

Health Insurance (PUN017)

Health insurance covers cost of an insured individual's medical and surgical expenses. Subject to the terms of insurance coverage, either the insured pays costs out-of-pocket and is subsequently reimbursed or the insurance company reimburses costs directly. Health insurance is an insurance product which covers medical and surgical expenses of an insured individual. It reimburses the expenses incurred due to illness or injury or pays the care provider of the insured individual directly.



Every individual is different and has a unique set of needs. A single health insurance product is not enough to cover every person's individual requirements. This is precisely where there are a number of different types of health insurance plans available. Let's take a look at what they are:

Individual Health Insurance: You can purchase an individual health insurance policy to provide cover for yourself, your spouse, your children and your parents. These policies typically cover all kinds of medical expenses, including hospitalisation, day-care procedures, hospital room rent and more. Under an individual health insurance plan, each member has their own sum insured amount. So, let's say you've taken an individual plan for yourself, your spouse and both your parents with a sum insured of INR 8 lakhs. Each of you will be able to claim a maximum amount of 8 lakhs per policy year against your health insurance.

Family Floater Health Insurance: A family floater plan allows you to cover your family members under a single policy and everybody shares the sum insured amount. These plans are typically more affordable than individual plans since the sum insured is shared. Let's say you purchase a family floater plan for you and your spouse with a sum insured of INR 8 lakhs. In a single policy year, you can make claims worth only INR 8 lakhs. Your spouse may make claims worth INR 6 lakhs and you could make claims worth INR 2 lakhs or vice-versa. Typically, family floater plans are ideal for young nuclear families.

Senior Citizens Health Insurance: These health plans have been designed specifically keeping the medical needs and requirements of senior citizens in mind. Most senior citizens policies offer additional cover, such as domiciliary hospitalisation and even some psychiatric benefits. Since older citizens are more likely to have health issues, these policies may require a full medical check-up beforehand and could be more expensive than regular insurance policies.

Critical Illness Insurance: There are a number of lifestyle-related diseases that are on the rise. Health issues such as cancer, stroke, kidney failure and cardiac diseases can be very expensive to deal with and manage long-term. This is precisely why critical illness insurance policies have been created. They can either be purchased as a rider or add-on with your regular health insurance plan or separately as their own plan. These policies offer cover for very specific issues and often provide claim pay-outs as a single lump sum payment after the diagnosis of a critical illness.

Group Health Insurance: Unlike individual and family floater policies, group health insurance plans can be purchased by a group manager for a large number of individuals. For example, an employer can purchase group insurance for all their employees or a building secretary may purchase such a plan for all the residents of the building. These plans are fairly affordable, but they often only provide cover for basic health issues. Employers often purchase these plans as an additional benefit for employees.

Benefits of Health Insurance: Purchasing health insurance is crucial for a number of reasons. Let's take a look at the most important benefits of our health insurance policies:

Deal with Rising Medical Costs: People purchase health insurance policies to safeguard their finances against ever-rising medical costs. An accident or medical emergency could end up costing you more than a few thousand rupees. With a medical insurance plan, you enjoy cover for everything from ambulance charges to day-care procedures, making it easier for you to get the care you need to recover.

Critical Illness Cover: Many health insurance policies will also offer cover for critical illnesses at an additional cost. Given the rising incidence of lifestyle-related diseases today, this is another crucial cover to have. You will be provided with a lump sum pay-out in case you are diagnosed with any of the covered critical illnesses. These issues are often very expensive to deal with and manage, so critical illness cover is another vital benefit of having health insurance.

Easy Cashless Claims: Every health insurance provider will tie-up with a number of network hospitals where you can enjoy cashless claims. This makes the entire process of receiving emergency medical care much easier. At a network hospital, you aren't really required to pay for any of the covered treatments. For all valid claims, we'll take care of the medical costs, without you having to pay for anything, except non-covered expenses and the mandatory deductibles.

Added Protection: If you enjoy cover under a group health insurance plan, you may wonder why you should purchase your own health insurance policy. Well, individual health insurance plans offer provider more and better cover than group plans. Additionally, if you happen to leave the group at any time, you risk losing the cover, which could make you and your finances vulnerable.

Tax Savings: Under Section 80D of the Income Tax Act, 1961, premiums paid towards the upkeep of health insurance policies are eligible for tax deductions. For a policy for yourself, your spouse, your children and parents below the age of 60, you can claim a deduction of up to INR 25,000 per year from your taxable income. If you've also purchased a policy for a parent who is over the age of 60, you can claim an additional deduction of INR 50,000.

Health Insurance Works: Like every kind of insurance policy, health insurance also helps you deal with the financial repercussions of an accident or emergency. Let's take a look at how health insurance actually works. The process starts when you apply to purchase a plan. Depending on your age, medical background, sum insured required and the type of plan you've selected, you will be provided with premium quotes. In some cases, you might be asked to do a few medical tests before the insurance provider decides whether they'd like to provide you with the required cover. Once the terms and conditions are finalised, you will be provided with a policy. Each policy comes with a few waiting periods. The initial waiting period is only for a few weeks or a month. During this time, you will not be able to make any non-emergency claims. Let's say that you require some kind of surgery after the waiting period. If you're able to get the treatment in a network hospital, you can let us know about the surgery, and we'll get in touch with the hospital directly to settle all the payments. When you're discharged from the hospital, you will only have to pay for additional expenses that are not covered and the voluntary co-pay amount, if any. If you're getting treatment in a non-network hospital, you can make all the payments and then file for a reimbursement claim. Either way, you can get the treatment you require without fretting about burning a hole through your pocket.

Need for Health Insurance: Medicare or medical costs are rising year on year. As a matter of fact, inflation in Medicare is higher than inflation in food and other articles. While inflation in food and clothing is in single digits, Medicare costs usually escalate in double digits. For an individual who hasn't saved that much money, arranging for funds at the eleventh hour can be a task. This is particularly daunting for seniors, given that most ailments strike at an advanced age. One way to provide for health-related / medical emergencies is by taking health insurance. Health insurance offers considerable flexibility in terms of disease / ailment coverage. For instance, certain health insurance plans cover as many as 30 critical illnesses and over 80 surgical procedures. The insurance plan disburses the payment towards surgery/illness regardless of actual medical expenses. The policy continues even after the benefit payment on selected illnesses. With health insurance, you are assured of a more secure future both health-wise and money-wise. This makes health insurance policies critical for individuals, especially if they are responsible for the financial well-being of the family.

Type of Pay-out: Mediclaim plans are known as indemnity plans. This means that the claim amount you receive will help offset costs as per actuals. These pay-outs are provided against actual medical costs and bills. On the other hand, critical illness plans offer a lump sum pay-out of the sum insured once you are diagnosed with a covered critical illness. You can use the money to pay for treatment, repay debts or even replace your lost income. Covered: Regular Mediclaim policies offer cover against a wide range of issues. Everything from accidents to surgeries, AYUSH and domiciliary treatments are covered under these policies. Critical illness plans, on the other hand, provide a lump sum payment only for very specific critical illnesses.

Choose Health Insurance Plan: There are several health insurance policies available in the market. To enjoy cover without any hassles, you need to find the policy that best looks after your unique needs. Here are some important factors to consider while choosing a health insurance policy, Check the Sum Insured, many insurance providers have a limit on the maximum sum insured you can choose. If you'd like a high sum insured, you need to find a health policy that offers you what you're looking for. A good rule of thumb is to get cover that is a minimum of six times your salary. If you earn INR 1 lakh per month, look for a policy that offers at least INR 6 lakhs as the sum insured. You should also look for other benefits. If you're planning on starting a family in a few years, make sure maternity costs are covered. Of course, you will have to check the waiting period as maternity benefits are subject to slightly longer waiting periods, Scout the Network Hospitals, different insurance providers may have different hospitals in their network. Ideally, look for a policy that offers cashless claims at all the top hospitals in your city. You should also make sure that your preferred hospital is on the list. This will make the entire process of getting the treatment you want much easier. Check the Fine Print, every health insurance policy has various limits and sub-limits. You need to check the policy documents thoroughly to understand exactly how much coverage you will get per treatment or hospitalisation. For example, some policies may help cover the per day room cost, but only up to INR 2,000 per day. If you happen to be in a hospital where the room rent is INR 4,000, you'd have to pay for half the cost of the room. You should also check the limits of pre- and post-hospitalisation expenses. Some plans offer cover for only 30 days pre-hospitalisation and 60 days post-hospitalisation. Others offer 60 and 90 days respectively. Look for Additional Benefits, given that the insurance market is fairly competitive, different policies offer various benefits. No-claim bonuses and the restoration of your sum insured are some of the most popular ones. You should always check whether your chosen insurance policy will provide these benefits. Always look for policies that offer you additional benefits. Examine the Exclusions and Other Clauses, every policy has its own exclusions or medical procedures and situations that it will not cover. Make sure you check what's covered and what isn't before you purchase a plan. You should also check if there's a co-pay clause, how much you will have to co-pay and what the waiting periods are. Shorter waiting periods and voluntary co-pay are ideal.

Thank You...