

Health insurance 3.0 is here

After the current wave of reforms, expect your policy to cover more diseases, but your premiums will rise too

TIMESH BHASIN & PRIYADARSHINI MAJI

Health insurance in India is undergoing a major overhaul. Over the past month, the Insurance Regulatory and Development Authority of India (IRDAI) has come out with several guidelines to broaden the level of coverage that your health insurance policy offers, and make the product simpler.

Health insurance products currently don't take into account the severity of illness. Instead, the insured gets reimbursed only if he is hospitalised. "With technological advances, many procedures and treatments that required hospitalisation can now be accomplished through day care. The regulator is undertaking reforms to keep pace with the evolution of treatment," says Shreeraj Deshpande, head of health insurance, Future Generali India Insurance. Oral chemotherapy, which is used to treat certain cancers, for instance, does not require hospitalisation.

The government is also on the verge of launching its ambitious Ayushman Bharat-National Health Protection Mission (AB-NHPM) that aims to provide coverage worth ₹500,000 to each family annually. The scheme will benefit more than 100 million poor families. "Prior to its launch, the regulator is ensuring that there is no ambiguity regarding what is covered and what is not," says Onkar Kothari, compliance officer and company secretary, Bajaj Allianz General Insurance.

The current wave of reforms is the second biggest overhaul in health insurance since IRDAI changed the way claims are settled after Mumbai-based activist Gaurang Damani filed a public interest litigation in Bombay High Court in 2011.

Rationalising exclusions: The regulator has set up a working group to examine the exclusions prevalent



IMAGE: ISTOCK

THE TASK AHEAD

The committee constituted by IrdaI to examine exclusions has a tough agenda

- Minimising the number of exclusions
- Rationalising them based on new treatments
- Study wordings and language of exclusions. Standardise and simplify them
- Ensure that insurers don't deny claims unrelated to exclusions

icy also offers an outpatient department (OPD) cover, it will pay for consultations and therapy sessions as well, subject, of course, to applicable limits.

The broadened cover also means that individuals will need to shell out higher premiums. "With the change of regulations there will be change in premiums. They will rise as new diseases that were not being covered will now be added. There will also be underwriting changes because when we on-board customers we will want them to make complete declaration about their current health condition," says Mehrotra.

Reducing non-payable items: The regulator recently removed 10 ailments and medical procedures from the list of non-payable items under a health insurance policy. Some of these include dental treatment, hormone replacement therapy, infertility treatment, obesity, treatment of HIV and AIDS, and stem cell implantation or surgery.

There is a list of 199 optional items that are under non-payable items like catering, phone calls, and so on. Insurance company officials say that the 10 ailments removed from the list are optional for companies — they can still choose to keep them as exclusions. The regulator, however, has been pushing insurers to include as many treatments as possible. Some expect that the regulator may come out with a circular asking insurers to cover some of the treatments that have been removed.

Customisation of policies: Over the last year or so, about three companies have started offering discounts on premiums to customers if they exercise and stay fit. Now, expect more companies to offer such policies with bigger discounts. A working group set up by the IRDAI to examine innovations in insurance involving wearable and portable devices has come out with its recommendations. Insurers will now be able to customise their products, offering different levels of discounts based on the level of effort a customer is making to stay fit.

The insurer will also clarify on the data that customers need to share with their insurer. "Using wearables, besides calculating discounts accurately, insurers will also be able to track whether the customer is taking adequate care to manage his disease, say, glucose levels in the case of diabetics," says Ramani.

DEVICES FOR TRACKING FITNESS AND DISEASE MANAGEMENT

Type of wearables	Description	Who offers them
Fitness tracer	Tracks distance walked or run, sleep time and heart rate	Fitbit, Samsung, GoQii
Skin patch sensor	Monitors fitness and glucose levels	FreeStyle Libre, Dexcom G6
Smart contact lenses	Monitors glucose and intraocular pressure	Google, Samsung
Medical e-textiles	Clothes that track vitals and are used in drug delivery	Hexoskin
Implantable devices	Digital pills used for cardiovascular treatment and monitoring	Medtronic

Source: IRDAI

in health insurance and minimise their number. The move comes after Delhi High Court held that genetic disorders in insurance policies were "too broad, ambiguous, and discriminatory". The court asked IRDAI to review the exclusion clauses in insurance contracts.

Besides standardising exclusions, the regulator is also simplifying the wordings used in policies. Many anomalies exist today. "There are policies that offer a cover for maternity but put infertility treatment in the list of exclusions," says Vaidyanathan Ramani, head of product and innovation, Policybazaar.com.

Health insurance policies in India have about 40 exclusions. "In health insurance policies abroad, the number of exclusions stands at 26-27.

Insurers there have found ways to cover or underwrite the 15-16 items that are still in the exclusion list in India. One of the things the IRDAI committee is trying to do is bring down exclusions," says Ashish Mehrotra, MD and CEO, Max Bupa Health Insurance.

While the number of diseases covered will increase once the regulator finalises its norms on exclusions, most industry sources say that premiums will definitely rise as exclusions are among the key variables in determining premiums.

Mental illness to be treated on par with physical ailments: Until now, health insurance policies did not cover mental illnesses. But this changed with the regulator asking insurers to make provisions for covering them

after the government enforced the Mental Healthcare Act. According to the World Health Organisation's report "Depression and other common mental disorders - Global health estimates of 2017", 4.5 per cent of India's total population suffers from depressive disorders.

Insurers kept psychiatric conditions, mental illnesses and psychological disorders in the exclusion list. With the regulator asking them to cover mental illnesses with immediate effect, they will not be able to include them in the list of exclusions anymore.

In future, whether an insured is able to lodge a claim for mental illness will depend on his policy. In plain vanilla products, mental illnesses will be covered only if they require hospitalisation. But if the pol-