

Look for stent cover in insurance plan

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With the National Pharmaceutical Pricing Authority (NPPA) fixing ceiling price of coronary stents in order to correct the huge unethical markups, cost of cardiac surgeries like angioplasty will see a sharp drop as stent cost forms a major part of the procedure expenses. Insurance companies told **DNA Money** that this will get reflected in premium reduction and they wait for fresh data for effecting pricing changes.

On February 13, NPPA fixed the ceiling price of drug-eluting stents at about Rs 30,000 and of bare metal stents at approximately Rs 7,500.

“Drastic reduction in stent prices will help in reducing the cost of surgery by 50-60%, thus ultimately reducing health insurance bills for coronary diseases. This will get reflected in premium reduction...bringing in heart diseases specific products with minimum premium,” says Rajiv Kumar, MD & CEO, Universal Sompo General Insurance.

“Capping the prices of stent has been done after accounting for marketing, research & development, manufacturing and ethical profit. Considering the FY 2015-16, out of total hospitalisation claims paid, our company has paid 583 claims for specialised medical device, only under cardiac surgeries amounting to



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Rs 7,44,55,651, which contributes to 6.10% of total amount of claims paid during the tenure,” adds Kumar.

Without properly regulated prices and intervention from the governmental authorities, there was not much scope available for the insurers to manage the costly claims. Even if any insurer negotiated for cost of the stents, the costs of these devices were still too high. In such scenarios, the insurer was left with no other option than paying the inflated claims.

“In terms of customer experience, separate billing of stents and clarity of its pricing in hospital bills will clear any confusion that may arise and ensure transparency in these procedures.”

notes Abhijeet Ghosh, head, health insurance, Bajaj Allianz General Insurance. Currently, the incidence rate is three to five-claims per 500 claims, and the average cost for the procedures is approximately Rs 2 lakh to Rs 2.5 lakh for private room in an average tertiary care hospital, Ghosh adds.

Some policies cover the entire amount whereas some policies have sub limits specified for stents. Parag Gupta, chief underwriting officer, Bharti AXA General Insurance says, “If the capping for stents is going to reduce the overall hospital costs, it will have an impact on the premium as liability of the insurer will be reduced to that extent, and therefore, premium would reduce.”

Puneet Sahni, head product development, SBI General Insurance believes the regulator’s move should have a huge impact on the billing related to Percutaneous Coronary Intervention (PCI) procedures and their claims in turn. “It is found that approximately 40% of the PCI-related claims are contributed by the coronary stents. Hence, reduction in this pricing should lower total cost of the procedure at least by 25-30%,” he says.

As per the IIB report of 2013-14, circulatory system (I00- I99) related claims constitute about 23% of the total claimed amount. This is quite a significant amount considering that the average claim size is of above Rs 56,000.

“If everything goes as per the intentions of NPPA, the prices should be substantially reduced, thereby bringing down the average claim size and premiums. However, for any statistics to be established enough for pricing purpose, requires showing a trend of minimum two to three years, which also determines effect on pricing and product change may take more than three years to quote the least,” Sahni says.

Universal Sompo General Insurance’s Kumar hopes if some other major life-saving devices are also capped for prices and properly regulated, it will surely have a positive impact on controlling the claims outflow for major medical surgeries.