

IRDAI Has Directed Insurers To Include Mental Health In Coverage Plans, But Companies Say They Are Struggling To Come Up With An Inclusive Product

# HOW MATTERS OF THE MIND Baffle INSURERS

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**D**espite having a health insurance cover for more than three decades, Chennai-based Shruthi (name changed), diagnosed with schizophrenia at the age of 10, lives under the constant fear of the hefty expenses of a sudden hospitalisation. This is the case of many individuals suffering from mental illness who till now had been excluded under health insurance plans.

According to the National Mental Health Survey of India, 2015-16, 1 in every 10 Indians has some kind of mental health issue and Tamil Nadu is among the top five states in terms of prevalence of mental health issues. Taking cognizance of the increasing number of mental health cases, a year ago the Insurance Regulatory and Development Authority of India (IRDAI) had asked insurance companies to treat mental illness on a par with physical illness. Since, there was hardly any progress, the regulatory body in October released guidelines stating that treatment of mental illness, stress or psychological disorders will no longer be allowed as exclusions in health insurance policies. While IRDAI has set a deadline of October 2020 to include mental health coverage on existing health contracts, companies say they are struggling to calculate premium because of lack of data on nature and number of claims.

"The law of probability is the biggest roadblock for insurers to cover mental illness, besides fear of misuse of insurance funds by hospitals. We can only cover illnesses and diseases that may happen, but it is difficult to cover illness that would happen. Insurers are struggling to calculate premium revision and settle claims for mental illness," says General Insurance Council member Shashi Nair. The Mental Healthcare Act, 2017, however, states that past treatment or hospitalisation in a mental health establishment, though relevant, shall not by itself justify any present or future determination of the person's mental illness.

While private insurers are yet to come with an inclusive health policy, government-run schemes now cover mental illness. Dr K V Kishore Kumar, director of mental health NGO, The Banyan, said, "There are several government models such as the Chief Minister's Comprehensive Health Insurance Scheme (CMCHIS) in Tamil Nadu, which provides a health insurance cover for both physical and mental illnesses. Instead of complaining

of lack of solutions, private insurance players must tweak such policies and use it to draw up an inclusive policy." Among the central government schemes, Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana, providing coverage of ₹5 lakh to poor families, and Niramaya-Disability Health Insurance Scheme cater to mental illnesses.

But the government schemes have their own set of hurdles. CMCHIS, that rolled out mental health coverage in November, can be availed by those with an annual family income lower than ₹2,00,00, by providing a ration card as identity proof. "However, patients who most need this medical assistance are the ones who do not have the required document. The challenge lies in including the mentally ill individuals who are abandoned by their families and are found wandering in the streets," said Chennai-based activist Punitha Suresh.

Speaking on the major challenges faced by insurers in drawing an inclusive policy Nair argues, "We need a longer waiting period of two to four years for policyholders, with restriction on sum insured, and appropriate premium that can be arrived at with a minimum of four years of data, which gives insight on the nature of treatment and related charges, before an appropriate insurance premium revision can be done."

Rashmi Nandargi, head of retail health, PA and travel underwriting of Bajaj Allianz, says, "It is quite a challenge to revise existing health premium with the lack of data that helps to predict the nature of claims and probability of claims which will be filed. However, we are in the process of calculating a revised premium for our existing products." One of their policies — Health Care Supreme — covers mental illness for outpatient department charges only. This policy provides a sum assured from ₹5 lakh up to ₹50 lakh with premium starting at ₹6,500 that goes upto ₹1.5 lakh. "We have reported a loss claim ratio of 60%-65%," Nandargi added.

To address the data shortage faced by insurance companies, the National Health Authority, responsible for implementing the Ayushman Bharat scheme, and the IRDAI have

launched a report in September recommending best practices, common standards, collaborative measures and IT framework for data standardisation and to check frauds.

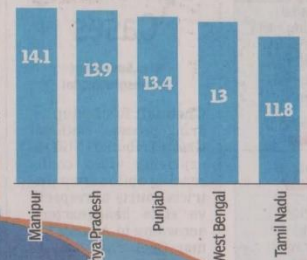
Schizophrenia Research Foundation India, director and co-founder, Dr Tara says awareness and sensitisation are key for better perspective on the need of mental healthcare. "If people with long-term conditions like diabetes and hypertension can be covered by insurance policies, so can people with mental illness," she says.

## PUTTING FOCUS ON MENTAL HEALTH

National Mental Health Survey says 1 in every 10 Indians has some kind of mental health issue

### WHERE TN STANDS

Prevalence of mental disorders (%)



Source: National Mental Health Survey of India, 2015-16



**GROUND REALITIES**  
7.5% of Indians suffer from some form of mental disorder

Mental illnesses constitute one-sixth of all health-related disorders

India accounts for nearly 15% of the global mental, neurological and substance abuse disorder burden

The treatment gap between prevalence of mental illnesses and proportion of patients who get treated is more than 70%

Source: World Health Organisation (WHO)

### WHAT THE MENTAL HEALTHCARE ACT SAYS

> Mental illness means a substantial disorder of thinking, mood, perception, orientation or memory that grossly impairs judgment, behaviour, capacity to recognise reality or ability to meet the ordinary demands of life, mental conditions associated with the abuse of alcohol and drugs, but does not include mental retardation which is a condition of arrested or incomplete development of mind of a person, specially characterised by subnormality of intelligence

> Mental healthcare includes analysis and diagnosis of a person's mental condition and treatment as well as care and rehabilitation of such person for his mental illness or suspected mental illness.

### RECENT IRDAI INCLUSIONS

- > Treatment of mental illness, stress or psychological disorders and neurodegenerative disorders
- > Puberty and menopause related disorders - Treatment for any symptoms, illness
- > Behavioural and neuro development disorders of adult personality, disorders of speech and language stammering, dyslexia
- > IRDAI said diseases such as Alzheimer's and Parkinson's cannot be excluded

