



AN INTRODUCTION TO HEALTH INSURANCE

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CHAPTER ONE

What is health insurance?

Good health is the foundation of happiness. But factors like smoking, alcohol consumption, climate change, increased population, etc. make us more susceptible to health problems.

While no one likes thinking about the possibility of being injured or hospitalised, it is pertinent to be prepared for any scenario because the financial impact of these treatments can be huge.

A health insurance plan combats this problem. It is a comprehensive cover for hospitalisation expenses incurred by you for any illness, accident, or injury. The expenses can include hospitalisation costs, the cost of medicines, doctor consultation fees, etc.

Health insurance acts as a protective shield for savings and healthcare, so you and your loved ones can live a happy, fulfilling life.



CHAPTER TWO

Why do you need health insurance?

With an active policy in place, you can get the best treatments and the following benefits -

MEET RISING MEDICAL EXPENSES



With the advent of new emerging diseases, come breakthrough medical technologies. However, the cost of getting quality treatment is rising exponentially. The growth of science brings advanced treatments, which are really expensive due to new drug development

methods and increased efficacy. A shortage of specialist doctors and surgeons in a particular field also causes medical inflation.

The importance of health insurance is vital in dealing with this situation. It helps you and your family effectively manage the high expenses and lead a healthier life.

For example, WHO identified SARS-CoV-2, Crimean Congo hemorrhagic fever, and Ebola virus disease as the top emerging diseases/conditions. If you get diagnosed with any of them, you would need advanced treatment - from multiple consultations and medical tests to medicines and room rent. With a health insurance policy, you don't have to worry about the big hospital bills while you are already going through physical and mental anguish.

SAFEGUARD YOUR FAMILY



Your family means the most to you, and ensuring their good health and safety is of primary importance. Should anything happen to them, you will be ready to provide the best, state-of-the-art medical facilities and help them recover quickly.

Consider your ageing parents, they might need to get hospitalised due to some age-related issues like joint replacement, heart conditions, etc. and the doctor would recommend multiple X-rays, MRI scans, and other tests to determine the illness. These can be covered under a health insurance policy.

GET MORE ENHANCED COVERAGE THAN A HEALTHCARE FUND



A Healthcare Fund is basically your savings for healthcare expenses. This can be done by stowing away a certain amount, putting your money in some investment option like a fixed deposit, etc.

While this could be useful, it should not be a replacement for health insurance. The treatment and surgery fees in today's time could cost a fortune, therefore, a healthcare fund will not be enough to deal with all the medical expenses.

PROTECT YOUR SAVINGS



You have been saving money over the years to fulfil some future dreams and goals, like - buying a house, giving your children a top-class education, your peaceful retirement, etc.

An unforeseen illness can drain your savings, all at once. But with a health insurance policy, you can manage your medical expenditure without dipping into your savings. In fact, some insurance companies offer cashless treatment, so you don't have to stress about reimbursements either.

GET THE MOST WHILE YOU ARE YOUNG



Generally, you are required to undergo medical tests before issuing a health insurance policy. Please note that some insurers make medical tests mandatory after age 45. This varies across insurers.

The results of such tests will decide whether you will get health insurance or not. The older you grow, the more you get exposed to medical issues, like diabetes, and cardiac and respiratory diseases. Hence, there are higher chances that you won't get a health insurance policy. And even if you get one, you would have to pay a lot more for a cover that would cost a lot less at your younger age. Therefore, go for suitable health insurance coverage while you are still in the prime of your life.

AVAIL TAX BENEFITS



Under Section 80D of the Income Tax Act, 1961, you can get deductions for the health insurance premium paid for yourself, your spouse, your dependent children, and your parents. This further increases your savings.

However, reducing tax liabilities should not be your primary reason to invest in health insurance.

CHAPTER THREE

What costs are covered under health insurance?

Health insurance generally covers -

1 PRE-HOSPITALISATION COSTS

You may incur costs related to tests or consultations before undergoing treatment or getting admitted to the hospital. These are called pre-hospitalisation costs and are covered by Health Insurance. Most health insurance plans cover pre-hospitalisation costs for 30 to 90 days.

Pre-hospitalisation costs include -

- Blood tests
- X-rays
- OPD consultations fees
- Diagnostic tests like ECG, EEG
- Urine test, etc.



For example, Lekha has health insurance with a sum insured of Rs 10 lakhs. She gets mild chest pain, for which she consults a doctor. He advises her to undergo an ECG to check the condition of her heart. After examining the results, the doctor tells her she has some complications and will require hospitalisation for 2-3 days. The ECG, any other tests, room rent, medicines, consultation fees, etc. shall be covered by her health insurance policy.

2 IN-PATIENT TREATMENT COSTS

Being admitted to a hospital comes with certain hospitalisation expenses. These may exceed your budget and drain your funds. However, Health Insurance covers hospitalisation costs. In order to be eligible for a claim, you must be hospitalised for at least 24 hours.

Here are some of the hospitalisation expenses covered by health insurance -

- Medical treatment expenses
- Room rent
- ICU charges
- Surgery cost
- Doctor consultation fees
- Oxygen supply
- Blood supply
- Medicine costs, and so on.



However, there is an exception to the rule. It will be discussed in the next point.

3 DAYCARE TREATMENT EXPENSES

Some surgeries or treatments don't require you to stay overnight in the hospital (more than 24 hours). A health insurance policy covers these too.

These treatments include -

- Gallbladder removal
- Hernia
- Chemotherapy
- Cataract
- Dialysis, etc.



4 POST-HOSPITALISATION COSTS

Health insurance also covers the expenses that you incur after you are discharged from the hospital. Typically, these plans cover post-hospitalisation costs for 60 and 180 days. The following expenses are covered under this category -

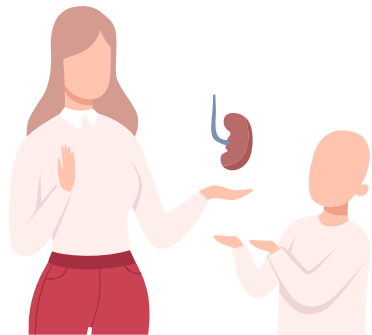
- Regular check-up costs or follow-up visits to your doctor
- Diagnostic tests such as colonoscopy, ECG, etc.
- Rehabilitation costs
- Physiotherapy sessions costs, and so on.



For example, Madhav has health insurance with a sum insured of Rs 5 lakhs. He underwent knee surgery and the surgery cost approximately Rs 2 lakhs. The doctor scheduled fortnightly medical appointments to keep an eye on the surgical wound. His health insurance shall cover the surgery costs and the follow-up consultation charges.

5 ORGAN DONOR HOSPITALISATION

Many health insurance plans also cover the hospitalisation and surgical costs incurred by the organ donor during an organ transplant surgery. If this type of coverage is not provided under the plan, the expenses incurred by the organ donor during the period of hospital stay including the room charges, surgery costs, medicine costs, etc. will need to be paid from the organ receiver's end.



6 DOMICILIARY HOSPITALISATION

If you are not in a condition to be moved to the hospital due to an illness or injury, or if there are no hospital beds available, you can receive treatment in the comfort of your home.

This is called Domiciliary Hospitalisation. Most health insurance plans cover all costs associated with such home care. A registered physician shall supervise the domiciliary treatment, and a paramedic or nurse shall be on hand all the time to monitor you.



For example, Vimal has a health insurance policy with a sum insured of Rs 5 lakhs. One morning, he was cleaning his house when he slipped and fell down the stairs. He broke his right leg and passed out. His brother called a doctor and explained the situation. The doctor advised him not to take Vimal to the hospital as any further movement could worsen the fracture. So, he arranged for the entire treatment to be administered at home. In this case, the complete domiciliary hospitalisation costs including the medications shall be covered by Vimal's health insurance.

CHAPTER FOUR

Exclusions under health insurance

Exclusions are the costs that health insurance doesn't cover. There are two types of exclusions - **Permanent Exclusions** and **Temporary Exclusions**.

Let's have a look at both.

1. PERMANENT EXCLUSIONS

Permanent exclusions are situations or conditions that are out of the scope of coverage of the policy. And hence, they will never be covered under health insurance. So, if you apply for a claim for such a condition or a treatment, the insurer will not pay the claim.

For instance, Elena buys a health insurance policy for a sum insured of Rs. 5 Lakhs. There is a list of permanent exclusions in the policy document, where one of the exclusions mentioned is 'maternity costs'. This means that any maternity-related expenses incurred by Elena will not be covered by her health insurance plan.



Types Of Permanent Exclusions

There are 2 types of permanent exclusions in health insurance -

1. Standard permanent exclusions
2. Additional permanent exclusions

Let's learn about both these types in detail.

Standard Permanent Exclusions

Every insurance company has a list of standard exclusions that they will never cover. Here are a few examples of standard permanent exclusions -



Diagnosis & Observation

If you're admitted to the hospital just for diagnosis and evaluation, then the expenses will not be covered by health insurance.

For instance, Savio has some pains in his chest and visits the hospital. The doctor does a basic routine check and tells him to get admitted. While he's in the hospital, the doctor gives him some medicines and conducts some tests.

Other than this, no treatment is carried out - and he is discharged the next day. The insurance company will not cover the expenses incurred by Savio in this scenario.



Maternity Costs

Expenses related to pregnancy, childbirth, pre and post-natal costs, etc. are generally not covered under a health insurance policy. You, however, can opt for the Maternity Benefit with your base policy if you want your health insurance to cover expenses related to maternity.



Obesity/ Weight Control

If you undergo any treatment primarily for obesity, or to control your weight, the insurance company won't cover the expenses.



Drugs & Narcotics

The treatment for any illness or injury arising out of excessive drug use, alcoholism, etc. is permanently excluded by insurance companies.



Outpatient Expenses

Any expenses incurred when the medical procedure is carried out in the outpatient department are excluded permanently.

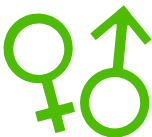
Suppose Ananya falls down the stairs, damages her right leg, and her toes begin to bleed.

Her sister drives her to the hospital. The doctor tells Ananya's sister to take her to the Outpatient Department. After some time, a nurse cleans and treats the wound. The doctor then prescribes some painkillers and tells Ananya to rest at home for a few days.

Because Ananya's wound was treated at the Outpatient Department, health insurance will not pay for the expenses.



Note: A few insurance companies have now started providing covers for OPD expenses in their policies as an optional or add-on cover - where you will have to make an additional payment to avail of it.



Change Of Gender Treatment

Health insurance will not cover any treatment expenses that are carried out to change the characteristics of the body to those of the opposite sex.



Cosmetic/Plastic Surgery

The costs of medical procedures that are undergone to change/enhance your looks or appearance, etc. are not covered under health insurance. For instance, breast or lip augmentation, hair transplantation surgery, rhinoplasty, etc. are not covered.



Unproven Treatments

The cost of treatments or surgeries for any illness or injury that is not yet proven is not covered under health insurance.



A profession in Risky or Adventure Sports

If you're professionally engaged in risky and adventurous sports, such as parachuting, rock climbing, mountaineering, motor racing, etc. and get injured - the treatment costs won't be covered by health insurance.



Other costs

Administrative fees, registration fees, etc. are some other expenses that are permanently excluded from health insurance.



Note: The above list is not exhaustive. You need to check the terms and conditions of the policy or speak to your financial advisor to know the exact exclusions applicable to your policy.

Additional Permanent Exclusions

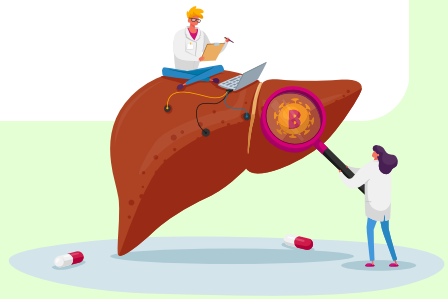
Besides the standard permanent exclusions we've mentioned above, insurance companies may apply additional exclusions for specific situations or medical conditions.

Basically, if you're suffering from certain diseases or serious medical conditions that the insurers find risky to cover, they may permanently exclude them and then issue the policy to you.

However, it's important to note that insurers are restricted to a set of illnesses listed under regulation for which they can apply a permanent exclusion. Insurers cannot apply a permanent exclusion to diseases outside this list.

For instance, Ajay, 25, has Hepatitis B and wants to apply for a health insurance policy. The insurer, however, is finding it risky to offer him coverage because of his medical history. So, they tell him that they would provide him health insurance coverage only on one condition - they will permanently exclude 'Hepatitis B'.

If Ajay agrees and buys the health plan - and later undergoes hospitalisation for a treatment that is related to Hepatitis B, the insurer won't pay for the expenses.



Note: There might be situations, beyond the ones we've covered in this article, that a health insurance policy won't cover. So, ensure you check the policy wording before you go ahead and make the purchase.

2. TEMPORARY EXCLUSIONS

Not every hospitalisation is covered under health insurance from day 1. A health insurance cover provides you with a lifetime cover on hospitalisation, and hence opens up gradually over time. Suppose you buy health insurance today and get hospitalised in the next week for, say, treating pneumonia. In this case, your health insurance won't pay for the pneumonia treatment. Wondering why?

Because of something called the **'Waiting Period'** (also known as a temporary exclusion).

What Is A Waiting Period?

For the purpose of keeping claims under control, and hence keeping the health insurance plan affordable, health insurance plans do not cover certain medical conditions or treatments for a specific period when you buy the policy. This period is known as the **'waiting period'**. You will be able to claim for those medical conditions and treatments only after the waiting period is over.

For instance, Priya purchases a health plan under which the insurer has applied a 1-year waiting period for an Appendectomy (surgical operation for removing the appendix). Now, if Priya gets hospitalised for an Appendectomy or a treatment that is related to it, she'll have to bear the hospitalisation expenses out of her pocket until the waiting period for the Appendectomy is completed under her policy, i.e., until 1 year.

Now that we've understood what waiting periods are, let's take a look at the types of waiting periods in health insurance.



3 TYPES OF WAITING PERIODS IN HEALTH INSURANCE YOU SHOULD BE AWARE OF

1. Initial Waiting Period

Only accidents are covered from day 1 under health insurance. Insurance companies apply a 30-day waiting period for all other treatments that are carried out during this period. This means health insurance does not cover any treatment for or related to any medical condition during the initial 30 days after the policy is issued.

This waiting period is applicable only when you first buy the policy - it is not applicable at the time of renewal or when you port the policy.



Example - Aisha buys a health insurance policy for a sum insured of Rs. 10 Lakhs on 1st May 2022. Two weeks later, i.e., on 14th May, she starts experiencing pain in her chest and is admitted to the hospital.

She is hospitalised for 3 days and the hospital bill amounts to Rs. 75,000. Because the 30 days waiting period under her policy isn't over, she can't apply for a claim under her health insurance plan.

2. Pre-existing Diseases Waiting Period

A pre-existing disease refers to any condition, ailment, injury, or disease diagnosed or treated by a doctor 48 months prior to the date of issue of your health insurance policy.

Note, a pre-existing disease included in the waiting period is very different from the declaration of existing diseases in the proposal form. Your answers to questions on the proposal form should be complete and accurate, as far as possible.



Example 1 - Gaurav was diagnosed with cancer last year, which is now cured. If he applies for a health insurance plan now, cancer will be considered a pre-existing disease.

Example 2 - Gaurav's friend Sana had cancer in childhood, 10-12 years back. She did not undergo any treatment related to cancer in the last 48 months. If Sana applies for a health insurance policy now, she will have to inform the insurer of such a history, as per IRDAI guidelines, and the insurer cannot consider this cancer as a pre-existing disease.

Depending on the policy conditions, for pre-existing disease, they will apply a waiting period of 2 to 4 years for pre-existing conditions.

So, in the above examples, the insurance company can apply a pre-existing disease waiting period for Cancer under Gaurav's policy, but not under Sana's policy.

3. Specified Disease/ Procedure Waiting Period

In addition to the above two waiting periods, the insurer also applies a 2-year waiting period for specific medical conditions and treatments - like hernia, haemorrhoids, chronic kidney disease, spinal disorders, etc. Once the waiting period is complete, you can start making claims for such treatments.

The list of such illnesses is mentioned in the product brochure or policy wording. You must know about the broad diseases excluded, so there are no surprises if the claim is rejected.

Example - A 2-year waiting period for hernia is applicable under Harsh's health insurance policy. So, if Harsh is admitted to the hospital for hernia treatment within the first two years after the policy is issued, the insurance company will not cover the treatment costs.



Note: Please keep in mind that the specific disease/ procedure waiting period is different from pre-existing diseases, and not related to the medical declarations you make at the time of purchase. For any disease included by the insurer under pre-existing disease, the waiting period of pre-existing disease mentioned in the policy schedule will apply.

CHAPTER FIVE

Types of health insurance

There are different types of health insurance, and each of them serves a different purpose –

INDIVIDUAL HEALTH INSURANCE

As the name suggests, individual health insurance is designed exclusively for an individual. It covers all medical charges, such as surgery costs, pre and post-medical expenses, etc.

You can also enrol your family members in this cover. They will have separate coverage under the same plan with their own sum insured limit. Since you are adding additional members to the same plan, the premium might be on the higher side.



For example, Mohan bought Individual Health Insurance with a sum insured of Rs 5 Lakhs. He included his spouse Vidya and his son Aryan under the same policy. Hence, they are also eligible to receive a sum insured of Rs 5 Lakhs respectively under the same plan.

FAMILY FLOATER HEALTH INSURANCE

A Family Floater Health Insurance plan covers everyone in your household under a single plan. This means that a single sum insured covers the entire family against any medical bills.

Under a single-family floater plan, you can insure yourself, your spouse, up to 4 dependent children (less than 25 years of age), and up to 2 parents or parents-in-law. Please note that some insurers allow the combination of 1 parent + 1 parent-in-law. Some insurers may also let you add aunts, uncles, siblings, etc. to the plan. The number of members you can add to a floater policy will vary across insurers.

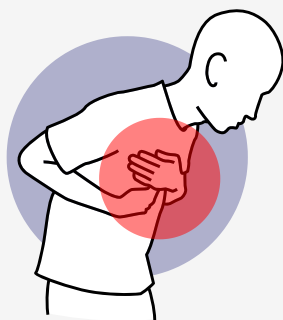
Since one policy is purchased for the entire family, the premium is comparatively low. But as the premium is usually determined based on age, including senior people's susceptibility to diseases, it may result in a higher amount.

CRITICAL ILLNESS INSURANCE

In this day and age, critical illnesses are on the rise. These illnesses may necessitate prolonged treatments, and you may be well aware of how expensive they are. It is prudent to obtain this coverage if your family has a history of these illnesses, as a majority of chronic illnesses are hereditary.

A Critical Illness policy is specifically designed to cover a variety of diseases/illnesses such as –

- Major organ transplant
- Cancer
- Aorta graft surgery
- Kidney failure
- Stroke
- Multiple sclerosis
- Paralysis
- First heart attack
- Coronary artery bypass surgery
- Primary pulmonary arterial hypertension



Note: These policies have a waiting period of 30 days, i.e., they will cover you after 30 days of policy purchase. You shall receive a lump sum payment of the sum assured when you file a claim.

SENIOR CITIZEN HEALTH INSURANCE

This plan is designed for senior citizens who are usually above the age of 60. This policy is apt for old people who are at high risk of contracting diseases, so the premium is relatively high.

The medical treatment that comes with old age can take a huge toll on your savings. However, this policy protects you against medical expenses, including pre and post-hospitalisation expenses due to a medical illness, including damages sustained due to an accident.



Other benefits include -

- Domiciliary Hospitalisation - Medical treatment provided in the comfort of your home in case you are unable to move to a hospital.
- Psychiatric benefits - Treatments to improve mental health.

If you're finding it difficult to cover one or both of your parents under a regular health insurance plan, you can consider buying this plan for them. Senior citizen health insurance policies may not require any medical tests. They, however, usually come with a lot of restrictions and limitations, like - waiting periods for PEDs, copay, room rent limit, Sub-limits On Specific Treatments/ Diseases, and so on.

MATERNITY HEALTH INSURANCE

Are you planning to start a family? A Maternity Cover can take care of expenses related to a new stage in your life, including medical treatment, delivery, pre and postnatal care, infertility expenses, etc.

A baby cover is also provided under this insurance policy, wherein the expenses related to the newborn baby are covered up to the first 90 days.

Please note that the Maternity Cover comes with a waiting period of 9 months to 4 years.



GROUP HEALTH INSURANCE

Group health insurance plans are usually offered by many large organisations to their employees. They provide coverage in case of an accident, illness, critical illness, psychiatric illness, maternity, etc.

And, the premiums are affordable since a group is covered under one policy. Please note that the employees are covered only until they stay with the company.



TOP-UP AND SUPER TOP-UP HEALTH INSURANCE

Top-Up and Super Top-Up plans are essentially extensions to your base health insurance plan. They start to pay after a certain amount is crossed. This amount is known as a 'deductible'.

This is how both plans work -



Top-Up

The deductible is calculated on each hospitalisation. So, the Top-Up starts paying only if the expenditure on one hospitalisation crosses the deductible limit.



Super Top-Up

The deductible is calculated based on the sum total of all hospitalisation expenses incurred during the year.

For example, Archie and Hiram are covered under health insurance policies with cover amounts of Rs 15 Lakhs each. They both get diagnosed with liver disease a few months after buying the policy. Archie buys a Top-Up of Rs 20 Lakhs with a deductible limit of Rs 10 Lakhs. And Hiram buys a Super Top-Up of Rs 20 Lakhs with a deductible limit of Rs 10 Lakhs.

Let's assume they both undergo hospitalisation at the same time and they incur similar medical expenses. Let's understand how a Top-Up will pay in Archie's case and how a Super Top-Up will pay in Hiram's case.

Hospitalisation	Claim Amount	Archie's Top-Up	Hiram's Super Top-Up
First	8 Lakhs	Base plan will pay 8 Lakhs.	Base plan will pay 8 Lakhs.
Second	8 Lakhs	Base plan will pay 7 Lakhs. Archie will have to pay 1 Lakh out of his pocket. (Top-Up will not pay anything because the claim does not exceed the deductible limit, i.e., 10 Lakhs.)	Base plan will pay 7 Lakhs. Super Top-Up will pay 1 Lakh.
Third	12 Lakhs	Archie will have to pay 10 Lakhs out of his pocket. Top-Up will pay 2 Lakhs.	Super Top-Up will pay 12 Lakhs.

Summing Up!

Owning a health insurance plan is a safety net that will protect you and your family from medical treatments that are not easy on the pocket. And each plan comes with its own features, benefits, drawbacks, and T&Cs. Thus, it is important to understand each aspect of health insurance - so you can make a wise choice.

This eBook has been written to serve as an easy-to-read and jargon-free guide that you can refer to whenever you need any information about health insurance.

We hope it makes your health insurance journey a bit easier! :)

