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EMPLOYEE STATE INSURANCE SCHEME

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ABSTRACT

The employee state insurance scheme is a self-financing scheme. It is basically a multidimensional social security machinery, providing certain benefits and compensations in the event of sickness, maternity benefits to female workers, and employment injury. ESIS is administered by a corporate body known as ESIC, which represents employers, employees, the central government, state governments, doctors, and members of parliament. The worker's contribution is determined by earning capacity and is a fixed percentage of salary. Still, the benefit is based on individual needs without discrimination. This scheme provides a smart card (also known as a pehchan card) to the beneficiaries or dependents to receive the benefits from ESI. This article also investigates what the challenges and issues are in the scheme and how to overcome them.

Keywords: *ESIS, self-financing, smart card, employee, employer, corporate body, beneficiaries.*

INTRODUCTION

The employee state insurance scheme is a social security scheme that provides socio-economic protection to the workers of the organised sector and also to their dependents like wives, parents, and children. The first legislation on social security in our country (India) was the proclamation of the Employee State Insurance Act, 1948, by the parliament. In 1952, the ESI Scheme was initially only put into effect in the two industrial hubs of Kanpur and Delhi. Since then, there has been no turning back in terms of its demographic and geographic distribution. In order to keep up with the industrialization trend, the scheme is currently being implemented in approximately 843 centres across 33 states and union territories. The Act presently covers more than 7.83 lakh factories and enterprises nationwide, providing coverage for nearly 2.13 crore covered individuals and family units. The number of beneficiaries currently exceeds 8.28 crore.

Today, Social Security is a reality for millions of people all over the world. It is a vital component of public policy, and the measure to which it is prevalent is a gauge of a nation's development. Social security is described by the International Labor Organization as "the

security that Through the use of the proper organizations, society protects its members from certain risks. These risks, which include sickness, maternity, invalidity, old age, and death, are fundamentally events that a person with limited resources and means cannot properly safeguard against on his own competence or foresight alone, or even in private cooperation with his fellows. These unforeseen circumstances are characterized by endangering the working man's ability to provide for his dependents in a healthy and rational way". In a registered company the worker who is working for salary below 25,000 is eligible for ESI benefits. The employee and employer contribution are mainly financed in this scheme. The employee and employer contribution from their wages or salary is at the rate of 1.75% and 4.75% respectively.

From their contribution, they will get many benefits, such as medical care for sickness, maternity, disability, dependents, funeral expenses, and other benefits. In the event of an emergency or a health problem, insured individuals can receive free treatment and medications from ESI Corporation. because the payment to the government is made on a daily basis This scheme is also available to the insured person's dependents. This scheme not only provides medical care to the insured person and dependents but also provides cash benefits to compensate for the loss of wages or loss of earning capacity. In this article, I will discuss what benefits are available to workers and what an ESI smart card is. Challenges and problems in the ESI scheme, as well as solutions

Coverage under the ESI Act of 1948

The Act now applies to non-seasonal power-using factories employing 10 or more people as well as non-power-using factories employing 20 or more people. Originally, it only applied to non-seasonal industries using power and employing 20 or more people. Under Section 1(5) of the Act, the scheme has been made available to businesses that employ 20 or more people in shops, hotels, restaurants, preview theatres, road motor transport activities, and newspaper establishments. This scheme is implemented in all union territories (Delhi, Chandigarh, Pondicherry) and states except Nagaland, Manipur, Arunachal Pradesh, Sikkim, Mizoram, and Tripura.¹

Benefits to Employees

Section 46 of the ESI Act talks about the benefits for employees. The workers can avail of this benefit in the course of employment.

MEDICAL BENEFIT

¹ Kumar, Jayaprakash. (2011). Employees State Insurance Corporation. 2011. 246-250.

Medical benefits are the most important of all the ESI benefits available to insured people and their families. The corporation primarily provides medical treatment through a well-developed network of ESI dispensaries, hospitals, and a panel of clinics established around the nation. The date an insured person begins working in an insurable job determines when he or she and any dependents are eligible to receive medical care. This eligibility lasts as long as the insured employee works in an insurable position or is eligible to make a claim for situations like illness, pregnancy, or any type of disability. The amount that an insured person or a family member can spend on care is limitless. Medical care is also available to retired and permanently disabled insured individuals, as well as their spouses, for a small annual premium of Rs 120/-. This benefit includes a medical care package such as treatments like inpatient and outpatient treatment, specialist consultation, lab investigations, dressings, artificial limbs, wheelchairs, and health improvement services like vaccinations and periodic health checkups. The medical benefit package consists of primary care, secondary care, and tertiary care, i.e., super-specialty treatment such as open heart surgery, bone marrow transplantation, kidney transplantation, neurosurgery, etc. Medical benefits are provided to insured individuals who retire at the age of superannuation and have worked for five years. The life partner is also entitled to this benefit.

SICKNESS BENEFIT

A covered employee under the ESI scheme may receive a sick benefit in the form of consecutive cash payments while experiencing a certified illness that necessitates medical treatment and time away from work for a medical reason. The plan allows for the payment of 91 days of sick leave at a rate of 70% of the average daily income over the course of two benefit periods. To be eligible to get sickness benefits under ESI, the worker should follow these conditions.

- The ESI-covered employee must have made contributions for at least 78 days of the relevant contribution period.
- When an employee covered by ESI starts an insurable job for the first time, he or she must wait almost nine months before being eligible for sickness benefits because the appropriate benefit period does not begin until then.
- Except in cases where a sickness spell begins within 15 days after the end of an earlier spell for which sickness benefit was last given, the first two days of a sickness spell are not covered by sickness benefit. "Waiting period" refers to this two-day period.

Extended Sickness Benefit

After 91 days of sick leave have passed, an extended sickness benefit of up to two years may be awarded if an employee covered by ESI is dealing with long-term illnesses and severe hardship. As a result, the prolonged illness benefit is only available if an employee has used up all other possible sources of sick leave. Additionally, in order to be eligible for the Extended Illness Benefit, an employee must have been working continuously for

two years or longer at the start of a sickness episode during which the disease is diagnosed, as well as meeting other contributing requirements. A variety of illnesses or disorders are covered by the Extended Sickness Benefit.

Enhanced Sickness Benefit

In order to encourage employees covered by ESI who are having a vasectomy or tubectomy, enhanced illness benefits were implemented in 1976. Employees covered by ESI are entitled to ordinary sickness benefits equal to 100% of their average daily pay for undergoing sterilisation procedures for the benefit of their families. In the case of a vasectomy, the duration of enhanced sickness benefits is up to 7 days, and in the case of a tubectomy, the duration is up to 14 days, starting from the date of the procedure or, if applicable, the date of hospital admission. If there are any difficulties following surgery, the enhanced sickness benefit term may be extended.

MATERNITY BENEFIT

To be able to give birth and create life is a blessing for women. This benefit entails periodic payments in the event of confinement, miscarriage, medical termination of pregnancy, and illness brought on by pregnancy. The benefit rate is twice as high as the average benefit rate, or the full average wage plus more. The prerequisite for payment is that the insured woman must have put in 70 days of labour over the course of two consecutive contribution periods that immediately preceded the due date, the anticipated due date, etc. The longest time frame during which this benefit may be used is 26 weeks in cases of confinement and 6 weeks in cases of miscarriage. If the illness brought on by pregnancy or confinement lasts longer than expected, an additional month's compensation is also possible.

DISABLEMENT BENEFIT

This act provides cash payments as a benefit to the insured person (IP), who has suffered temporary or permanent disablement due to an employment injury, if he is certified to receive such payments. When a temporary disability resulting from an employment injury occurs, the insured person is eligible for a disability benefit for the entire time that it has been certified by a particular insurance medical officer or practitioner and during which the insured person is not working. In the event of a permanent disability, the permanent disability payment is payable until the insured person's death.

DEPENDENT BENEFIT

If an insured person dies in the course of employment due to an accident, their dependents are eligible for the benefit. The dependents may be their father, mother, spouse, or children. Dependents' benefit is paid to their family at a rate equal to 90% of the deceased person's wages in the form of a monthly payment. For this benefit, there are no contributing requirements to meet. Therefore, a person's dependents are eligible for compensation even if they pass away from an employment injury on their first day of work.

OTHER BENEFITS

Other than these five benefits, the insurable person can avail of other miscellaneous benefits. They are funeral expenses, old-age medical care, and rehabilitation.

- If the insured person dies, the funeral expenses can be paid for by family members. Dependents may receive \$ 10,000 to perform his or her final rites.
- Employees who retire with superannuation or under VRS/ERS must pay this. This benefit is available to everyone, including people who leave their jobs after getting permanent injuries and their spouses. In this place, the monthly salary is about Rs. 120.
- Employees with permanent disabilities typically receive this. For both their physical and vocational rehabilitation, they are eligible for this benefit.

WHAT EXACTLY IS AN ESI CARD OR AN E-PEHCHAN CARD?

The ESI smart card is a type of self-identity magnetic card given to all employees enrolled in the ESI scheme. This biometric card was launched in Bangalore. Through this card, the workers can claim medical and sickness benefits at ESI network hospitals or dispensaries by showing the ESI card or E-Pehchan card. The "Pehchan" project is being executed in BOOT mode (build, own, operate, transfer) with Wipro Technologies. Every employee will receive two smart cards, one for himself and another for his or her dependent, and they will be able to get all the facilities through the ESI scheme. The insured person needs to produce a physical copy of the card to claim the medical facilities at the hospitals. This pehchan card is mandatory to get medical facilities under the ESI Act of 1948.

The ESI card gives lifetime validity to the workers. As a result, when the worker changes jobs, he or she does not need to apply for a new card. The insured person can continue using the card that was given to him at his first job to obtain the benefits. However, he must notify the new employer of the ESI card and provide the insurance number. The registration for the smart card can be done through the ESIC portal using his insurance number. This card is helpful in tracking the history of an insured person's medical

treatment, and since it is magnetic, it stores all the person's medical information. Because the ESI card is protected by biometric authentication of the insured individuals, there is no need for them to be concerned about its misuse. Along with ensuring transparency, it also lessens fraud. The employee must bring any dependents to the ESIC office together with the completed e-Pehchan card counterfoil in order to have their fingerprints taken. After the ESIC office has obtained the fingerprints, two ESI cards will be sent to the insured person by courier.

Challenges and Problems

The major problem with the ESI scheme is the administration of medical facilities. Some of the drugs in the ESI programme are free, while others are reasonably priced. though most of the employees were dissatisfied. The insured person feels that the quality of the drugs is not good, and on occasion, they were given medications that had passed their expiration date. Many studies show that the majority of beneficiaries are not satisfied with the facilities in terms of test quality and timely service delivery. Due to lengthy recruitment procedures, there are still many vacant positions available for medical staff. Super-specialised treatments are becoming more expensive and technologically advanced, and the major problem is that people in rural areas are not aware of the ESI scheme's services.²

An inadequate claim for additional benefits has been identified. the majority of respondent insured persons [women] are satisfied with the financial benefit associated with maternity benefits. Concerning disability, there was unhappiness. Additional perks are also available. These conditions, according to the beneficiaries, are the result of a variety of factors, including a delay in benefit payments, difficult claims processes, the need for frequent office trips at the expense of reduced pay, and so on. Due to the drawn-out process and regular income reductions, many decide not to file claims for their benefits. The next issue is the insured people's lack of understanding of their rights. The insured individuals are not sufficiently educated to comprehend the system. They are being bullied by the bureaucracy in such a situation.

The last challenge is that the majority of ESIS dispensaries are located in rented spaces. Some of these structures are dilapidated and unfit for installing computer systems or offering high-quality healthcare services. Services are typically subpar since the state government is unable to give ESI the required priority.

² Mavalankar, Dileep, and Ramesh Bhat. "Health insurance in India: opportunities, challenges and concerns." *Ahmedabad: Indian Institute of Management* (2000)

solution to the challenges

The ESI Scheme's management of medical facilities is the subject of the harshest criticism. When drafting any social security reform programme, this subject has to receive the most attention. There is a case for managing medical benefits and monetary benefits independently under the ESI Scheme. The medical benefit is funded in large part by the ESI Corporation's resources.

A mobile application (bilingual) and IP care services from ESIC may be the next option for high-quality services. Whether it is a manufacturing or another type of enterprise like a hospital or educational institution, hotels, restaurants, and other businesses will all be subject to ESI. Since everyone in the world has a smartphone today, IPs can operate a mobile app whether or not they have a degree. Through this app, beneficiaries can communicate with ESI officials directly, file a complaint if necessary, enter their account information, and, most importantly, avoid wasting time by constantly visiting the ESI office or dispensary. This app will also have the added benefit of reducing paperwork, which will allow beneficiaries to fill out claim forms as quickly as possible without wasting time because they must be submitted within a certain window of time in order to be eligible for certain benefits.³

There may be a reduction in the minimum number of employees needed to qualify for coverage, from the current threshold of 10 to 5 or more. Since the coverage area would be expanded, businesses that unfairly benefit from lower labor costs due to not having to reimburse their employees' social security expenses would also be included in the ESI.

CONCLUSION

It is concluded from the article that both the business and the employees should provide benefits to the workforce in a suitable manner. Organizations should raise general awareness of the Employee State Insurance policy. A study on insured persons' perceptions of ESI service delivery is essential for the success of ESI schemes and the treatment of the numerous diseases that they affect.

³ Garg, Perna. "Challenges And Problems Of Service Delivery Mechanism Under Employee State Insurance Hospitals And Its Schemes."