

Health Insurance - An Overview

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There is a proverb that "Health is Wealth". Health is an important aspect of our life which we all have realized in some point or the other in our lifetime and for which we are always very cautious and concerned about it. With the change in time we have to accept that now a day's medical expenses are on a sharp upward trend. Each & every one of us either he or their friends or relatives must have come across a situation where their whole life's savings were at stake on meeting the medical expenses. With the development in medical science & technology we have to cope up with the changes to make our life smoother. So to overcome from these unexpected stress and losses, western countries have adopted the concept of health insurance which is gaining momentum in India as well. But still this concept of health insurance is in a very nascent stage & yet to take off in India. With opening up of the economy as more & more insurance companies are entering into the market, the awareness about health insurance among people is on a rise and more & more people are becoming interested to insure themselves by purchasing/owning health insurances.

What is Health Insurance :

Health insurance is also known as mediclaim policies which covers medical expenses. This is an annual contract between insurance company and an individual or a group of individuals. To own a health insurance like any other insurance the person has to pay some amount of money which is called as premium to the insurance company depending upon type of insurance and cost of insurance. In lieu of that the insurance company agrees to pay the medical expenses as and when required by the policy holder. Advantages of Health Insurances are it makes life secure, it prevents from huge financial losses & gives tax benefit as well.

Types of Health insurance Coverage :

In general there are two types of health coverage one is basic coverage the other one is critical illness coverage. In basic coverage it covers surgeries like cataract, OPD procedures, diagnostic expenses, medical day care expenses etc.

In critical illness insurer gives a lump sum amount at a time to meet the medical expenses like kidney transplant, heart surgery etc.

Reimbursement :

Reimbursement of medical expenses are classified into two categories. In first method of medical reimbursement the patient has to pay all the medical expenses on his own. After getting discharged from the hospital he will reimburse it directly from the insurer by submitting the original hospital bill, discharge summary, and other relevant documents as per the requirement of the insurance company.

In another method the insurer makes the payment to the empanelled hospital where the patient is treated. The insurance company either pays directly to the hospital or through a TPA (Third Party Administrator). This practice is popularly known as cashless Hospitalization. Now a days many companies are adopting the practice to appoint a TPA who gives service to the policy holder at a free of cost and helps in making hassle free claim settlement. In return they get some commission from these insurance companies against all these activities. But to provide this cashless facility the hospital should be empanelled with respective insurance companies or TPAs.

Empanelment :

For empanelment some insurance companies like ICICI Prudential empanel the hospitals directly and they provides all the services right from giving

preauthorization till claim settlement. In these type of cases the MOU of terms & conditions is signed between the insurance company & the Service provider without the involvement of Third Party Administrator.

Whereas most of the insurance companies get tied up with one or more TPAs who takes care of all the activities on behalf of the insurance company including the empanelment of hospitals to provide cashless facility to the policy holders.

But in either of the way, empanelment of the hospitals is a must. Before that following few steps are followed

1. For empanelment the hospital has to send a request letter to the concerned insurance company or the TPA along with hospital profile, types of services available, specialty of the hospital, surgeons ,no. of beds, staffs including paramedical, management staffs, bank details and the hospital rate tariff.
2. After that if the documents fulfill all their criteria of insurance company or TPA then they send a MOU which contains some terms and conditions like admission procedure of the patient, documents to be checked during admission, emergency hospitalization, billing and payment terms and some confidential information which a hospital has to follow after the empanelment. In addition to this now every TPA asks for discounts on patients total billing amount from the empanelled hospital to provide the cashless facility.
3. After signing of the MOU by the each party the hospital will become a network hospital of that company and can provide cashless facility to their customers.

Approval :

In the first step to provide this cashless facility hospital should take necessary preauthorization from the company in the prescribed Preauthorization Form. For this procedure some documents like Doctor's prescription, any

investigation report, identity proof, company's health card etc. are asked from the patient, which is mandatory and helps in early settlement. The preauthorization is normally received within 48 hours after which the patient is provided with necessary services as per the preauthorization. If any information like policy holder's contribution etc are mentioned in the preauthorization it is communicated to the patient.

Enhancement & Claim Settlement :

In cashless facility all the expenses are to be borne by the hospital once the patient get admitted. At the time of discharge the patient is asked to sign the preauthorization & settle the necessary formalities. If the hospital bill is more than the approval amount then before the discharge of the patient the final bill amount is sent to the company for approval. If the company feels the demand is genuine & it falls within their purview they enhance the approved amount and send a second enhanced approval copy to the service provider which should be signed by the patient before discharge. After that the hospital will claim the amount by submitting the original discharge summary, final bill and other relevant documents along with approval letter.

Conclusion :

This is a broad overview of the health insurance provided by the many private insurance companies In India. In addition to that diff. types of health insurance are also available like Govt. insurance schemes, employer based schemes etc.

Life is unpredictable. Health insurance can make the life safe and secure from financial losses. Purchasing a Health insurance might be an expense of today for a safe and insured tomorrow. From our experience more & more patients are coming to the hospitals by finding the name from the internet where they can get the cashless facility. So from the medical professionals point of view they should be geared up with the changing times to adopt to this scheme of health insurance in providing their services to their insured patients instead of losing their patient base & as well revenue.



*The will is not free – it is a phenomenon bound by cause and effect –
but there is something behind the will which is free.*

When an idea exclusively occupies the mind, it is transformed into an actual physical or mental state.

*If money help a man to do good to others, it is of some value; but if not, it is simply a mass of evil,
and the sooner it is got rid of, the better.*

*Condemn none: if you can stretch out a helping hand, do so. If you cannot,
fold your hands, bless your brothers, and let them go their own way.*

- Vivekananda