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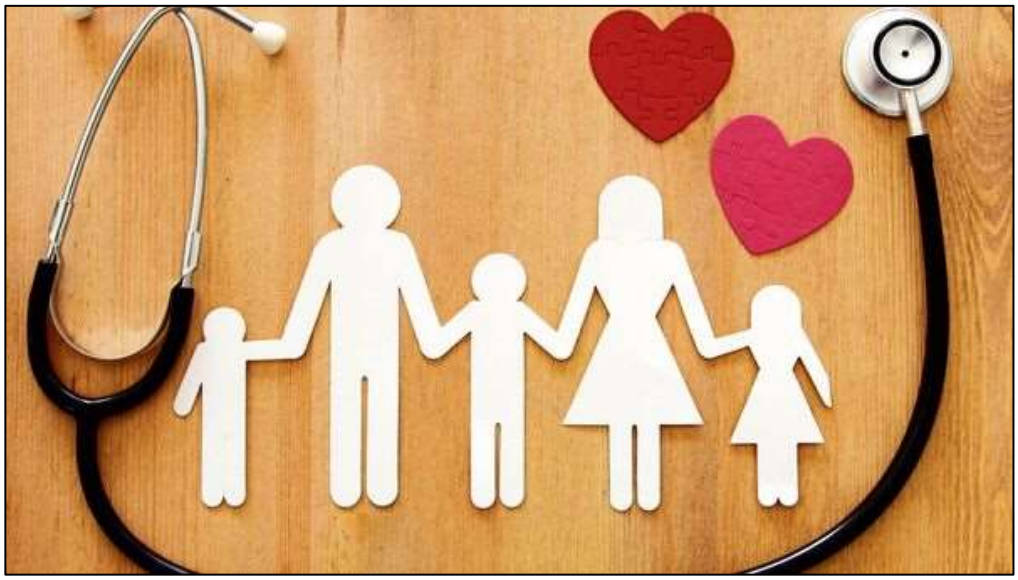

Health insurance, say financial planners, is mandatory for everybody, especially in view of the rising inflation and spiralling healthcare costs. Senior citizens, though, find it difficult to buy health plans: the premiums are just unaffordable.

Bhopal-based Arohi Pathak's 61-year-old mother bought an individual health insurance policy a year ago from a private sector insurer for ₹10 lakh sum insured at a premium of ₹30,500. But when she renewed the policy a year later, the premium had jumped a whopping 57% to ₹48,000. "The insurer had warned us about the premium hike because of the age slab changes that happen when you turn 61 but I didn't expect it to be this high," says Pathak.

To be sure, most insurance companies revise the premiums once every 4-5 years when a policyholder crosses the age threshold of say 55, 60 or 65 years. Some companies revise it every year, as Chennai-based Ritesh Gopaldas found out. His 82-year-old father paid a premium of ₹33,500 a year ago. It rose to ₹49,500 when he renewed it in 2024.

"There has been no claim on this policy in the last 20 years and yet the premium went up by 48%. I have paid more premium than the base policy coverage in the last few years," says Gopaldas.

Insurers blame the hike in premiums on rising medical inflation and the cost of hospitalization. "The price increase has happened across age groups, including for senior citizens," says Aashish Sethi, head- health SBU and travel, Bajaj Allianz General Insurance. "It is to be understood that premiums are revised as per the claims experience of all policyholders put together in a product rather than an individual policyholder. It is a global phenomenon," he adds.

But there are other issues. For one, portability or even migration to another policy within the company is a challenge for senior citizens. New Delhi- based Ankur Singla's father had a comprehensive policy of ₹4 lakh coverage from a private sector insurer. He turned 61 in 2023 and his annual premium increased from ₹28,000 to ₹65,000. Singla objected to the price rise. When the insurer refused a request for migration to another policy, he lodged a complaint with the insurance ombudsman. "After the ombudsman's intervention, the insurer allowed the migration but did not let me increase the base premium. I wanted a ₹10 lakh policy," says Singla. The new policy premium came down to ₹37,000 but it had a room rent limit of 1% of the sum insured.

A steep increase in premiums for senior citizens is a stark reality and will continue unless medical inflation comes under check or hospitalization costs are regulated, say financial experts. But there are other ways to reduce the premium burden.

Deductibles to the rescue

Financial advisers would have you buy a comprehensive health policy without any sub-limits. That, however, are expensive. Vijay Kumar 67, former CEO of Digit Insurance, will vouch for it. After retirement, he was looking to buy a family floater health plan for himself and his wife. “A full-fledged health plan would have cost me ₹56,865 for ₹ 15 lakh coverage," says Kumar. He opted for a deductible of ₹25,000. It means every time hospitalization happens, he will have to pay ₹25,000 before the base policy coverage kicks in. “Thus I was able to buy the same policy for ₹36,900 after availing of the deductible discount. The premium also factors in city, credit score and good health discounts," says Kumar.

Vivek Chaturvedi, CMO and head of direct sales, Digit General Insurance, says higher sum insured can take care of rising medical inflation and high severity claims like in the case of cancer. “It is better to opt for a fixed deductible instead of a policy with low sum insured or one with sub-limits. A ₹2,500 deductible can take your premium down by 10%, ₹5,000 by 15%, and more with higher deductibles up to ₹50,000," says Chaturvedi.

Do note that deductibles are different from co-payment wherein the policyholder shares the hospitalization cost with the insurer. Co-payment is fixed as a percentage of the claims amount. For example, a 10% co-payment in a policy, irrespective of the sum insured, means the policyholder will bear 10% of the hospital bill. So if the claims amount is ₹8 lakh, the policyholder will have to pay ₹80,000. A fixed deductible of a lower amount works better than co-payment. “One should avoid policies that come with room rent limits or disease specific limits but deductibles help in making premiums affordable," Chaturvedi adds.

Making use of super top-up

To be sure, not all policies come with small deductibles. In some cases, deductibles could be on the higher side, say, beyond ₹1 lakh. A super top-up plan can help cover medical expenses beyond this deductible. A super top-up plan is much cheaper than a full-fledged plan. “It makes sense to continue the policy with a deductible rather than not having a policy altogether. This deductible can be funded by keeping an emergency fund for healthcare expenses," says Mahavir Chopra, founder, Beshak.org.

Another option is to get parents covered in the employer group insurance policy. If the employer offers a sum insured of, say, ₹2 lakh, you can buy a super top plan having a deductible of ₹2 lakh and ₹5 lakh or ₹10 lakh of base policy cover. This can ensure a higher sum insured for senior- citizen parents. Notably, super top-up policies generally don’t have an age bar.

Specific plans

If someone has had a health policy for a long-time, it makes sense for them to continue with it. That is true particularly for senior citizens. Entry barriers make it difficult for senior citizens to get a regular policy if they do not already have one. A person’s age in most health plans is typically capped at 60 years or thereabouts. “Senior citizen plans tend to be liberal at the upper age. However, these policies can have financial limits for specific treatments, room charges and cost sharing," says Chopra.

These plans cater to treatment specifically meant for senior citizens. “A senior citizen plan will offer coverage for hearing loss, cataract or preventive health check-ups. We also have a senior care rider for a nominal premium in which senior citizens living alone can ask for concierge service, like those that require a plumber or carpenter. Those living alone can use wearable device that can send out alerts during an emergency—if they feel unwell or have a fall. The alert will be sent to a dedicated call centre and doorstep help will be arranged," Sethi says.

Health policy vs healthcare fund

Some people believe that it is better to invest in a health fund rather than pay premiums. They invest in equity mutual funds regularly to accumulate enough corpus that can meet their hospitalization costs. But that is not wise, say financial experts. They advise having a combination of health insurance and healthcare fund. “Since health insurance will always be cheaper than healthcare in the long run, it will be easier to fund premiums than multiple hospitalizations. Maintain a backup fund for things not covered, like routine medical expenses," advises Chopra.

The insurance industry points out that goods and services tax of 18% is also one of the reasons why the premiums are costly. The suggest that the government should cut GST for the benefit of senior citizens.