

COVID Impact: 15% rise in bills for all medical procedures

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The Coronavirus pandemic has severely disrupted the healthcare sector in India. While hospitals are thrust with high demand for emergency and in-patient care for COVID cases, other medical treatments have plummeted, with most people deferring them to avoid visiting hospital.

With the availability of COVID-19 vaccines and improving confidence, many have now started resuming planned procedures/ elective surgeries which they had delayed earlier.

However, they have been hit by significantly higher medical costs for these surgeries compared to the pre-pandemic times. The reasons for the rise in surgery costs are are mainly additional testing, hygiene and cleanliness measures, creation of more single-bed rooms and reduction in sharing, usage of consumables like PPE kits, bio medical waste management besides additional screening and testing of hospital staff as well as all the patients.

In most cases, this has resulted in an additional day of stay at the hospital for most surgeries and procedures, which has led to rise in the overall hospital bill.

“There has been a rise of about 12 to 15 percent in costs when it comes to a non-COVID health emergencies or planned treatments,” says Dr Sudha Reddy, Head Health & Travel – Digit Insurance.

“This can be attributed to the pandemic-related precautionary measures that the hospitals have been mandated. This has resulted in increased infrastructure and management costs,” she adds.

The average cost of treatment for ailments like cancer or a heart related procedure today is around Rs3 to 4 lakh plus high-cost medicines. Now add to it the additional administrative expenses that the hospital will pass on to the patient.

Even a simple maternity claim, pre-COVID, would amount to Rs35,000 and today it stands at INR 42,000. Without uniformity of rates for treating COVID-19, hospitalisation costs anywhere between Rs20,000 and Rs10 lakh depending on the severity.

As on Feb 2021, the insurance industry had received over 8.7 lakh COVID-19 claims of which about 7.2 Lakh claims were closed with payment of over Rs6800 crore.

“Eventually, claims due to Covid-19 are expected to go down as the number of cases goes down and the vaccine becomes available. But the overall average claim size is not expected to go down,” adds Dr Reddy.

Incidentally, the General Insurance council has tried to standardise rates for Covid treatments and insurers too, on their part, have tried to negotiate rates for hospitals where they have a cashless tie-up.

Dr Shreeraj Deshpande, Chief Operating Officer, Future Generali India Insurance, states, “There is an effort to standardise rates for treatment of COVID-19 across the industry and deliberations between hospitals and insurers are on.”

“A strategy to handle such pandemics in future, which is an unexpected event for both the hospitals and insurers, is being discussed so that the increase in costs can be handled through a partnering approach,” he adds.

If the rates for treatments are not standardized for certain ailments, this will entail higher claims payout by insurers year on year, which might result in higher premiums for health insurance in the future.

India could then land into a similar conundrum as the US where private medical insurance is increasingly becoming unaffordable for the middle class and they have to either rely on employer sponsored health insurance or government schemes.

Dr Reddy voices a similar concern with regards to the rising treatment costs. “This will impact the loss ratios of the insurers. In the long run, to cope up with that, insurers might have to increase premiums. This will however not impact the penetration as people are more aware of the benefits of having a medical cover.”

What an individual could do today is to invest in a comprehensive health insurance policy and also ensure that his/her family is adequately covered.

If already insured, he/she should revisit the policy and understand whether the sum insured is enough to take care of an unforeseen medical exigency. If not, move to a higher sum-insured bracket.

The other option is to go for top-up covers, a fitting solution by insurance companies to give you a pocket-friendly choice to ensure adequate financial security against a medical emergency. “We are already seeing a trend among our existing customers who are opting for

health insurance policy with higher sum insured,” informs Bhaskar Nerurkar, Head Health Claims, Bajaj Allianz General Insurance.

(Chandni Arora is a Jodhpur-based writer, who writes on insurance, culture and lifestyle.)