

# Health Insurance

November 19, 2018

## Manifest pedagogy

Health as a subject need to be studied from two perspectives,

1. Health as science
2. Health governance

The above issue dealt comes under health governance which includes all initiatives made by the government in health sector. Health insurance is one of the initiatives. Comparative questions like, whether Ayushman Bharat is an improvement over RSBY could be expected.

## **In news**

*All health conditions arising after the inception of a health insurance policy should be covered and cannot be permanently excluded*

## **Placing in Syllabus**

Paper 2: Poverty and Health

Paper 3: Planning and mobilisation of Resources

## **Static Dimensions**

1. Health infrastructure in India
2. Relationship between poverty and healthcare
3. Health Insurance penetration in India
4. Lifestyle changes and health

## **Current Dimensions**

1. Increase in incidence of Lifestyle diseases
2. Launch of Ayushman Bharat

### 3. Health Insurance committee recommendations

## **Content**

In India, the increased medical costs are the biggest concerns among the individuals. Moreover, the kind of lifestyles people prefer nowadays can ultimately lead to several health issues and turnout in augmented expenditure on hospital bills. Opting for an optimum health insurance plan helps in maintaining the uncertainties and instabilities by offering a financial steadiness that's difficult to find anywhere else. Also, it's always a wise choice to have you and your family covered for any medical emergencies that may knock your door anytime in the future.

### **What is Health Insurance?**

Health Insurance is basically a contract between the insurer and the policyholder wherein the insurance company pays for the medical expenses incurred by the life insured. In this case, the policyholder is either eligible for the cashless treatment or the insurer provides a reimbursement for the medical expenses under the policy at one of the selective network hospitals. One additional pros of opting to health insurance are that you can also get tax deductions on the premiums paid towards the health insurance under Section 80D of the Income Tax Act, 1961.

### **What are the options for Health Insurance Plans in India?**

Medical insurance plans can be categorized broadly into different types. The various types of Health Insurance Plans include individual plans, maternity insurance plans, family floater health plans, personal accident covers, plans for senior citizens, critical illness insurance plans and group or insurance plans.

One of the best things about health insurance plan in India is that it can be personalized as per the individual's

requirement. Here, the insured person can make the choice whether he or she wants to go with a plan that covers critical illnesses, maternity expenses, accident-related expenses, outpatient expenses or a combination of all.

**The Ayushman Bharat National Health Protection Mission (AB-NHPM)** – *It will give ₹5 lakh of health cover to 500 million people for free.*

- Forty per cent of India's population will be insured immediately. The quality of healthcare that has been assured is excellent. Typically, schemes for the poor are watered-down versions of what paying customers get. In this case, though, the cover being offered is substantially superior to regular mediclaim insurance. The sum assured is more than what most have. The cover includes many items typically excluded in standard mediclaim: pre-existing diseases, mental health conditions, food and internal congenital diseases, among others.
- Eligible persons can walk into a hospital with their Aadhaar card number and be treated. The network of hospitals being created will be larger than what insurers have today. There are stringent service-level agreements: a pre-approval is required for all non-emergency cases but if the request is not addressed within 12 hours, then the treatment is considered approved. The treatment is cashless, which means that patients do not need to pay and can opt to be treated anywhere in the country.
- Implementation of such scale and benefit is bound to face obstacles, the most substantial of which is for it to be economically sustainable. At the moment, hospitals are unhappy because, in their view, package rates fixed by the government are loss-making. For example, the proposed cost of a coronary artery bypass graft (CABG) is about ₹90,000. The Central Government Health Scheme

(CGHS) rates for this in Delhi are above ₹1.1 lakh and private hospitals routinely charge above ₹3 lakh.

- The scheme encourages hospitals to maintain certain minimum standards. The compensation to hospitals is 10% higher if they are NABH accredited and a minimum technology standard has been specified for hospitals to be eligible for this scheme.
- The most meaningful impact, though, will be on the confidence of the poor and lower income groups that have this insurance.

### **Concerns and Recommendations**

All health conditions acquired after policy inception, other than those that are not covered under the policy contract (such as infertility and maternity), should be covered under the policy and cannot be permanently excluded. This is among the key recommendations of a committee appointed to look into standardisation of exclusions under health insurance policies. The panel has submitted its report to the Insurance Regulatory and Development Authority of India.

Thus, exclusion of diseases contracted after taking the policy such as Alzheimer's, Parkinson's, AIDs/HIV infection, morbid obesity, etc., cannot be permitted. Exclusions for specific disease conditions are incorporated as permanent exclusions in the policy wordings. This result in many claims becoming not payable for diseases being contracted even after the policy has been incepted. Specific cases were highlighted where claims were repudiated when the policy has been in force for 6-7 years.

### **Test yourself: Mould your Thoughts**

Is health insurance alone a panacea for health management in India? Do you think Ayushman Bharat is an adequate scheme for public healthcare in India?