

# Health Insurance... Do You have a Choice?

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## Abstract

Health insurance is a contract between the Insurer and the Insured wherein the former agrees to pay to the latter hospitalization expenses to the extent of an agreed sum assured in the event of any medical treatment out of an illness or an injury. With increasing medical problems and the treatment cost being even more, it has become essential for each and every one of us to possess a health insurance. This paper deals with the various types of health insurance and also the method of selecting a scheme which will be appropriate for every individual.

*Keywords:* Health insurance, Insured, Insurer, Premium

## Introduction

Health Insurance is a contract between the Insurer & the Insured wherein the former agrees to pay to the latter hospitalization expenses to the extent of an agreed sum assured in the event of any medical treatment out of an illness or an injury.

## What is Health Insurance?

Health Insurance is a policy which covers you & your family against medical expenses due to sickness, accident, etc.

The Insured in return has to pay a regular premium to the insurer.

## Why You Need Health Insurance?

It is indisputable that Health Insurance has become an important element in one's life owing to increasing medical costs these days & uncertain environment; it comes to your rescue

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acting as precautionary measure in today's tough time while acting as a life saver boat in case of any medical contingency. If you don't have Health Insurance, you end up paying hefty medical bills in the event of hospitalization out of illness or injury, therefore insuring your family against Health Insurance is a must thing & should surely be a part of your regular financial planning. All we have is our health which needs to be protected & taken care of by acquiring the best health insurance policy suited for us.

### **Types of Health Insurance Plans**

Health Insurance Plans are segregated into three categories, firstly the Mediclaim Plans by Non-Life or General Insurance Companies, secondly the Hospitalization Cash Policy by both Life & Non-Life Insurers and thirdly the Critical Care Plans offered by both Life & Non-Life Insurers.

**Mediclaim Policy** is basically a reimbursement plan offered by General Insurers wherein the insured gets reimbursed of the total bill amount of the medical expenses to the extent of an agreed sum assured. It includes the room charges, ICU charges, surgery & doctor charges etc. It includes a lot of exclusions which the policy holder must read before buying the Mediclaim. The Mediclaim includes the following two further categories:

#### **1) Family Floater Plan**

It is a very common plan these days which covers your entire family under one premium payment giving coverage to the family members together. This plan is being offered by almost all the General Insurance Companies with a specific criterion of covering individuals in the age group between 90days and 55years.

#### **2) Group Mediclaim Insurance:**

It is the second variant of Mediclaim which covers a group of individuals simultaneously. This form of insurance includes the category of Employer's Health Insurance Cover wherein the sum assured normally varies between Rs. 15,000 and Rs.5, 00,000.

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**Hospitalization Cash Policy** is a plan offered by both Life & Non-Life Insurers wherein the Insured gets pre-determined cash benefit on a daily basis irrespective of the hospitalization expenses being incurred. It is not a fully comprehensive health insurance plan because it doesn't cover the cost of medical treatment but pays lump sum amount to the policy holder on per day basis during the treatment/hospitalization.

It acts a complimentary plan to the Mediclaim plans. TATA-AIG General Insurance & Royal Sundaram offer Hospital cash benefit plan among Non-Life Insurers.

### **Critical-Care Plan**

It is offered by both Life & General Insurers covering an individual for certain specified critical illnesses like cancer, stroke etc. This is also offered as a rider by Life Insurance companies for quite some time now attached to their Life Insurance Plans.

You must take a cover either as a rider or as a standalone plan in your portfolio.

### **Health Insurance Tax Benefits**

Health Insurance products are eligible for tax benefits under section 80D of the Income Tax Act, 1961. Premium paid under health insurance holds a tax deduction upto Rs 15,000 for you, your spouse and dependent children.

Furthermore, you can also claim another Rs. 15, 000 for tax deduction for your parents, in case of senior citizens (65 years or more) the above deductions are increased to Rs. 20,000

### **Family Floater Plan- in Detail**

For instance a person wants a health insurance for himself, his spouse & their children, the Family Floater plan offers insurance coverage to the entire family under one premium payment. Let's take an example wherein the person insures himself, his spouse & the dependent children with the individual insurance plans with a sum assured of Rs. 1 lakh each, he ends up paying premium ranging between Rs. 1000 - Rs. 2000 for each family member. On the other hand if the person would have opted for the family floater plan with the sum assured of Rs. 3

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lakhs, the total premium would surely be less than the separate premium payments in individual health insurance plans. Moreover the separate health plan holds the cover of only Rs. 1 lakh as against Rs. 3 lakh in case of the Floater plan thus helping the family in case the medical treatment costs go beyond that.

### **Cashless Hospitalization**

Cashless settlement implies that an individual doesn't have to settle a hospital bill out of his pocket; rather the bill gets settled directly by the insurance company. When you buy a Health Plan you are issued a Health Card along with the policy documents which would entitle you to get cashless claim at any of the company's network hospitals.

### **What do You do in Case of a Claim?**

You should walk into a network hospital & get the treatment done & the bills paid through the Health Card.

In case of hospitalization you need to give the card number to the network hospital, you must pre-authorize from the TPA (Intermediary between the Insurance Company & the hospital) & will process the cashless settlement after the verification of your policy details.

You should know the formalities required for cashless settlement as some insurance companies are required to be notified 48 hours before hospitalization.

If you don't opt for cashless settlement, you need to settle bills at the hospital and get them reimbursed later.

### **Health Insurance Covers & Benefits**

- Room & Boarding expenses: There are further limits to this feature varying from company to company.
- Ambulance Charges: They are normally covered upto Rs. 1000.
- ICU charges, doctor, consulting, anesthetist and surgeon fees, operation and other diagnostic and surgical material costs are covered.

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- Day-Care expenses such as Chemotherapy, Dialysis & Radiotherapy etc.
- Pre & Post Hospitalization Expenses which normally are 30 days prior and 60 days after hospitalization.
- Cashless Hospitalization is offered by almost all Non-Life Insurers.

### **Points to Remember**

- You must read the policy exclusions & the limitations in various covers properly before buying a Health Insurance plan because you should know what all covers your policy include & exclude.
- You should note the number of network hospitals covered in the Insurer's list of network hospitals as this will help you to get cashless & hassle-free claim.
- You must read the names of critical diseases being covered before buying a Critical-Care plan.
- You must know that the medical expenses incurred within the first 30 days of buying the health insurance plan are not covered unless the injury has occurred out of an accident.
- You must disclose all the Pre-Existing diseases to the insurer before buying the health plan as the insurer doesn't cover them, now a day's General Insurers have started covering these diseases normally after 3-4 years varying from company to company.

### **Conclusion**

With increasing medical problems and its expenses each and every individual should have a health insurance policy. However, one must be careful while enrolling the policy by reading all the terms and conditions. Old proverb is that a small family is a happy family. For the current scenario, "an insured family will be a happy family".

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