



HOW TO SLASH OUT OF POCKET MEDICAL EXPENSES

P10

9 WAYS TO SLASH OUT-OF-POCKET medical expenses

Find out how to optimise your insurance plan and strategise medical expenses to bring down your healthcare costs.



by Riju Mehta

When Delhi-based Aditya Seth was admitted to a private hospital for intestinal infection in March this year, he was not too worried about the medical expenses he would incur. He had a ₹5 lakh health insurance after all. However, when the hospital bill for three days came to ₹80,250, the insurer paid only ₹49,790, leaving him to furnish the remaining ₹30,460.

Seth is not alone in dealing with the problem of out-of-pocket medical expenses (OOPE). According to a 2021 Niti Aayog report, 63% of all healthcare spending in India is out-of-pocket expenditure, among the highest in the world. One of the main reasons is, of course, the low health insurance penetration in the country. "For the people who do have insurance, there are items and non-medical expenses that are traditionally excluded from the purview of insurance," says Dr Bhabatosh Mishra, Director, Underwriting, Products Claims, Niva Bupa Health Insurance.

"Besides, many people do not opt for an adequate sum insured. With high post-pandemic medical inflation, their sum insured

runs out, especially in case of prolonged hospitalisation, and they are left to bear the remaining cost," says Bhaskar Nerurkar, Head, Health Administration Team, Bajaj Allianz General Insurance.

Some other reasons for high OOPEs are out-patient department (OPD) expenses, which are not covered by many insurance plans, as well as high co-pay limits, and sub-limits in health covers, which result in people paying the balance themselves.

So how can one reduce this financial burden when it comes to healthcare? In a two-pronged approach, not only can you optimise your health insurance to pay most of the medical bills, but also cut down on expenses that you will inevitably end up paying from your pocket.

USE NON-HOSPITAL DIAGNOSTIC CENTRES

IF YOU ARE not already admitted in a hospital and your medical diagnosis requires blood tests and expensive radio imaging, such as MRI, CT scan, ultrasound, or even an X-ray, it is a good idea to get it done from private imaging centres or government hospitals, where the cost is lower than that in a private hospital. For instance, an MRI in a private hospital in Delhi would typically cost you upwards of ₹8,000, while the same in a government hospital or a smaller imaging centre would cost ₹3,000-4,000, an easy saving of ₹4,000-5,000.

Go to radio imaging centres

	MRI	CT Scan	Ultrasound
Private hospital	₹9,000-12,000	₹8,000-12,000	₹2,000-5,000
Private imaging centre	₹4,000-7,000	₹3,000-6,000	₹800-4,000
Government hospital (AIIMS)	₹3,000-5,000	₹200-1,100	₹200-350

Source: Websites for Delhi hospitals and imaging centres.

BUY GENERIC MEDICINES

AN EASY way of cutting OOP expenses is to avoid buying medicines from hospital pharmacies or opting for branded medicines. "In the absence of protocol, doctors recommend very high potency antibiotics which are more expensive, even though a lower potency, cheaper one would work," says Dr. Mishra. While generic medicines or cheaper substitutes are available at local chemists, a good option is the Pradhan Mantri Bhartiya Janaushadhi Pariyojana kendras, of which there are nearly 8,000 across the country. For instance, an ibuprofen 200 mg strip of 10 tablets will be available at the kendra for ₹3, while elsewhere you will get it for ₹9-10.

Generic drugs from PMBJP kendras are up to 80% cheaper

	Generic medicine (PMBJP kendra)	App (PharmEasy)	Online store (Apollo Pharmacy)
Amoxicillin 500 mg (10 tablets)	₹35	₹58.27	₹63.02
You save		₹23.2 (40%)	₹28.02 (44%)
Lorazepam 2 mg (10 tablets)	₹12	₹66.06	₹28
You save		₹54.06 (82%)	₹16 (57%)

Source: PMBJP and other websites.

BUY ADEQUATE HEALTH INSURANCE

"IT IS IMPORTANT to buy a policy that matches one's requirements and has a decent sum insured," says Nikhil Chopra, Chief Business Officer at Medi Assist. The amount should depend on the city you live in, your age, family size and medical history. Buy a bigger family floater plan if you live in a metro city and are married with kids. Take a base plan of, say, ₹5-10 lakh, and supplement it with a ₹20-25 lakh super top-up plan. "One should also keep evaluating the adequacy of the sum insured every few years given the rising medical inflation," says Nerurkar.

Besides the size, one should ensure that the insurance is comprehensive, which means it covers a wider range of medical as well as non-medical and non-hospitalisation expenses, has fewer limits and has a wider hospital network. Also make sure you have additional plans that cover personal accident and critical illnesses, picking specific plans for the latter if you have a family medical history, say, cancer, heart disease, etc, preferably at a younger age.

BE DISCREET ABOUT HOSPITAL ROOM CATEGORY & OTHER EXPENSES

INSURANCE REGULATOR Irdai has segregated some non-medical expenses that the insurance companies are not obliged to pay during hospitalisation. These non-payable charges include those related to room (tissue, hand wash, toothpaste, housekeeping charges, etc); treatment (registration charges for admission, disinfectant, dietician, nutrition planning, etc); and procedure (X-ray film, cotton, bandages, disposable razors, surgical blades, etc) charges. However, there are other expenses that you can bring down.

"The hospital billing is always as per the room plan, and all additional charges will be based on your room category," says Dr. Mishra. This means that all associated costs, including doctor's fee, ICU admission, diet and other services provided in the room, will be determined by the room category. So if you were to opt for a twin sharing room instead of a single room, your discretionary costs and OOPs will come down proportionately.

UPGRADE TO PLANS THAT COVER OPD, DAYCARE, DAILY CASH, SUB-LIMITS

"**INSURANCE COVERS** only hospitalisation, while more than 50% of the overall healthcare expenditure is related to OPD, incurred in doctor consultations, medicines and diagnostics," says Mayank Bhatwal, CEO, Aditya Birla Health Insurance.

Since such expenses inevitably end up coming from your pocket, try to opt for plans that have fewer sub-limits like

room rent categories, and cover OPD (no hospitalisation) and daycare treatments (hospitalisation of less than 24 hours). "If your plan doesn't cover OPD expenses, go to clinics, not hospitals, for medical consultation and treatment because the latter will tag on 18% GST, besides a host of distribution and management charges," says Dr. Mishra.

The plan should also offer restore benefit, where the entire sum insured is restored if you exhaust it in a policy year, either once or multiple times, for the same illness or different illnesses, and for the

same or different family members, depending on your plan. Check if the cover offers daily cash allowance for medicines and diagnostics during hospitalisation not covered by insurance, pays for consumables and non-medical expenses, and has a wider hospital network.

Even if the premium is slightly more, all these options will bring down your OOP expenses significantly. If you have an old plan which does not offer these benefits, you could consider porting to a new plan from the same or different insurance company as well.

New, upgraded plans cost more, but will save money

₹5 lakh cover	Aarogya Sanjeevani	Care Freedom	NCB Super Premium
Benefits	<ul style="list-style-type: none"> No OPD No restore No daily cash Room rent: ₹5,000 a day Co-pay: 95% Daycare: All treatments 	<ul style="list-style-type: none"> No OPD Restore: ₹5 lakh once a year Daily cash: Up to ₹1,000 a day Room rent: Shared room Co-pay: 80% Daycare: 170 treatments 	<ul style="list-style-type: none"> OPD: Available as optional cover Restore: ₹5 lakh unlimited No daily cash Room rent: Single private AC room Co-pay: Full Daycare: 541 treatments
Annual premium (₹)	6,013	6,548	9,140

Note: All plans from Care. For 35-year-old male in Delhi.

USE PREFERRED CASHLESS NETWORK HOSPITALS

ANOTHER OPTION to reduce your OOP expenses is to go for a preferred network hospital of the insurance company. Insurers have tie-ups with several hospitals and get discounted rates and packages for procedures, which are passed on to consumers. "Cashless facilities are seamless and out-of-pocket expenses are minimised due to preferred tariff enjoyed by the insurers. Besides, treatment in non-network hospitals may invite a co-payment in certain policies. Also, the insured might benefit from offers or discounts on non-medical expenses," says Nerurkar.

So, a preferential network hospital may not charge for consumables or non-payable items up to a certain limit, may offer free ambulance within a given radius, or provide post-discharge discounts for a certain period on doctor consultation,

medicines, etc. One must also remember that the hospital provides only an estimate for a scheduled procedure or surgery and you will invariably end up paying for non-medical items.

OPT FOR PLANS WITH LOW CO-PAY & DEDUCTIBLE

IF YOU BUY a health plan with high co-pay or deductible, the premium may be lesser but you will end up paying a bigger amount from your pocket, especially if you don't have a base plan. This is because co-pay/deductible is the amount that has to be exhausted before the insurance kicks in. If you want to reduce this OOP cost, opt for a plan with lower co-pay or deductible so that the insurer takes

on the entire burden of hospitalisation expense. "A policy without co-payment or deductible is recommended so that the insurance policy can bear the claim amount. Given that most policies are available in instalments, it is relatively easier to spread the premium cost," says Nerurkar.

On the flip side, however, it may not be a good option for everyone. "Only the people who do not buy a base plan or have adequate amount of savings and can easily pay this amount from their pockets for the long term should go for low co-pay or deductible," says Dr. Mishra. It is better to go for a higher deductible super top-up plan and a sizeable base plan because the latter is typically more comprehensive than the former and most benefits are linked to the base plan, not the super top-up. A negligible deductible will reduce these benefits.

GET RIDERS IF YOUR PLAN IS OLD

IF YOU HAVE a plan with outdated features and are increasing your out-of-pocket expenses, it may be a good idea to port to a new plan that is more comprehensive. Another option is to go for riders and add-ons that provide better coverage. "However, all add-ons are not relevant to every customer, so one must apply discretion while opting for these additional features," says Chopra. Opt only for the ones that add value and reduce your OOP expenses. For instance, if your plan does not cover OPD expenses or consumables and non-medical expenses, does not offer daily cash, or still has a room rent limit, consider the riders on room rent waiver, daily cash or discounts on consumables. Make it a point, however, to compare the cost of shifting to a new plan and that of adding a rider.

Riders can help cover OOPs



Base plan without daily cash, OPD, consumables
Premium: ₹7,551 (annual)

Rider 2: Everyday Care (80% off on doctor consultation & diagnostic tests at exclusive diagnostic centres & hospitals)
Extra cost: ₹4,866

Rider 1: Care Shield

- Covers 60-plus consumables like gloves, oxygen masks, ambulance equipment, spirometer, etc.
- Increases cover every subsequent year as per CPI inflation rate.
- If no claims, cover is increased; if claim is less than 25% of SI, no-claim bonus is not eroded.

Extra cost: ₹377

Source: Care Health Insurance; for 35-year-old male in Delhi.

USE DISCOUNTS ON ONLINE APPOINTMENTS & VIA HEALTH APPS

IF YOU ARE seeking doctor's appointment in a hospital, try to book via the hospital website or app as they are likely to provide a discount on online booking and payment, reducing your OOP expense. For instance, Max Hospital's online booking offers a 10% discount on making appointments and prior payments. Similarly, various health apps like Practo, Netmeds, PharmEasy and Tata 1 mg offer discounts on medicines, while others like the Visit app for corporates offers discounts on e-consultations, medicine delivery, diagnostics tests, among others. Free online OPD service is also available via the Ministry of Health and Family Welfare's e-Sanjeevani, which offers free medical advice and medication through phone or computer.

