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Design Thinking Approach to Dr. YSR Aarogyasri Health Insurance Scheme

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Design Thinking Approach to Dr. YSR Aarogyasri Health Insurance Scheme

Introduction

The “Dr. YSR Aarogyasri Health Insurance Scheme” is a flagship initiative and the scheme was launched with the aim of providing universal health coverage to Below Poverty Line (BPL) households by providing financial assistance for secondary and tertiary healthcare needs. Which was introduced by then Chief Minister of Andhra Pradesh Dr. YS Rajasekhara Reddy in 2007. The Scheme has been instrumental in bridging the healthcare gap for the economically weaker section people and providing cashless treatment for a wide range of medical conditions for those who enrolled in government and private hospitals. This scheme’s objectives include improving access to quality healthcare, reducing out-of-pocket expenses and strengthening public health infrastructure through a public-private partnership model.

However, as a resident of Andhra Pradesh, the observations shows that despite its achievements, the scheme faces several challenges such as limited awareness among beneficiaries, limited accessibility to healthcare services in rural areas and inconsistency in providing quality of healthcare services across hospitals. To address these challenges, integrating design thinking principles can improve the policy process by framing challenges faced by beneficiaries, understanding their problems, defining key issues with the policy, ideating possible solutions, prototyping these solutions and testing them in the ground.

This scheme itself is not a policy but it is integrated into the National Health Policy, 2017. This is a **Distributive Policy** because it is a service that the government provides on healthcare to BPL households and provides transfers to patient accounts throughout the treatment process. Coming to policy implementation model, it is a **Public Choice Model** because the people of Andhra Pradesh approached then CM YS Rajasekhar Reddy, and requested better

healthcare services in the state. After considering their request, CM introduced this scheme to address their healthcare needs.

Therefore, this scheme perfectly aligns with the **Multiple Stream Framework** as it involves the three main streams of this framework: political, problem and policy. The state CM stepped in with political will. The problem is the lack of accessibility to healthcare services for economically weaker sections of the population. The policy response was the introduction of this scheme.

The **Official** and **Unofficial** actors in this scheme as shown in the table 1.

Table 1: *The Official and Unofficial actors*

Official Actors	Unofficial Actors
Govt. of Andhra Pradesh	Media outlets
Dr. YSR Aarogyasri Health Care Trust	Community leaders
Both Govt. and Private Hospitals included in this scheme	Community healthcare workers (E.g. ASHA, ANMs)
AarogyaMithras — the facilitators employed by the scheme to assist the beneficiaries	SHGs (Self-Help Groups)

This policy brief explores how design thinking can be applied to the Dr.YSR Aarogyasri health insurance scheme to improve its effectiveness and impact on BPL households. The scheme can be improved using design thinking to better serve the changing healthcare needs of BPL households in Andhra Pradesh. Here are the stages of design thinking:

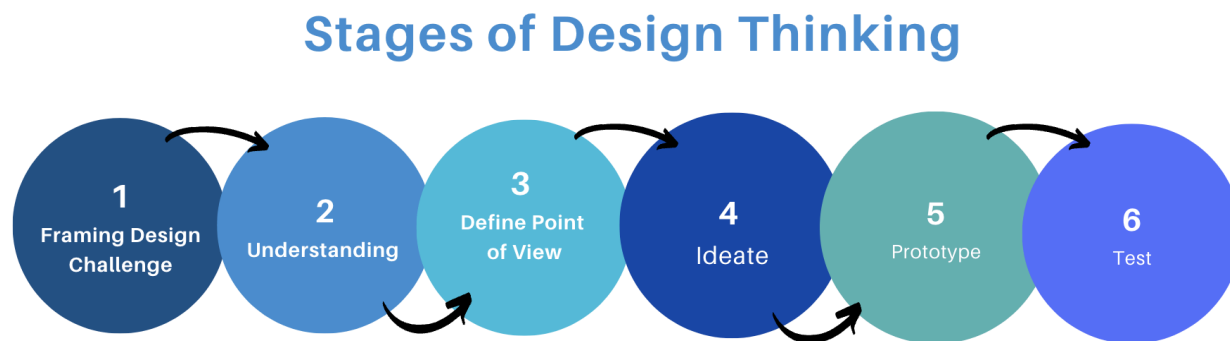


Figure-1: Stages of Design Thinking
Source: Created by the author using Canva (2025)

1. Framing Design Challenge

The Dr. YSR Aarogyasri Health Insurance Scheme has tremendously reduced the financial barriers to healthcare for the low-income households in AP by providing cashless treatment for more than 1,500 medical procedures across specialties like cardiology, oncology and neurology (Bajaj Allianz, 2025). It provides ₹ 5 lakh per year to each family, covering hospital expenses before and after the treatment, follow-ups and even existing illnesses (Dr. YSR Aarogyasri Health Insurance Scheme, 2025). The scheme partners with both government and private hospitals to ensure better access to quality healthcare with over 16 lakh beneficiaries enrolled in 2022 (SVICCAR, 2022). The scheme also covers transport and food costs which reduces the financial burden for rural households (Dr. YSR Aarogyasri Health Insurance Scheme, 2025). Additionally, conducting health campaigns under the scheme to promote early disease detection and better health awareness (Policy Bazaar, 2025).

Despite these benefits, the scheme has faced several challenges such as limited coverage for non-listed conditions, excluding critical treatments like organ transplantation and long-term illnesses such as tuberculosis and HIV/AIDS (Bajaj Allianz, 2025). The studies found that while the scheme mainly focuses on secondary and tertiary care, primary healthcare remains

underfunded, creating gaps in preventive and routine care (SVICCAR, 2022). Also, there are some implementation challenges in the scheme, such as delayed reimbursements to hospitals since 2007, which can affect the quality of healthcare service, insisting patients to pay the hospital fee and limited awareness of eligible beneficiaries about the enrollment process (IJRAR, 2022). Additionally, households whose earnings are slightly above 5 lakhs are not eligible for this scheme, even if they still struggle financially, making it inequitable.

2. Understanding

Pain Point Mapping: This is a method used in design thinking to identify the problems, struggles, challenges and frustrations of users while trying to avail the service or product provided by the government. The followings are the pain points of this scheme:

1. Despite MoU among the private and government hospitals to provide cashless treatment to economically backward households, some hospitals still charge the money from the beneficiaries.
2. Lack of awareness about the scheme among beneficiaries in rural areas and semi-urban areas.
3. Lack of inclusion of enough hospitals in the scheme, especially in rural areas.
4. Delays in reimbursement to the hospitals which led to poor quality of healthcare service.
5. Digital divide and exclusion in the online application process, especially in rural areas.

6 W/H's Mapping: This is also a method used in design thinking but it's a structured one. This method is helpful for problem solving by asking questions like What, Who, Why, Where, When and How. In addition, it also helps in understanding the problem from different perspectives.



Figure-2: 6 W/H's Mapping

Source: Created by the author using Canva (2025)

What? — A health insurance scheme to provide universal health coverage to Below Poverty Line (BPL) households by providing financial assistance for secondary and tertiary healthcare needs in Andhra Pradesh.

Who? — This scheme targeted BPL households including ration card holders, pensioners and other economically weaker section households. Eligibility extends to households with below ₹ 5 lakh annual income and those who are meeting specific landholding criteria as per the scheme eligibility.

Why? — The purpose of this scheme is to reduce out-of-pocket health expenses, improve access to quality healthcare service and strengthen public health infrastructure. It ensures that financial barriers do not hinder the access to basic healthcare needs for the economically disadvantaged.

Where? — This scheme functions across Andhra Pradesh with empaneled hospitals which are located in both urban and rural areas to ensure widespread accessibility.

When? — The scheme was launched in 2007, under then CM Y.S. Rajasekhara Reddy but the issue is still related to contemporary situations.

How? — The scheme was implemented through a public-private partnership model which is managed by the Aarogyasri Health Care Trust. This trust oversees the enrollment process, hospital empanelment and reimbursement process.

Empathy Mapping: This is a tool that is used in the design thinking process to understand how the user's experience with the scheme could be thought, feeling, behavior or challenges. It organizes these experiences into four keys such as Says, Thinks, Does and Feels. This also helps in identifying pain points, unmet needs of the user and it allows policymakers to draft user centric solutions.

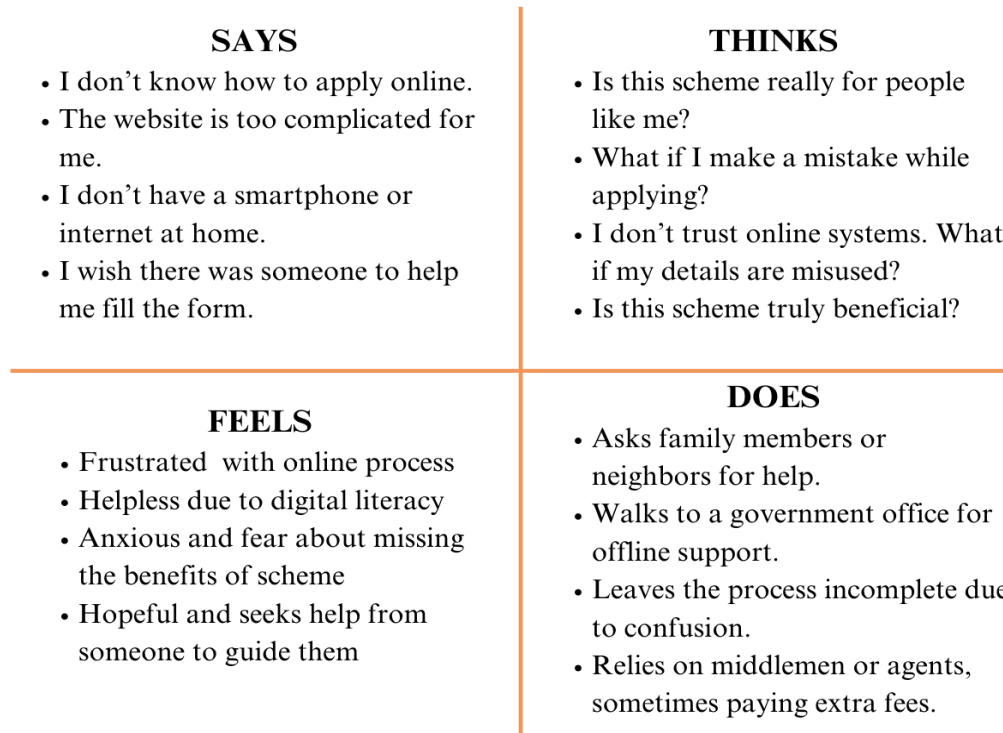


Figure-3: Empathy Mapping

Source: Created by the author using Canva (2025)

3. Define Point of View

Problem Statement:

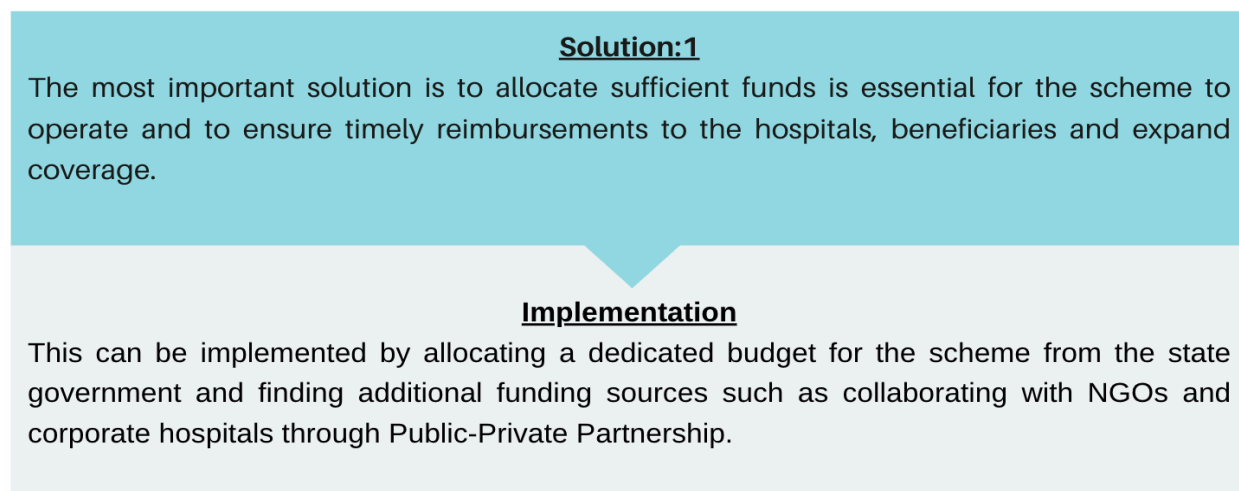
The scheme has not achieved its potential goals due to several challenges faced that impede its effectiveness and equity. Despite providing universal health coverage to BPL households in AP, the scheme struggles with delayed reimbursements, impacting the service quality (Marg Compusoft, 2025). The stringent empanelment process limited the availability of hospitals particularly in rural areas (Marg Compusoft, 2025). Awareness among eligible beneficiaries has been low with a significant knowledge gap about enrollment processes and eligibility criteria (PMC, 2024). Additionally, critical treatments like organ transplantation and

chronic diseases such as HIV/AIDS were excluded, leaving the vulnerable population without coverage (Niva Bupa, 2025). Also, the households with slightly above 5 lakh income excludes, reducing equity (HDFC Ergo, 2024). It is essential to address these challenges to ensure universal access to quality healthcare for all eligible beneficiaries in AP.

4. Ideate:

This is the stage where teams brainstorm and generate a set of creative solutions to address the identified problems. This stage is all about thinking beyond the general solutions, challenging assumptions and exploring new ideas before moving to the prototyping stage.

Story Map/Flow Chart for Multiple Solutions:



Solution:2

Conducting scheme awareness campaigns to provide information to targeted and eligible beneficiaries about the benefits and enrollment processes of the scheme.

Implementation

- 1.By utilizing local and social media, involving community health workers and health campaigns for outreach.
- 2.Providing training to Sachivalayam Volunteers and guiding them to inform beneficiaries about the scheme as they have the details of every household in their Sachivalayam.

Solution:3

Streamlining the process of empanelment to increase the participation number of the hospitals particularly in rural areas.

Implementation

Simplify the criteria and provide incentives for hospitals to join the network.

Solution:4

Integrating and implementing digital solutions to improve monitoring, data collection and transparency in the process.

Implementation

Use IT systems for real time tracking of patient data and claims processing.

Solution:5

Expanding the scheme's coverage to integrate more treatments and procedures include organ transplantation and HIV/AIDS etc.

Implementation

Conduct an assessment survey to understand the needs and identify the gaps in current scheme coverage.

Solution:6

Implementing a strong monitoring system to ensure consistent quality of healthcare service across all network hospitals, which will also address the challenge of violation of scheme regulation.

Implementation

Conduct audits once in every month and provide feedback to the hospitals on their performance.

Solution:7

Adjusting eligibility criteria to include more economically weaker section households.

Implementation

Review income thresholds and consider other factors like land ownership, household size and employment status.

Solution:8

Improve healthcare facilities by improving infrastructure and ensuring sufficient amount of supplies and equipment.

Implementation

Invest in infrastructure improvement in the hospitals and collaborate with corporate companies to provide equipments on subsidies.

Figure-4 : Ideate

Source: Created by the author using Canva (2025)

5. Prototype:

This is a preliminary version of the product, service or solution that used to test and refine the ideas before the final implementation. It is a crucial part of the **Iteration Process** which allows designers to explore, experiment and improve based on user feedback.

Policy Intervention — Policy Flow:

1. Create a prototype for a digital reimbursement system that streamlines the hospital reimbursement processes, reduces the delays in payment process and improves transparency. Adding some features in that digital platform such as real time tracking of claims, automated payment process and sending notifications for pending reimbursements.
2. Create a prototype for conducting awareness campaigns by using social media platforms, local TV channels, ads on newspapers, placing posters in government offices like panchayats and conducting awareness campaigns in the districts to inform beneficiaries about the scheme's benefits and enrollment process by providing training to ward volunteers.
3. A prototype for streamlining the process of joining networks to increase participation of hospitals in the scheme which would address the challenges faced in accessing healthcare service by rural beneficiaries.
4. Implementing a prototype for a strong monitoring system to ensure consistent quality of healthcare services in the hospitals. It also contributes positive externality as in reduction in violation of scheme regulations.
5. Finally, a prototype for hospital facilities by enhancing the infrastructure and placing proper equipment and supplies in the hospitals.

6. Pilot Testing

Pilot testing is a process of implementing a proposed solution in a small scale to check its effectiveness in real word before the full-scale execution. It helps in gathering practical feedback, identifying potential problems and modifying the solutions as per the user experience and requirements. Here in this case, the pilot testing could be done in one district to check its effectiveness as said earlier, to analyze its impact by collecting feedback from the users and to refine the scheme.

Conclusion:

The Dr. YSR Aarogyasri Health Insurance Scheme is a great initiative that helps poor people of Andhra Pradesh to access better healthcare services at zero cost. The scheme made healthcare more accessible to those who cannot afford costly treatment and hospital bills. However, implementing the solutions as outlined in this brief to mitigate the challenges mentioned above the scheme can become more effective than before and become an inspiration for other states to follow in India.

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