

Are independent health covers for seniors unviable?

Senior citizens have to deal with high renewal premiums, besides other restrictions. Insurers blame rising cost of healthcare for the premium hikes. **Preeti Kulkarni** talks to industry experts to get all sides of the story.

Jehangir Gai

Consumer Activist

Irdai has lost sight of the objective of mediclaim. It's allowing insurers to discontinue policies and compel the insured to migrate to another scheme.



Sanjay Kedia

Country Head and CEO, Marsh India Insurance Brokers

Senior citizen plans should offer programmes to encourage healthy lifestyles and provide access to care beyond hospitalisation.



Anand Roy

Joint Managing Director, Star Health and Allied Insurance

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MD and CEO, Bajaj Allianz General Insurance

YES

Health insurance policies for senior citizens have become unaffordable after steep hikes in premium. There have been instances of the premium being increased by 400%, then upon protest brought down to 300%. There was a case where the premium exceeded the coverage limit. The insured have to file consumer complaints to redress grievances. However, only a few can get into long-drawn-out legal battles at an advanced age. Many who have diligently paid premium for years have been compelled to opt out as the renewal premium has become too high. It is senior citizens who are more prone to illness, and by making policies unviable for them, the insurance company benefits at their expense.

Insurers don't understand the objective and history of mediclaim policies. Healthcare is the responsibility of the state. But the budget allocation for healthcare is extremely low. Facilities in government hospitals are poor, as is the ratio of beds and doctors to patients. In this backdrop, medical insurance policies were introduced by nationalised insurance companies. The objective was to enable citizens to get access to affordable healthcare in private hospitals. The scheme was not meant to be a profit-making one.

The regulator has lost sight of the objective of mediclaim. Instead of protecting the insured, it is allowing insurers to discontinue existing policies and compelling the insured to migrate to another scheme. The change allows insurers to hike premium of the "new product". The Supreme Court judgement that a policy must be renewed on identical terms and conditions so long as the insured pays the premium and does not commit any fraud, is violated.

Portability is allowed. Senior citizens can compare policies and migrate to a cheaper one.



Health insurance covers for senior citizens are a must, given the rising cost of healthcare. An adequate health insurance cover enables senior citizens to go ahead with the required treatment without punching a hole into their savings or future plans.

Accumulated savings can supplement any shortfall due to co-pay clauses and sub-limits. However, these are unlikely to be adequate to take care of hospitalisation bills over the long-term. It is true that premiums for senior citizens have been increasing over the years, but the hikes are linked to healthcare costs. Health insurers are commercial entities that have to ensure the sustainability of their businesses too.

All our plans, premiums and modifications are filed with the Insurance Regulatory and Development Authority of India (Irdai). Any premium revisions happen only after the regulator's approval. Since portability is allowed, senior citizens can compare policies and migrate to a cheaper one. Dropping out is not a solution. Our Star Senior Citizen Red Carpet Health Insurance Plan continues to be one of our best-selling products, which means that our customers continue to find it viable.

Having a good and adequate health cover helps one live a life of dignity.



I feel independent health insurance is critical and very viable for senior citizens. Having a good and adequate health insurance cover helps a person live a life of dignity and freedom as he or she does not have to depend on their children or anybody in case of any medical exigency.

Health insurance, in fact, becomes even more critical as one ages because health issues tend to increase. Also, as healthcare costs spiral, the need for adequate health cover is becoming more important. One needs access to quality healthcare.

An easy way to mitigate the impact of health costs is by purchasing a good senior citizen health insurance plan. It is, of course, advisable to have health insurance from very early in one's life, but I would say it's never too late to be financially secure. We also recommend that customers buy a top-up cover along with the base, regular health insurance policy, as it can come in handy in case of a large claim and is fairly inexpensive.

YES

There is a need to innovate in the senior citizen health insurance space. Most plans focus on treatment procedures. They do not help senior citizens adopt a healthy lifestyle that can improve the health outcomes and reduce the claims cost burden. Given that utility value is perceived to be low, you have very few takers for these plans and that makes it unsustainable, leading to premium escalations.

Ideally, senior citizen health plans should offer programmes to encourage healthy lifestyles and provide access to care beyond hospitalisation. For example, for ongoing treatment—consultations, health check-ups and so on. They should also cover chronic conditions such as diabetes, considering its prevalence in India. In addition, such plans should provide healthcare-at-home facility. Barring a few insurers, most plans do not cover expenses beyond regular hospitalisation. This is a classic case where we need to build plans which are more inclusive and encourage more participation, get leverage of economies of scale to keep cost exposure low and make the programmes sustainable.

Preexisting diseases are not covered under individual health insurance policies, but are covered under group health policies. Most senior citizens are out of corporate health plans after retirement and many companies have discontinued programmes that fund the cost of parents' insurance. This adds to the challenge.

We must focus on encouraging people to take individual health policies early in life. If such plans promote good health behaviour through rewards or incentives, we will indirectly create better situation for current and future senior citizens.