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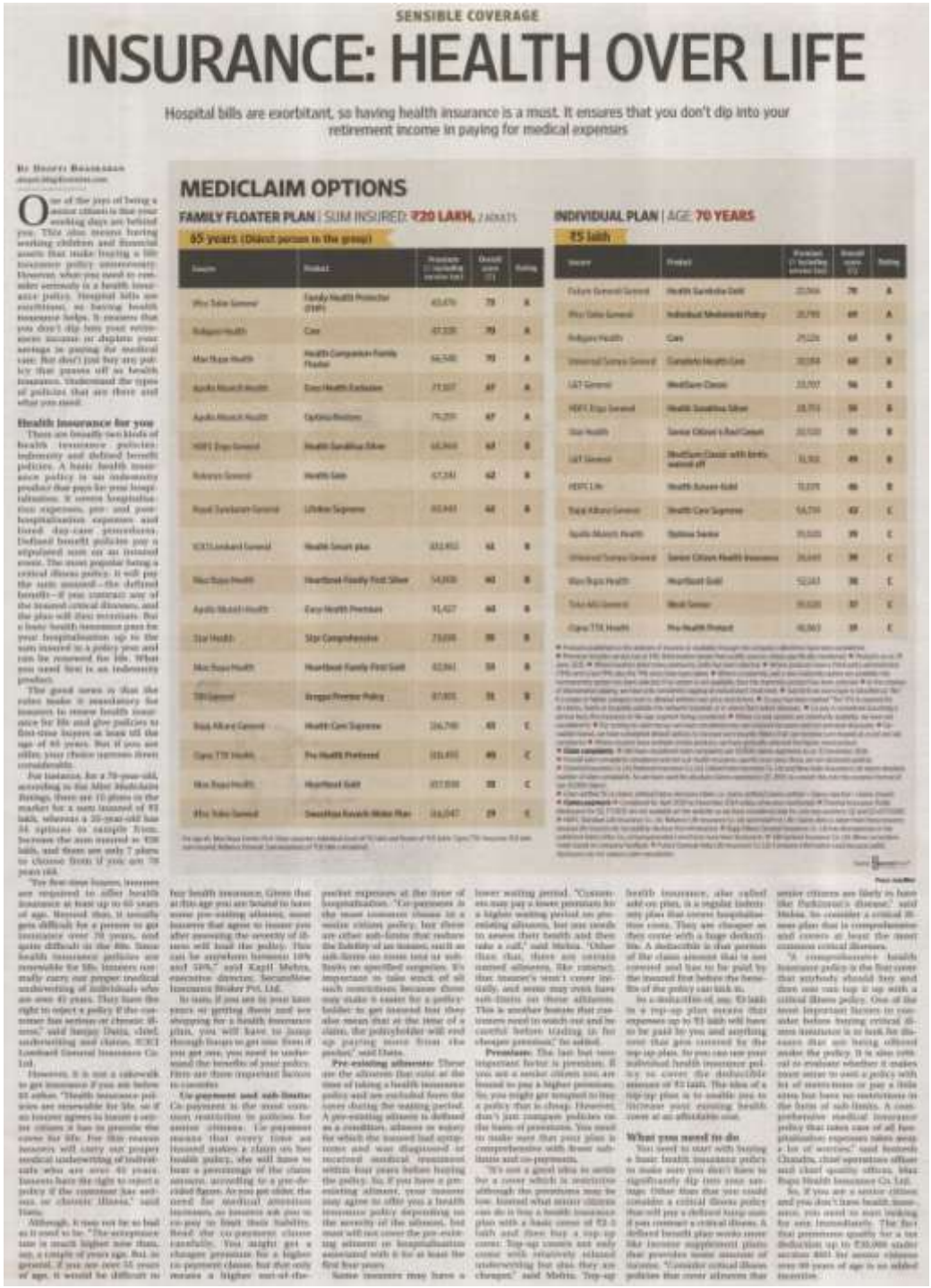

SENSIBLE COVERAGE

INSURANCE: HEALTH OVER LIFE

Hospital bills are exorbitant, so having health insurance is a must. It ensures that you don't dip into your retirement income in paying for medical expenses

By Shoyeb Bhasekar

One of the joys of being a senior citizen is that your working days are behind you. This also means having working children and financial assets that make buying a life insurance policy unnecessary. However, what you need to consider seriously is a health insurance policy. Hospital bills are exorbitant, so having health insurance helps. It ensures that you don't dip into your retirement income or deplete your savings in paying for medical care. But don't just buy any policy that passes off as health insurance. Understand the types of policies that are there and what you need.

Health insurance for you

There are broadly two kinds of health insurance policies: indemnity and defined benefit policies. A basic health insurance policy is an indemnity product that pays for your hospitalization. It covers hospitalization expenses, pre- and post-hospitalization expenses and listed day-care procedures. Defined benefit policies pay a stipulated sum on an insured event. The most popular being a critical illness policy. It will pay the sum insured—the defined benefit—if you contract any of the insured critical diseases, and the plan will then terminate. But a basic health insurance pays for your hospitalization up to the sum insured in a policy year and can be renewed for life. What you need first is an indemnity product.

The good news is that the rules make it mandatory for insurers to renew health insurance for life and give policies to first-time buyers at least till the age of 65 years. But if you are offer, your choice narrows down considerably.

For instance, for a 70-year-old, according to the Max Bupa Health Insurance Co. Ltd, there are 11 plans in the market for a sum insured of ₹3 lakh, whereas a 35-year-old has 34 options to sample from. Between the sum insured as ₹20 lakh, and there are only 7 plans to choose from if you are 70 years old.

"For first-time buyers, insurers are required to offer health insurance at least up to 65 years of age. Beyond that, it usually gets difficult for a person to get insurance over 70 years, and quite difficult in the 80s. Since health insurance policies are renewable for life, insurers normally carry out proper medical underwriting of individuals who are over 45 years. They have the right to reject a policy if the customer has serious or chronic illness," said Sanjay Datta, chief, underwriting and claims, ICICI Lombard General Insurance Co. Ltd.

However, it is not a cakewalk to get insurance if you are below 65 either. "Health insurance policies are renewable for life, so if an insurer agrees to insure a senior citizen it has to provide the cover for life. For this reason insurers will carry out proper medical underwriting of individuals who are over 45 years. Insurers have the right to reject a policy if the customer has serious or chronic illness," said Datta.

Although, it may not be so bad as it used to be. "The entry-point age is much higher now than, say, a couple of years ago. But, in general, if you are over 55 years of age, it would be difficult to buy health insurance. Given that at this age you are bound to have some pre-existing ailment, most insurers that agree to insure you after assessing the severity of illness will load the policy. This can be anywhere between 10% and 50%," said Kapil Mehta, executive director, SecureNow Insurance Broker Pvt. Ltd.

In sum, if you are in your late years or getting there and are shopping for a health insurance plan, you will have to jump through hoops to get one. Even if you get one, you need to understand the benefits of your policy. Here are three important factors to consider.

Co-payment and sub-limits: Co-payment is the most common restriction in policies for senior citizens. Co-payment means that every time an insured makes a claim on her health policy, she will have to bear a percentage of the claim amount, according to a pre-decided figure. As you get older the need for medical attention increases, so insurers ask you to co-pay to limit their liability. Read the co-payment clause carefully. You might get a cheaper premium for a higher co-payment clause, but that only means a higher out-of-pocket expenses at the time of hospitalization. "Co-payment is the most common clause in a senior citizen policy, but there are other sub-limits that reduce the liability of an insurer, such as sub-limits on room rent or sub-limits on specified surgeries. It's important to take stock of all such restrictions because these may make it easier for a policyholder to get insured but they also mean that at the time of a claim, the policyholder will end up paying more from the pocket," said Datta.

Pre-existing ailments: These are the ailments that exist at the time of taking a health insurance policy and are excluded from the cover during the waiting period. A pre-existing ailment is defined as a condition, ailment or injury for which the insured had symptoms and was diagnosed or received medical treatment within four years before buying the policy. So, if you have a pre-existing ailment, your insurer may agree to offer you a health insurance policy depending on the severity of the ailment, but must will not cover the pre-existing ailment or hospitalization associated with it for at least the first four years.

Some insurers may have a lower waiting period. "Customers may pay a lower premium for a higher waiting period on pre-existing ailments, but one needs to assess their health and then take a call," said Mehta. "Other than that, there are certain named ailments, like cataract, that insurer's won't cover initially, and some may even have sub-limits on these ailments. This is another feature that customers need to watch out and be careful before settling in for cheaper premium," he added.

Premium: The last but very important factor is premium. If you are a senior citizen you are bound to pay a higher premium. So, you might get tempted to buy a policy that is cheap. However, don't just compare policies on the basis of premiums. You need to make sure that your plan is comprehensive with fewer sub-limits and co-payments.

"It's not a good idea to settle for a cover which is restrictive although the premiums may be low. Instead what senior citizens can do is buy a health insurance plan with a basic cover of ₹3-5 lakh and then buy a top-up cover. Top-up covers not only come with relatively related underwriting but also they are cheaper," said Mehta. Top-up health insurance, also called add-on plan, is a regular indemnity plan that covers hospitalization costs. They are cheaper as they come with a huge deductible. A deductible is that portion of the claim amount that is not covered and has to be paid by the insured first before the benefits of the policy can kick in.

So a deductible of, say, ₹3 lakh in a top-up plan means that expenses up to ₹3 lakh will have to be paid by you and anything over that gets covered by the top-up plan. So you can use your individual health insurance policy to cover the deductible amount of ₹3 lakh. The idea of a top-up plan is to enable you to increase your existing health cover at an affordable cost.

What you need to do

You need to start with buying a basic health insurance policy to make sure you don't have to significantly dip into your savings. Other than that you could consider a critical illness policy that will pay a defined lump sum if you contract a critical illness. A defined benefit plan works more like income supplement plans that provides some amount of income. "Consider critical illness policies that cover ailments that senior citizens are likely to have like Parkinson's disease," said Mehta. So consider a critical illness plan that is comprehensive and covers at least the most common critical diseases.

"A comprehensive health insurance policy is the first cover that anybody should buy and then one can top it up with a critical illness policy. One of the most important factors to consider before buying critical illness insurance is to look for disease that are being offered under the policy. It is also critical to evaluate whether it makes more sense to own a policy with lot of restrictions or pay a little extra but have no restrictions on the basis of sub-limits. A comprehensive medical insurance policy that takes care of all hospitalization expenses takes away a lot of worries," said Sudeesh Chandra, chief operations officer and chief quality officer, Max Bupa Health Insurance Co. Ltd.

So, if you are a senior citizen and you don't have health insurance, you need to start looking for one immediately. The fact that premiums qualify for a tax deduction up to ₹30,000 under section 80D for senior citizens over 60 years of age is an added incentive.

MEDICLAIM OPTIONS

FAMILY FLOATER PLAN | SUM INSURED: ₹20 LAKH, 2 ADULTS

65 years (Oldest person in the group)

Insurer	Product	Premium (₹, including service tax)	Overall score (%)	Rating
Bharti AXA General	Family Health Protector (FHP)	43,476	79	A
Religare Health	Care	47,328	79	A
Max Bupa Health	Health Companion Family Floater	44,548	78	A
Apollo Munich Health	Easy Health Exclusive	77,937	67	A
Apollo Munich Health	Optima Restore	79,291	67	A
HDFC Ergo General	Health Surakshaa Silver	45,944	63	B
Reliance General	Health Gain	47,330	62	B
Royal Sundaram General	Lifeline Supreme	43,943	60	B
ICICI Lombard General	Health Smart plus	43,955	56	B
Max Bupa Health	Heartbeat Family First Silver	54,858	46	B
Apollo Munich Health	Easy Health Premium	51,427	44	B
Star Health	Star Comprehensive	73,638	38	B
Max Bupa Health	Heartbeat Family First Gold	62,961	34	B
TATA General	Arogya Premier Policy	87,855	31	B
Bajaj Allianz General	Health Care Supreme	34,790	43	C
Cigna TTK Health	Pro Health Preferred	103,495	40	C
Max Bupa Health	Heartbeat Gold	87,938	38	C
Bharti AXA General	SwasthRaksha Mediclaim Plan	34,047	29	C

INDIVIDUAL PLAN | AGE: 70 YEARS

₹5 lakh

Insurer	Product	Premium (₹, including service tax)	Overall score (%)	Rating
Future Generali General	Health Sanjeevni Gold	22,564	79	A
Bharti AXA General	Individual Mediclaim Policy	20,793	69	A
Religare Health	Care	29,126	63	B
Universal Sompo General	Complete Health Care	30,994	60	B
L&T General	MediSure Classic	33,707	56	B
HDFC Ergo General	Health Surakshaa Silver	28,751	50	B
Star Health	Senior Citizen's Red Carpet	30,530	50	B
L&T General	MediSure Classic with limits waived off	31,502	49	B
HDFC Life	Health Assure Gold	33,078	46	B
Bajaj Allianz General	Health Care Supreme	56,734	42	C
Apollo Munich Health	Optima Senior	35,626	39	C
Universal Sompo General	Senior Citizen Health Insurance	36,643	38	C
Max Bupa Health	Heartbeat Gold	52,163	36	C
Tata AIG General	Medi Senior	39,626	37	C
Cigna TTK Health	Pro Health Protect	40,963	28	C

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