

# Health Insurance

Health insurance covers the cost of treatments availed while the insured person is hospitalized. It also covers the cost of medicines and other healthcare facilities while admitted to the hospital. Here we have covered everything you need to know about health insurance in India. Let's begin with the following:

## What Is Health Insurance?

Health Insurance like any other form of insurance provides financial support in the time of need. Health insurance covers the cost of medical expenses incurred due to hospitalization or treatment for the insured.

Insured is the person who is covered under the Policy. A person may buy policy for his/her family in which case all family members are insured. After an illness, the insured will either pay the cost of treatment from his pocket and then file a health insurance claim or avail a cashless claim where the insurance company will pay the cost of treatment directly to the hospital.

Through health insurance, one can get a cover for the following during hospitalization:

- Cost of hiring an Ambulance
- Cost of Hospitalization stay
- Surgeon charges and operation theatre charges in case of surgery
- Medical Tests
- Doctor Visits
- Medicines

## Importance of Health Insurance in India

The climate in India varies according to its geographical regions. Our nation experiences varied forms of temperatures and weather conditions simultaneously. Changing climate can lead to health issues among citizens.

There could be a number of other factors which affect a healthy person leading to poor health. Mostly, health issues occur without intimation. At such times, people are not usually prepared to bear the high cost of treatments or hospitalization. This is where health insurance comes into the picture. It will lend a financial cover in case a medical emergency arises.

It is often believed that health insurance plans should be bought by people in the later stages of their lives as they are likely to fall ill frequently due to old age. Contrary to this belief, health insurance plans should be bought even for children. This is to avoid any delay in availing medical treatment in the time of need.

Health insurance proves to be helpful because of the following:

### **Expensive Medical Treatments**

Cost of medical treatments is increasing with each passing day. A few days of hospitalization easily costs thousands of rupees in India. In such case, it is hard to save money in advance for availing medical treatments. It becomes difficult to keep up with increasing medical bills. As a result some people tend to avoid taking full treatment for the medical condition they are suffering from. This could prove to be dangerous. Health insurance can help you to get out of a tough spot when you don't have enough funds to avail medical treatment.

### **Unforeseen Risks**

Life has always been unpredictable and with increasing speeds at which vehicles run, one cannot be 100% sure that an accident may not happen. Be it road accidents or something as simple as a falling tree, being prepared for such perils will always be helpful. As compared to saving a sum of money for such events, buying health insurance offers more benefits.

### **Lifestyle**

People nowadays have busy schedules and hectic lifestyles. This is having an adverse effect on their health leading to issues like high blood pressure, stress, hypertension, etc. Health insurance provides a cover for these conditions as well. Thus, it is better to avail a financial cover through health insurance instead of spending the entire amount from the pocket.

## **Availability of Healthcare**

India being a developing country, quality medical facilities are not easily available nationwide. In such situations, one can avail treatment from hospitals which provide advanced healthcare in another part of the country. This can be possible without worrying about the number of medical bills and cost of medicines.

## **Tax Benefits**

Apart from enabling people to avail quality healthcare, health insurance plans also offer tax benefits. Under section 80D of the Income Tax Act, the benefit of up to Rs. 25000 can be obtained per year on a plan. Also, if a health insurance plan is bought for parents, one can get a rebate of Rs 15000-20000. If parents are senior citizens, you can get a rebate of up to Rs. 30000 on health insurance policies.

## **What Are the Types of Health Insurance?**

A health insurance plan can be bought for an individual or for the whole family. In family covers, the sum insured can be available in full to each insured in the family or the sum insured may be shared on family floater basis. A health insurance policy can be of the following types depending upon the plan selected by the policyholder:

### **Mediclaim or Comprehensive Health Insurance Plans**

These plans cover the cost of treatment during hospitalization of any of the insured persons in the policy. This is a comprehensive plan as it covers all kinds of hospitalizations (other than a small number excluded diseases as per the policy) and the full hospitalization bill up to the sum insured.

### **Critical Illness Plans**

A critical illness plan offers to pay a lump sum amount if the insured person is diagnosed for predefined critical illnesses. These plans are beneficial in cases where the cost of treating an

illness is significantly higher as compared to other health issues. Specific illnesses like cancer, stroke, heart attack can be covered under this plan.

### **Daily Cash Benefit Plans**

Through this plan the insured will be paid the cost of treatment on daily basis. The amount paid will be as per the terms and conditions of the health insurance plan. The amount paid will be fixed irrespective of the actual daily expenditure.

### **Personal Accident Insurance**

This insurance provides financial support to the next of kin in case the insured dies in an accident. This insurance is also helpful if the insured person suffers temporary or permanent disability due to an accident.

### **Health Insurance Plans for Senior Citizens**

As the name suggests, these plans are specifically designed to cover the cost of medical treatments given to elderly people. The health issues concerning senior citizens require specific treatment. With health insurance, a senior citizen can avail medical facilities seamlessly.

### **Family Floater Plans**

As the name suggests, this is a consolidated plan which covers the whole family. Thus, members of a family need not buy separate health insurance plans.

### **Top-up and Super Top-up Plans**

Top-up and Super top-up plans are useful when your health insurance cover gets exhausted. A health insurance policy has a threshold on the sum assured to be paid in one policy year. A top-up plan will pay the remaining amount after the threshold of your health insurance plan is met. A super top-up plan works in a similar manner but irrespective of the threshold or number of claims.

### **Disease specific plans**

These plans cover specific diseases for example, Cancer. The difference between a Critical Illness Cover and a Disease Specific plan is that the former type provides insurance only in the later stages of an illness where as a Disease Specific plan provides financial help from the onset of a disease.

## **How Does Health Insurance Work?**

A health insurance policy is an annual contract between an insurance company and the insured person. According to this plan, the insurance company will bear the cost of medical treatments availed by the policyholder. Health insurance plans need to be renewed on annual basis similar to vehicle insurance.

It is not always necessary that a claim is made against the policy. In such cases, the insurer grants an increase in the sum insured or a discount on the premium of the health insurance policy. This depends on the insurance company. This discount is called a No Claim Bonus. It is cumulative in nature and increases in percentage by each consecutive claim-free year.

## **Factors Affecting the Cost of a Health Insurance Policy**

Each policyholder is of a different type and dwells in a different condition. Thus, the cost of health insurance varies from person to person. However, to get a general idea about the factors that affect health insurance premium, let's take a look at the following.

### **Medical History**

An individual may be suffering from certain medical conditions at the time of applying for the policy. These, if covered under health insurance, will lead to a higher premium. This happens because in this case the likelihood of an insured person to avail medical treatment increases.

### **Pre-existing illnesses**

A pre-existing medical condition cannot be covered under a health insurance policy. It takes a couple of years before you can file a claim for the cost of treatment of a pre-existing condition.

The waiting period depends on the terms and conditions of the insurance company. It is a good idea to inquire about the same before opting for health insurance from a certain insurer.

## **Habits and Lifestyle**

Leading a healthy lifestyle decreases the cost of health insurance plans. On the other hand, habits like smoking, consuming alcohol or chewing tobacco can lead to higher health insurance premium.

## **Age**

An elderly person has higher chances of falling ill as compared to a young individual who leads a healthy lifestyle. Thus, the cost of health insurance policy depends upon the age of an individual.

## **Geographical location**

As mentioned earlier, Indian regions differ in climatic conditions. This could lead to health issues as some regions have extremely cold climatic conditions, while others experience extreme rainfall or even heat waves . Also, poor health conditions are a cause of many illnesses in the country. Thus, the cost of health insurance policy varies upon the location of residence of an individual.

## **Key Benefits of Health Insurance**

Buying health insurance could reduce the yearly cost of medical expenses to a great extent. This is possible due to a wide coverage offered by these insurance plans. Here are the key advantages of buying a health insurance policy:

### **Coverage for Hospitalization**

Your health insurance will pay for the cost of hospitalization due to various illnesses, accident or other medical conditions. A minimum of 24 hours of hospitalization is required in order to raise a claim against your health insurance policy.

## **Pre and Post Hospitalization**

A medical treatment could continue before or after hospitalization. Health insurance covers this cost as well. Usually, the cost of medical treatment covered is 30 days before and 90 days after hospitalization.

## **Charges for Ambulance**

Calling an ambulance proves to be helpful in case of medical emergencies. These vehicles come equipped with life-saving devices. The treatment could begin as soon as the patient is on board in an ambulance. Health insurance covers the charges of hiring an ambulance.

## **Domiciliary hospitalization**

Some insurers provide the cost of treatment availed at home instead of the hospital. This can be the case where a patient is willing to spend time with the loved ones in the comfort of their homes instead of a peculiar environment of the hospital. It is a good idea to confirm if this is covered under your health insurance plan by contacting your insurer.

## **Health check-ups**

It is a good practice to undergo regular health checkups. This helps in monitoring the current health condition of a person. Also, regular check-ups help in detecting an illness in its early stages making it easy to treat it in time. The cost of these check-ups is covered by some insurers under their insurance plans.

## **How to Buy Health Insurance?**

Traditionally, health insurance could be bought only via offline means. However, since the advent of the internet and increased connectivity, it is possible to buy the policy online as well. Nowadays, insurers are keen on directly serving their consumers. They have dedicated websites from where a person willing to get insurance can compare, understand and buy a health insurance plan directly from the insurer without the need for intermediaries or brokers.

If you want to avail insurance offline, you need to personally visit the insurance intermediaries or brokers. They are licensed and governed by Insurance Regulatory and Development Authority of India (IRDAI). A health insurance broker will only assist a person in comparing various products and buying a suitable plan. An insurance broker is licensed to sell health insurance plans from more than one insurance company. Insurance intermediaries will assist the policyholder through the complete cycle of health insurance i.e. from buying a suitable plan to filing a claim against the policy.

## **Things to Consider Before Buying Health Insurance**

Before buying a health insurance plan, it is advised to consider your requirements. Along with this, consider understanding the following with respect to your health insurance company:

### **Claim Process**

Understand the claim process of the company before buying a health insurance policy. A simple claim process which does not involve a lot of hassle or elaborate documentation is preferable. Get in touch with the help center of your insurer in case the claim process is not clearly mentioned.

### **Network hospitals**

Most of the claims in health insurance are cashless. Which means you just have to pay a small part of the claim amount and your insurer will directly pay the bills to the service providers like hospitals, ambulance agencies, pharmacists, etc. To avail a cashless claim facility, you need to take medical treatment only from the hospitals which are a part of your insurer's network. Here, selecting an insurer with a high number of network hospitals is advisable.

### **No-cost Medical Check-up**

Some insurers offer free health check-ups. This helps in monitoring your health on regular basis. Look for an insurer who offers this facility.

### **Bonus sum insured**

This is a cumulative bonus given to a policyholder if no claim is raised in an active policy period and if the policy is regularly renewed. It is given in the form of a discount on the health insurance premium or added to the amount of sum insured offered on the plan. Checking this facility before buying the plan is a good idea.

### **Waiting Period**

Certain conditions like pre-existing diseases and maternity benefits are covered after waiting for a fixed period of time. The waiting period differs from insurer to insure but usually it is of 2 to 3 years.

### **Maternity benefits**

Most of the health insurance plans do not cover maternity expenses. However, if you are willing to start a family it is a good idea to cover pregnancy under health insurance plan. Some insurers have a waiting period for covering this cost. Check what your insurer offers.

### **Sub-limit**

A health insurance plan can have a sub-limit on the sum assured. A sub limit can be applicable on things like room rent, specific diseases, etc. It can be in the form of percentage or a fixed amount. For example – The sub-limit on room rent is Rs. 4000/day. The room you choose costs Rs. 6000/day. Here, your health insurance will cover Rs. 4000/day and you need to pay the difference i.e. Rs. 2000/day from your pocket.

## **What Are the Exclusions of a Health Insurance Policy?**

Exclusions are conditions in which you cannot file a claim against your health insurance policy. Following exclusions are usually not covered by insurers:

### **Dental Treatment**

Availing of any kind of dental treatments is not covered under the health insurance policy. You cannot file a claim against your policy for the cost of dental treatment.

## **Joint Replacements Surgeries**

These surgeries are not covered under health insurance. Most of the people in their old age require to undergo these operations. However, this it is an exclusion of the health insurance policy.

## **Cosmetic Surgeries**

Cosmetic procedures for the enhancement of beauty are not covered under health insurance. However, cosmetic surgery performed after a major accident is covered. These are mostly correction surgeries which are performed to reduce disfigurements.

## **Self-inflicted injuries**

The cost of medical treatment for injuries arising from a suicide attempt is not covered in these plans.

## **Therapies**

The cost of undergoing therapeutic treatments like naturopathy, acupressure, magnetic therapy, or such alternative treatments is not covered.

## **New born babies**

Babies are not covered usually up to the first 90 days of their birth.

## **Exclusions in the form of waiting period**

When you buy a health insurance plan, you cannot file a claim for hernia, osteoporosis, and Ear, Nose, Throat (ENT) related disorders, certain pre existing conditions, maternity and specific exclusions as per the policy in the first few years.

## **Terms Frequently Used in Health Insurance**

### **Agent**

An agent is representative of the insurance company who assists you through various processes of health insurance. An agent can give advice about the type of policy suitable for your needs, purchase, availing coverage and the claim process.

### **Assignee**

An assignee is a person who avails the benefits of the health insurance plan. An assignee could be any of your parents, spouse or children.

### **Claim**

A claim is a payment request raised by the policyholder to avail the promised financial cover as per the policy.

### **Certificate of Insurance**

This is the contract between the insurance company and the person who purchases health insurance. This contract states the terms of the policy which includes coverages and exclusions as well.

### **Co-payment**

A part of the claim amount to be borne by the policyholder is called co-payment. Co-payment is in the form of a percentage of the claim amount. The remaining part is paid by the insurer as per the terms and conditions of the health insurance policy.

### **Dependents**

People who are financially dependent on the policyholder are called dependents. They could be policyholder's parents, spouse or children.

### **Exclusions**

Situations/circumstances/conditions which are not covered by the insurer are called exclusions. The insured cannot raise a claim against an exclusion.

## **Insurer**

An insurer is an insurance company who is licensed by the IRDAI to provide insurance cover. An insurer is responsible for covering risks, issuing the policy document and receiving premiums.

## **Premium**

Premium is the amount you pay for buying a health insurance policy from an insurance company.

## **Sum Insured**

Sum insured is the amount of money an insurer is liable to pay when a genuine claim is raised by the policyholder. It works on the principle of indemnity.

## **Waiting period**

This is the duration in which the policyholder cannot raise a claim for certain predefined situations. After the end of the waiting period, a policyholder will be allowed to avail the benefits. For example, the waiting period for pre-existing conditions is usually 3 to 5 years.

## **Medical Underwriting**

This is an integral part of any insurance application. Under this, an underwriter will evaluate the application for coverage based on the information declared by the applicant.