

# Out-patient coverage: Private sector insurance in India

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## ABSTRACT

**Background:** There has been a growth of 25% in the health insurance business in India during the last few years with the expansion of the private health insurance sector. The share of the private health insurance companies has increased considerably, despite the fact that from the patients' point of view, health insurance is not a good deal. **Aim:** To provide information and assess the current status of private sector insurance with regard to out-patient coverage in India. **Materials and Methods:** The present review was conducted after doing extensive literature search of peer review journals in Pubmed and various search engines like Google. Data of Indian private health insurance companies was also utilized. No limitation in terms of publication date and language was considered. The main focus of the present review would be on the private health insurance sector with a spotlight on the out-patient coverage and various obstacles faced by the private health insurance sector. **Results:** Out-patient (OPD) coverage is one of the important emerging trends in the private sector health insurance. OPD cover assists the insured to claim expenses other than that incurred during hospitalization. However, it is still not a full-fledged offering under health insurance and major insurance companies are providing this cover for an additional premium. **Conclusion:** Private is strongly being advocated and receiving growing consideration by our country's policy makers that can deal with alarming health care challenges in India. However, it is not the only option.

**Keywords:** Awareness, health, insurance, outpatients, private sector

## Introduction

Health care has always been a problem area for a country like India with a large population, majority of the people residing in urban slums and rural areas, below the poverty line. The Indian health care sector has received lowest percentage of the country's national budget and as a result health care expenditures are largely out of pocket (OOP). However, in recent years, Indian health care planners have advocated for the expansion of health insurance schemes in order to improve the health care reforms and reduce poverty.<sup>[1]</sup> This goal can only be achieved by implementing universal health insurance, which can be a major step in reducing health

disparities and OOP health expenditure. Presently, numerous public, private, and community-based insurance schemes have come to coexist and even merge with each other, a situation that is hardly surprising in a country as diverse as India.<sup>[2]</sup>

There are various forces which have brought health insurance to the attention of Indian policy makers. These include – high ill health burden, low public spending on health care, high expenditure with regard to private health care and partial coverage of the already existing health insurance schemes. In the recent years, there has been a substantial private spending on health especially in terms of OOP expenditures on medicines. This is probably due to low national public health spending in India.<sup>[3]</sup> As a result of this, the private sector has been blooming, providing 80% of outpatient and 60% of inpatient care.<sup>[4]</sup> Research has revealed that it is not the hospitalization cost but the drug

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**Website:**  
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**DOI:**  
10.4103/jfmpc.jfmpc\_101\_19

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**How to cite this article:** Gambhir RS, Malhi R, Khosla S, Singh R, Bhardwaj A, Kumar M. Out-patient coverage: Private sector insurance in India. J Family Med Prim Care 2019;8:788-92.

expenditure, which accounts for 60%–80% of the total OOP spending.<sup>[5]</sup> These findings suggest that insurance schemes which cover only hospital expenses (national insurance schemes in India) will fail to adequately protect the poor against impoverishment due to spending on health. In view of all the above findings, this paper intends to explore private health insurance in India with a spot light on outpatient coverage under this insurance.

## Literature Search

An extensive review of literature search was done (electronic and manual) which engaged most of the articles published in peer-reviewed journals and other search engines like Google were also used for extracting relevant information regarding private health insurance in India. The review itself began with the search of relevant key words like insurance, private sector, India, out-patient coverage, companies, benefits, etc., in various search engines including Pubmed, MEDLINE, etc. Information regarding OPD coverage by private insurers was very limited in Pubmed. Web sites selling health insurance of different companies in India were also consulted like policy bazaar.com and bankbazaar.com. Reports published only in English language were included in the review. The spot light of the present review would not only be on the out-patient coverage provided by private health insurance in India but also on various factors that hinder the growth of health insurance in private sector. We also compared the features or benefits regarding OPD coverage provided by major health insurance companies in India.

## Understanding and awareness of public regarding insurance

Recent reports suggest that public awareness and understanding of health insurance in India is poor. However, general public awareness of health insurance in Kerala and in some other parts in India is increasing as a result of the efforts of private health insurance agents.<sup>[6]</sup> Lack of necessary education and “culture” are perceived as “barriers” due to which people have difficulties in managing money and health and difficulty in learning this new technology. Poor and less educated people residing in both the rural and urban areas, consult private practitioners more than government practitioners and spend about twice as much on treatment from them than from government practitioners.<sup>[7,8]</sup> This thing has led to the deepening of poverty in both rural and urban areas, pushing the millions of people into poverty each year.<sup>[9]</sup> According to recent surveys and field works carried out in India, understanding of the entitled benefits and privileges remains confusing not only to the poor and illiterate people but also to the educated middle class citizens.<sup>[10]</sup> This could be due to promotional languages of the insurance sellers that is difficult to understand for the general public belonging to different educational backgrounds.<sup>[11]</sup>

## Private health insurance (PHI) in India

PHI in India began with the establishment of General Insurance Corporation (GIC).<sup>[12]</sup> Private health insurers recognize India as a

potential market due to its increasing purchasing power, growing demand for healthcare, an expanding competitive private healthcare market, and rising rates of chronic disease.<sup>[13]</sup> Eyeing this lucrative business opportunity, number of foreign insurance firms have invested in India during the last few years. However, in a country like India, providing insurance is a risky business venture due to a low level of insurance awareness as well as poor healthcare infrastructure in rural areas.<sup>[14,15]</sup> Mainly the middle-class population is targeted by private health insurers due to this profit-oriented approach. The cost of insurance policies for middle class families range from Rs 4000 per member and covering only in-patient treatment for a maximum of Rs 400000. There is greater health disparity and rising health costs for the poor as a result of this limited coverage (in-patient) and targeting particularly this income group, which serves to undermine national health equity goals.<sup>[16]</sup> There is abundant theoretical basis and empirical evidence from other parts of the globe that private insurance drives up healthcare expenditure. Moreover, in Indian context, where PHI mainly contracts with urban-based corporate hospitals, it is likely to increase cost.<sup>[17]</sup> Critics call for regulation of benefit packages, restrictions on risk-selection procedures, and greater protection of customers.

## Out-patient department (OPD) coverage in health insurance

Outpatient insurance coverage includes benefits ranging from medical practitioner and specialist fees, routine check-ups, and vaccinations. Out-patient coverage may also include policy benefits for prescription medications, alternative treatments, diagnostic tests such as X-rays, and home nursing.<sup>[2]</sup> This type of insurance is generally not well suited to routine ambulatory care because its requirements tend to reasonably predictable and are of relatively low cost and people might be expected to meet these costs out of the pockets. Most people, however, do prefer it to be included at least those services (diagnostic and clinical) having bearing on their pockets.<sup>[18]</sup> However, there are number of benefits of having health insurance with OPD coverage:

- OPD cover assists the insured to claim expenses other than that incurred during hospitalization days
- Insured are entitled to more tax benefits as compared to regular insurance plans as they can get tax exemption on the premium paid for such health insurance policies
- Claim reimbursement on expenses can be done multiple times by the insured during the policy period making the monetary value of a health insurance policy with OPD cover higher than that of a regular health insurance policy
- This type of policy also covers pharmacy bills of the insured and thereby prove beneficial for those who have more expenses from the same
- Under OPD cover, the sum assured is based on the age of the insured; not on the basis of 24-hour hospitalization as in case of regular insurance.

## Top companies offering OPD cover

There are many companies which are offering OPD coverage with general health insurance in India. However, some of the

top companies offering OPD cover are listed in Table 1. The premiums charged by these companies may vary depending upon factors like age, location, and prevailing taxes/GST.<sup>[19]</sup>

**Pricing hurdles in out-patient insurance**

According to recent reports, some insurers have bought out-patient (OP) cover under cashless scheme for those hospitals that are linked with that particular insurance company. However, many believe that it would take a while before OPD cover becomes common as a product category in private health insurance.<sup>[20]</sup> Some companies extend OP cover under cashless scheme by payment of some additional premiums. Claim management would not be an easy task if OP becomes a full-fledged offering under health insurance. This is because there are frequent visits to a physician (in case of lifestyle disease) in case of OP cover whereas hospitalization is not a frequent event

and leads to one-time claim settlement. Some other issues like absence of a national brand in the OP space be it dental, eye or even diagnostic, controlling frauds in matters pertaining in billing and uniformity in service for claims assessment and payment are hurdles in regularizing the OP cover.

**Factors that frustrate the growth of private sector health insurance**

There are certain factors that have curtailed the growth of private health insurance in the past and are likely to have an influence in the near future.<sup>[21]</sup>

- a. Lack of awareness in promoting health insurance to the general public at large
- b. Non-availability of reliable data and epidemiological information on the disease pattern and treatment cost that is required for designing health insurance product specifications

**Table 1: Top insurance companies offering OPD coverage in India<sup>[19]</sup>**

Insurer and Plan Name	Overview	Features
Bajaj Allianz Tax Gain Plan	This is a family floater health insurance policy offered by Bajaj Allianz that covers hospitalization expenses as well as OPD expenses.	Policy holder can avail great tax benefits under Section 80D of the Income Tax. Insured cashless facility is provided under the Tax Gain plan through 5000+network hospitals in India. Easy and quick claim settlement of OPD expenses. The expenses covered under this include cost of dentures, spectacles, crutches, dental treatment and procedures, etc. Ambulance charges upto Rs 1000 are covered under this plan.
Apollo Munich Maxima Plan	Apollo Munich offers the Maxima Health Insurance plan that covers Out Patient Department expenses as well. It offers cashless facility for OPD expenses from authorized diagnostic centers, pharmacies, dental care centers and optical care centers.	A person is eligible for entry at a very early age of 91 days and the maximum age is 65 years for gaining entry. Factors which are considered for determining premium are-age of the insured and if the policy is taken for a family and the age of the eldest insured member. Cost of dental treatment and procedures, cost of eyewear, contact lenses, hearing aids, etc., are also covered under this plan. All these benefits can be availed under Maxima Health Insurance Plan. Under this plan various out-patients benefits are also included like doctor's consultation, pharmacy expenses, specialist services (for certain dental treatments, spectacles and contact lenses only), cost incurred for diagnostic tests, health check-up benefits for the insured who is more than 18 years old. Maternity benefits- These include cover for expenses incurred before and after childbirth. 50% of the OPD cover will be carried forward to the next policy period in case out-patient treatment is not availed during a policy year.
Max Bupa Heartbeat Platinum Plan	Max Bupa Heartbeat Platinum Plan, is a comprehensive individual/family floater plan that offers a minimum sum insured worth Rs. 15, 00,000. For OPD claims made under this policy, the maximum limit is Rs. 30,000.	Maternity benefits include cover for expenses incurred before and after childbirth, cover for the newborn, vaccinations during the first year, child care cover, etc. This policy does not place a restriction on the age of entry, i.e., there is no minimum/maximum age for entry. If the Out Patient treatment cover is not utilized during a policy year, 80% of the same will be carried forward to the next policy period. The age of the eldest insured member in the family is considered to determine the premium. This policy also offers great tax benefits to the policy holder, as provided under Section 80D of the Income Tax.
Cigna TTK ProHealth Accumulate Plan	The Cigna TTK ProHealth Accumulate Plan offers OPD cover for outpatient treatment, optical care and dental treatment, consultation fees, pharmacy bills, and so on. This policy also provides a "Personal Health Wallet" in which policyholders can keep their funds they have accumulated that can be used to pay OPD expenses.	The policy provides a base cover of worth Rs. 5, 50,000-Rs. 25, 00,000. The Cigna TTK ProHealth Accumulate Plan-Personal health wallet benefit option available for amounts worth Rs. 20,000, Rs. 15,000, Rs. 10,000 and Rs. 5,000. There is no expiry of the non-utilized money accumulated in the wallet. This amount is carried forward during policy renewal. An additional benefit of 5% hike on the amount available in the wallet can also be availed by the policy holder. You can also avail reward points by participating in wellness programs that can be adjusted against your premium.

- c. Risk of adverse selection of people with pre-existing ailments and unhealthy persons opt for the coverage
- d. Morale and morale hazard have had a negative implication on the insurance business
- e. Lack of actuarial data for the development of new product
- f. Lack of technically skilled manpower that has sound knowledge in the research and development activities associated with medical aspects of the health insurance and well-trained staff to meet the expectations of the clients
- g. Lack of cooperation and coordination with health care providers regarding processing and settlement of claims
- h. Lack of neutral bodies to carry out “Accreditation and Categorization” of health care providers.

### Insurance with OPD coverage vs. Health cards

Discount cards or health cards are exclusive schemes that provide discounted rates on medical, health, and drug expenses by charging monthly or an annual membership fee but are in no way replacement for hospitalization cover. Almost all healthcare expenses are covered under health cards, including cosmetic treatments.<sup>[22]</sup> It is also of huge help to individuals who are at high risk, such as those with pre-existing ailments, and those who are refused health insurance, especially senior citizens, who face refusals or have to pay significant amount as premiums for a policy surrounded with lot many clauses and exclusions.<sup>[23]</sup> While a loyalty program from a hospital chain, will limit your options to the concerned group’s facility, a health card from an independent company having a tie-up with multiple hospitals, individual medical practitioners, pharmacy chains, pathology labs, and diagnostic centers gives more flexibility of choice.

A typical health insurance policy does not provide offerings, such as discounts on dental treatments, pathology, and radiology expenses. In case of a health card plan, there are no caps or sub-limits. Depending on the plan and number of members registered, the membership fee of these cards ranges between Rs 1,000 to Rs 8,000. A basic plan provides a discount of 15–30% on consultations and 10–20% discounts on OPD treatments and various hospital procedures. In case of dental care, you are provided with free check-ups and up to a 50% discount on the total treatment cost. However, one should be very careful while opting for any health card as they don’t fall under any regulation unlike health insurance.<sup>[23]</sup>

### Strengths and weaknesses of the paper

This review involved the search of multiple electronic databases, with no restrictions on year of publication. The reference lists of literature reviews were searched for further information that could also be included. However, it was not possible to search technical reports, papers from research groups or committees and pre-prints and it is possible that some relevant data may have been left behind. This could have accounted for some publication bias. Moreover, there was under reporting of some relevant information regarding the out-patient coverage on internet websites dealing with private sector insurance. There was

also very limited information (lesser number of articles) available regarding outpatient coverage in databases like Pubmed, etc. This could be due to the fewer studies conducted and published on the current topic in the past.

### Importance of the paper in Primary care/Family medicine/General practice

The present paper highlights and provides significant information regarding outpatient coverage in private insurance sector and also compares the existing schemes in different insurance companies. It is reported in some studies that nuclear families and families with fewer members are more likely to buy insurance policies and socio-economic factors including literacy, religion, occupation, and gender are important.<sup>[24]</sup> This aspect can contribute significantly towards family medicine. The topics discussed in the paper indicate where most misunderstandings and tension occur while buying and making claim under private sector insurance. People sometimes land into far more debt when they avail more expensive care than they can afford without realizing their insurance coverage at a hospital is limited. This paper brings out important aspects that should be kept in mind while buying and making claims under private health insurance so that the general public are not misled by the insurance providers. Some family clinics limit the amount of insurance coverage a person could draw upon during any one hospitalization as a matter of policy, possibly to educate patients that coverage was not in fact free but against a balance. Families often slip into debt regardless of insurance coverage for medical procedures as a result of the costs of essential follow up care. A better grasp of the enumerated areas could potentially lead to improvements in providing, explaining, and implementing health coverage, especially for those with limited resources.

### Conclusion

India, a country with relatively developed economy and a considerable middle class population, offers most suitable environment for the development of private health insurance. At present, only a marginal role is played by private health insurance in health care system but it is gradually gaining importance. Private health insurance is certainly not the only alternative or the ultimate solution that can deal with alarming health care challenges in India. However, it is an option that is strongly being advocated and receiving growing consideration by our country’s policy makers. Thus, the question is not if this tool will be used in the future but whether it will be applied to the best of its potential to address the growing and impending needs of the health care system of the country. The main challenge is to see that poor and the weak are benefitted in terms of better coverage (both inpatient and out-patient) and health services at lower costs without negative aspects of cost increase and overuse of procedures and technology in provision of health care.

### Financial support and sponsorship

Nil.

## Conflicts of interest

There are no conflicts of interest.

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