Things to know before buying Health Insurance

ROOM RENT & ICU CHARGES

Many insurers limit the daily room rent/ICU charges as % of the Sum Insured (cover amount). Eg - Room rent capped@1% of 5 lakh SI means your Insurer will NOT pay more than 5k/day

○ Find out the average cost of a room/ICU charges in your city; for reference, a Single room costs ~8k/day in Bangalore

○ Check the maximum limit on room rent/day as per your policy

○ Check the maximum limit on ICU room rent/day as per your policy

AVOID SUB-LIMITS

Avoid sub-limits if possible. Eg - Sub-limit of 25% on room rent means your insurer will NOT pay towards room rent expenses the moment it crosses 25% of the SI. So, with 5 lakh as SI, 25% sub-limit means you can only claim a total of 1.25 lakh. Remember, room rent also included other associated charges like nursing charges, etc

○ Avoid sub-limits on room charges

○ Avoid sub-limits on ICU charges

PROPORTIONATE CHARGES

This is tricky and shocking . Simply put, hospitals charge you for certain services differently based on the kind of room you are renting. Charges are higher for single room compared to say a sharing room

○ Ask whether the policy has any proportionate charges?

○ Ask whether there is an optional cover you can take to remove the proportionate charges from your policy

○ If there is a cover to remove the proportionate charges, buy it; it's not very costly

AVOID CO-PAY

CO-PAY is a cost sharing model b/w you and Insurer. For senior citizens or for certain conditions, Insurer can ask you to bear some percentage of the claim. Eg - 10% Co-pay means for a claim of 3 lakh, you will need to pay 30k from your own pocket

○ Check if policy has CO-PAY

○ Check if you can avoid CO-PAY by paying a higher premium

WAITING PERIOD

Insurers have a rule where they wait for months before you can claim for certain pre-existing diseases and/or critical illness. For eg, Insurers will make you wait for 48 months before you can claim for any hospitalisation towards Osteoporosis

○ Check for how long are you not allowed to make any claim immediately after purchasing a policy (generally it's 30 days and is for any kind of claim)

○ Make a list of all the pre-existing diseases(PED)/diseases specific to the person being insured and factor in the waiting period for those specific diseases

○ DON'T FORGET to declare all existing diseases/conditions at the time of buying the insurance. Not doing so has serious consequences on your future claims

○ Remember that when you declare all diseases/conditions to the Insurer, there is a provision where Insurers can exclude some of them permanently. This has to happen with your consent. Ask them.

○ Ask what happens to the waiting period in the event you increase your SI. Eg - You increase your SI from 6 lakh to 10 lakh, generally the waiting period will start again but only for the amount of increase (4 lakh)

QUITTING YOUR JOB?

If you are employed, chances are you are covered by what's called a Group policy. The other kind is called Individual policy. You can transfer the no of months you accrued towards waiting period while switching between Group to Individual

○ Talk to your TPA/People partner before you leave and ask them to port/migrate to another policy of your choice so that you don't lose out on the months you had already waited for

○ Do the above at-least 30/45 days before quitting

○ DON'T FORGET TO Port/Migrate before quitting your job, especially if your parents/senior citizens are also insured as part of it

RENEWAL/EXPIRY OF POLICY

Most policies have to be renewed yearly; not doing so can lead to resetting the waiting period, etc. Fortunately, you also get something called a Grace period, which allows you to renew the policy "x" days after your policy has expired

○ Ask wha's the Grace period for your policy

○ Set a calendar invite at-least 45 days prior to the date of expiry of your current policy, and add your friends/family members to the invite

CUMULATIVE BONUS (CB) - REWARD FOR BEING HEALTHY

In simple words, your Sum Insured increases by some amount for every claim less year, i.e. you are rewarded for being healthy

Say for a given year, if your SI was 5 lakh, and you didn't claim anything, when you renew the policy next year, the SI will become 5.25 lakh = 5 lakh +(5% of 5 lakh), where

5% is your CB Bonus

◯ Ask what's the CB % for your policy

◯ Ask by what rate does CB decrease if you don't have a claim-free year

◯ Ask what's the max. CB you can accumulate

GO CASHLESS

Cashless means the settlement of your claim happens directly b/w the Hospital and the Insurer. Insurers identify such hospitals as part of their Preferred Provider Network (PPN)

◯ Ensure that major hospitals around you (say radius of 2-5 kms) are covered under your policy's PPN

BUY TOP-UP

Say you have an individual insurance with cover of 5 lakh. If you get hospitalised and your total expense was 8 lakh, the remaining 3 lakh comes out of your pocket. Think of a Top-up like an additional cover that kicks in only after a threshold, called a "deductible"

If you had a top-up plan of 10 lakh with deductible of say 5 lakh, then any expense above the deductible will be paid by your Top-up policy. The advantage of top-up is that it increases your potential SI at a lower cost

◯ Buy a top-up with deductible equal to the SI of your base insurance policy (Which means where the coverage of your base policy ends, the coverage of top-up policy begins)

READ CIS

The CIS(Customer Information Sheet) wordings are 100% standardised across all Insurers; it gets easy once you have read 1/2 of them

○ Ask for CIS for your policy

○ Spend time reading CIS because there are many things you need to know before buying health insurance

REMEMBER, THIS IS NOT AN EXHAUSTIVE (AND OFFICIAL) LIST

○ Do your own research, and more importantly, take health insurance seriously

○ Hold agents accountable and ask them questions. You'd be surprised by how less they know

○ Share the checklist/pdf widely with your friends & family

○ Anyone willing to translate this in other languages is welcome and encouraged

○ Know more about the interesting story behind this checklist at https://simplifyhealthcare.in