

"I think TikTok or Instagram or whatever social media platform, it is just another marketing tool. But somehow it helps especially insurance companies to cater to the demand of the youngsters."

Sub-Theme 3: Perception of the Importance of Health Insurance

The perception of the quality of services provided by government hospitals has played a pivotal role in underscoring the significance of acquiring a health insurance policy. As individuals assess and form opinions about the healthcare services offered by government institutions, there is a growing recognition of the need for additional financial protection in the form of health insurance. This heightened awareness is driven by a desire to ensure comprehensive and timely access to healthcare services, recognizing that a health insurance policy can serve as a crucial safeguard in the face of uncertainties related to medical expenses.

"Waiting time and waiting list is too long in government hospitals."

"In government hospitals, actually they have specialists who are very good but then in terms of besides the specialists that you are looking at the same time, of course, I think every one of us would want a comfortable place for us."

"Health insurance gives peace of mind."

Sub-Theme 4: Knowledge and Trust to Agents and Takaful Operators

Building trust and fostering personal connections with insurance agents are integral aspects of the insurance relationship. Agents play an important role in guiding and supporting individuals, ensuring they have a thorough understanding of their policies, facilitating smooth claim procedures, and addressing any concerns that may arise throughout the insurance coverage. The importance of this collaborative and supportive partnership between agents and clients, enhancing the overall experience and effectiveness of the insurance relationship.

"I took health insurance before I had my child. I took it from my friend who is my HI agent. When she quit, I changed to another agent. I started to feel HI was not important because I did not know personally this agent. I changed to another agent when my daughter was hospitalized, I realized that HI is very important and I decided to continue with a new company."

"If we don't know the agent, this might give less understanding and information because we might be shy to ask further. Like myself, my agent is my ex-schoolmate. That I know that person."

"I do not understand the terminologies under the policy. Upon warded, I also took part in the co-takaful exercise which I had to pay RM500, and the rest TO will cover. I didn't know about it until I experienced it myself and my agent did not alert me on such conditions."

Theme 2: Socio-economic Factors and the Elevated Medical Expenses

This theme explains socio-economic factors and the increase in medical expenses. Socio-economic factors comprise sub-themes mainly on the income of an individual and their employment status as well as the factors of having the health insurance policy as part of their financial security, especially in mitigating the risks of health and one that has to bear the costs of medical treatments. Meanwhile, the sub-theme of elevated medical expenses will focus on the factors of the rising medical costs and their implications for the policyholders. The discussion will further look into the challenges faced by the policyholders.

Sub-Theme 1: Socio-Economic Factors

The participants widely agreed that both an individual's income level and employment status significantly affect the demand for health insurance policies. The predominant argument among most participants centered on the idea that a higher income enables the ability to afford more extensive coverage, ensuring continued affordability of monthly premiums.

"My experience during the time I worked as an administrator, limited my ability to take comprehensive coverage, but when I changed my career as an academician, it gave me more opportunity to get the best coverage for myself and my family due to the increase in my income and employment status."

This is also supported by Manuela De Allegri et. al (2006) who mentioned that the issue of affordability derived from lack of finances is the main reason for not joining health insurance.

"But if they have a higher income and maybe a good position in their job, of course, I think everyone would also include health insurance in their priority list because everyone now sees the importance of health insurance."

The primary hurdle is not merely enlisting participants in the policy, but rather the key challenge lies in effectively managing and upholding their monthly premium commitments to ensure the sustained efficacy of the policy.

"My main barrier may be due to the increase in premium costs and the premium is high. The main issue is the monthly commitment. In my friend's experience, she terminated her expensive coverage and moved to more affordable health insurance coverage suited to her affordability to pay."

Addressing the aforementioned scenario, individuals belonging to the lower income bracket may choose to rely on government hospitals, as Malaysia offers hospital services at a nominal cost. However, employment status and income would not be the main reason why people decide to purchase health policy.

"Income is not the factor that will influence to purchase of health insurance. Depends on the individual. There are cases in which professors do not have their health insurance policy. And in contrast, there is the ordinary level of workers who do have their health policy."

"People with higher income would be more interested in looking into health insurance. People with lower income might opt for government hospitals."

This is supported by research conducted by Dr. Anil Singh and Dr. Malay Ghosh (2021) stated that one of the six factors contributing to influencing individuals' decision to purchase health insurance policies is the individuals' income levels.

Sub-Theme 2: Financial Security

In the aspect of financial security and protection, participants emphasized their personal experience in the inclusion of savings and investment features in health insurance plans. Besides the analysis has highlighted the perceptions among the participants that health insurance acts as a cushion in times of sickness and serves as a safety net, particularly for critical illness. This is supported by a statement from one of the participants.

"Health insurance acts as a cushion upon our sickness. We must have health insurance coverage, especially with the increase in medical costs."

"Financial security and protection against unexpected healthcare expenses", reveals a strong consensus.

The purpose of having this policy goes beyond accessing top-notch treatment and services in private hospitals, it also includes the added benefit of enjoying savings from the investment features inherent in the policy. This preference arises from a reluctance to bear direct out-of-pocket costs, making the policy an appealing choice. In the state, they would rather go to the government hospital for such treatments.

"My last resort is to use my savings to cover my medical expenses and I would opt for a government hospital."

Sub-Theme 3: Rising of Medical Costs

The raised costs of medical treatment are unpreventable. The costs for medical treatments are very expensive and the costs keep on increasing especially when it comes to critical illnesses the cost is very high.

"Medical costs keep on increasing."

"The increase in costs can be seen especially with critical illnesses, and the cost is very high."

As a result, patients find themselves in the position of having to bear these additional financial burdens on their own. Despite efforts to mitigate the overall expenses through subsidization, the instances where patients are required to personally cover the costs of specific medications and medical equipment remain a prevalent challenge within government healthcare facilities.

"When my father was brought to Hospital UiTM and he underwent treatment, the doctor said if he needed to do a bypass or he needed to do some kind of operation, the cost that only being covered by the government is the doctor's costs but all the medical equipment the users need to be covered by themself."

Azzeri et al. (2020) asserted that health insurance validates government-provided medical treatments, however, lack of healthcare facilities and limited technological access has made international workers choose private health insurance.

Demographic Analysis

Based on the information below, those factors have been elicited from in-depth discussions held during semi-structured interview sessions with six selected academics.

Participant	Age	Insurer	Total Premium Payable for HI (RM)	Income	Frequency of Use for the current year / what year latest used	Year Policy Taken	Any Co-Takaful / Excess Applied
1.	42	BSN Prudential Takaful	300	9000	Did not make any claim since 2019	2007	Yes
2.	45	BSN Prudential Takaful & AIA Takaful	700	9000	2x	2005	No
3.	37	Great Eastern Takaful	200	8000	Did not make any claim for 2023	2017	-
4.	37	BSN Prudential Takaful	500	8000	Did not make any claim since 2020	2012	Yes
5.	38	Great Eastern Takaful	200	8000	Never had experience in claiming since policy taken	2017	-
6.	54	BSN Prudential Takaful	600	10,000	2x	2010	-

From the above table, it is evident that the participants' ages range from 37 to 54 years old, and their preferred health insurance providers are predominantly BSN Prudential Takaful and Great Eastern Takaful. The participants' monthly income falls within the range of RM8,000 to RM10,000, corresponding to a total premium payment varying between RM200 and RM700. Regarding claim activity, a majority of participants did not submit any claims in the current year, 2023, and 1 participant had never claimed from the policy. The policy initiation dates range from 2005 to 2017. Notably, some participants are aware of the application for Co-Takaful or excess, reflecting a shared responsibility in the claim amount among certain cases.

This is supported by a study by Salameh et al. (2015) showed the willingness to pay for health policies associated with the age factor, education level, and income level of academic staff.

5. Conclusion

In conclusion, this study has provided a comprehensive exploration of the factors influencing academicians' decisions to purchase health insurance in Malaysia. The findings reveal a multifaceted decision-making process, shaped by personal experiences, cultural values, social influences, financial considerations, and perceptions of healthcare services.

The first theme, "Personal Experience and Cultural Values and Beliefs in Decision-Making and Challenges," highlights the significant impact of individual experiences with healthcare systems, the influence of family and friends, and the role of social media in shaping perceptions and decisions regarding health insurance.

The second theme, "Socio-economic Factors and the Elevated Medical Expenses," explores the role of income levels, employment status, and financial security in influencing the demand for health insurance. The study emphasizes the challenges faced by individuals in managing monthly premium commitments, especially with premium increases. The rising costs of medical treatments, even within government hospitals, add to the motivation for acquiring health insurance coverage.

The demographic analysis provides the participants' profiles, showcasing variations in age, preferred insurers, monthly income, claim activity, and policy initiation dates. These diverse profiles contribute to a nuanced understanding of how different factors influence health insurance decisions among academicians.

As the landscape of healthcare continues to evolve, with emerging diseases, changing socio-economic dynamics, and evolving healthcare systems, the insights from this study contribute to a deeper understanding of the factors influencing health insurance decisions. This understanding can inform policymakers, insurers, and healthcare providers in tailoring their offerings to better meet the needs of individuals, ultimately contributing to a more resilient and responsive healthcare ecosystem.

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