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**Headline:** - Senior citizens can strategize and reduce their health insurance premiums but should they

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- In case you can afford the premiums, it is always recommended to go for a comprehensive cover without copay and deductibles.
- If you opt for a copay of 20%, your health insurance premium will come down by 20-25%.
- Plans with deductibles will also have lower premiums compared to plans with no deductibles.

Health insurance is indispensable in the modern age as it offers financial security during medical emergencies. Insurers often provide specialised health insurance policies tailored for senior citizens, typically catering to individuals aged 60 years and older. These plans encompass extensive coverage for hospitalisation in planned medical situations or emergencies, including pre-existing conditions and critical illnesses.

However, the premiums for these policies tend to be comparatively higher, as seniors are more likely to suffer from chronic diseases and other ailments.

However, there are ways in which seniors can reduce their health insurance premiums. We take a look.

**Co-payment:** Here, the insured pays a certain percentage of the claim from his or her own pocket. "Health Insurance plans with higher co-pays tend to have lower premiums. This is because the insurer's liability is reduced, so they can charge lower premiums," says Ajay Shah, head, distribution, Care Health Insurance.

For example, let us say that an individual has made a claim request for ₹2 lakh. And the co-payment as per his/her policy is fixed as 20% (this amount is decided at the time of policy purchase). In such a

case, upon claim approval, the insurer will pay a total amount of ₹1,60,00 while the insured pays the remaining ₹40,000.

“In this case, your premium will come down by 20-25%,” says Bhaskar Nerurkar, head, health administration team, Bajaj Allianz General Insurance.

**Deductibles:** This is also known as self-insurance. Plans with deductibles (where the insured pays a specific amount of the medical expense, before the insurer starts coverage) will also have lower premiums compared to plans with no deductibles. Let us say you have a health insurance plan of ₹5 lakh sum assured with a ₹1 lakh deductible. If the claim is of ₹3 lakh, you have to pay ₹1 lakh from your own pocket and the rest will be paid by the insurer. In case the claim is less than ₹80,000, the insurer will not pay anything.

Deductibles have a higher impact on premiums. For deductibles premiums can go down by 40-50% depending on the quantum of the deductible.

**Super top-up plans:** Some insurers also offer super top-up plans, which have deductibles. “These plans when clubbed with the base policies provide additional coverage to the policyholder, as they get a higher coverage without having to pay the deductible amount,” says Shah. Hence it can be a smart way to reduce premiums.

Let us say that Sangita has a base health insurance plan with coverage up to ₹5 lakhs. Additionally, she has opted for a super top-up plan with a total coverage of ₹10 lakhs and a deductible of ₹5 lakhs and she has two claims in a single year.

“During the first claim of ₹8 lakhs, the deductible amount of ₹5 lakhs will be covered from the base plan and the remaining ₹3 lakhs from the super top-up plan. Later in the same year, if she makes a second claim of ₹4 lakhs, the insurer will cover it entirely from the super top-up plan,” says Arijit Sen, a SEBI-registered investment advisor, and co-founder of Merry Mind, a financial advisory firm. In the case of a top-up plan however, no coverage will be provided as the coverage won’t kick in due to the deductible. Super top-up plans thus come with a slightly higher premium than top-up plans.

#### The final word

Copay and deductibles can reduce health insurance premiums, especially if you are a senior citizen. But it comes with an out of pocket expense. In the case of a plan with a deductible, one already has an idea of the amount one needs to pay out from one’s own pocket. However, in case of co-payment that is not the case. In case of a very high health claim, the amount one has to pay out of one’s pocket will be substantially high.

“In case you can afford the premiums, it is always recommended to go for a comprehensive cover without copay and deductibles,” says Nerurkar.

But if you want to reduce your premiums, you should consider the various options available.