



## CASHLESS HEALTH INSURANCE IN INDIA: ISSUES AND CHALLENGES

R. Amruthamma\*      Dr. Ashwathanarayana T.N\*\*

\*Research Scholar, Bharathiar University, Coimbatore.

\*\*Assistant Professor of Commerce and Management, GFGC, Bengaluru.

### Abstract

Experts always advise buying a health insurance plan which promises the benefit of cashless claims so that the financial burden to pay off the hospitalization bills does not fall on our shoulders. An average middle-class man finds it difficult to meet the huge hospitalization expenses associated with medical contingencies. This is the sole reason why a health plan is bought and the required premium is paid. Though most plans offer cashless mediclaim and reimbursement claim settlement policy, reimbursement option is not favored because it involves the policyholders to pay the bills initially and then get it settled from the insurer. It is argued that a common man faces difficulty in meeting such expenses and so a cashless claim is better. However, a cashless mediclaim plan also has some challenges that make availing the claim a nightmare.

**Keywords:** Cashless, Mediclaim, Reimbursement, Hospitalization.

### Introduction

What is mediclaim cashless settlement? It is a kind of health insurance policy, which allows us to get treatment at a hospital (hospitalisation, surgery, or both depending on the kind of policy) without having to pay for it at the hospital.

The insurance company settles the bill directly. The aim is that we should not have to worry about arranging funds when faced with a medical emergency that needs hospitalisation.

We, however, need to go only to a network hospital. With other mediclaim policies, we can go to any hospital, settle the bill ourself and claim insurance later.

A cashless mediclaim insurance plan has two concepts; one is the Preferred Provider Network (PPN), which is a hospital that is tied-up with the insurer to provide cashless treatments to the policyholder. The other concept is that of a Third Party Administrator (TPA) that is the mediator between the mediclaim insurance company and the policyholder and is responsible for the smooth settlement of claims.

If a policyholder is admitted in a PPN hospital and identifies us with the TPA, we could avail of a cashless treatment and the hospital bills would be settled by the mediclaim insurance company directly without us having to shoulder the burden ourself. This is the complete concept of a cashless hospitalization. However, this form of a claim settlement process is fraught with challenges and protocols.

### How it Should Work?

Ideally, with cashless settlement we should be able to walk into a network hospital, give them our card number and get the treatment without paying a paisa. That would be possible if our policy covers hospitalisation and the surgery.

In case of pre-planned hospitalisation, we should get it pre-authorized from third-party administrators. A TPA is an important intermediary between the insurance company and the hospital. It verifies our policy details, on behalf of the insurer, and gives clearance for the cashless services to be processed.

In case of an emergency, we only have to give the network hospital the cashless treatment card number. In emergency cases, TPAs should not take more than six hours, and not more than four days for other cases.

Also, like any insurance policy, our cashless settlement policy will work only under certain conditions. We need to be sure of the details of the policy like which are the network hospitals, or which illnesses and surgeries are covered.

The purpose behind buying health insurance is that if we or a family member needs medical treatment, at least the need for immediate finances is met. Cashless settlement policies are aimed to go a step further. Insurance companies tout cashless settlement policies as customer-friendly and convenient. Unfortunately, for many who have bought these policies, the experience has not lived up to the promise.

Health insurance companies tie up with different hospitals after checking quality of their medical services and negotiating rates for different procedures. These hospitals are known as network hospitals and when we get hospitalized in any one of them, we do not have to settle the bill with the hospital. Our insurance company that is represented by TPA (third party administrator) will coordinate and settle the bill with the hospital.

## **Types of Cashless Health Insurance in India**

There are many types of cashless health insurance in India which can be broadly classified into following categories:

### **1. Cashless Family Health Insurance**

This is the cashless family health insurance policy where sponsor owns the policy and the people covered under it are called its members. One can get his whole family covered under one policy or plan.

### **2. Cashless Health Insurance for Senior Citizen**

This is the cashless health insurance for senior citizens who cover hospitalization expenses, ambulance charges, and pre-existing diseases subject to terms of the policy. how cashless hospitalization works?

## **Process for Cashless Facility (Hospitalization)**

Basically, there are two ways through which we can avail cashless hospitalization

### **I. Planned hospitalization:**

In a planned hospitalization, we have a recommendation for hospitalization by our doctor and have time to decide which hospital to go to. we have to complete the formalities at least 3-4 days before we are hospitalized.

- Take a look at the list of network hospitals provided while buying the policy or call the toll free number on our health insurance card and select the network hospital nearest and most convenient to us.
- Show our health insurance card and fill up the first part that is to be filled by the patient of the 'pre-authorization' form that we get in the insurance desk of the network hospital or which we can download from website of our TPA.
- The other part of the form will be filled by the attending physician.
- Provide the filled form on the insurance desk of our hospital, the person at the insurance desk will verify its completeness and then fax it to the TPA.
- The TPA will then process the form and either approve or reject the request.
- If our form is approved, the TPA will send the authorization letter with an approved amount for the treatment.
- we have to follow up with the TPA to know the status of the request.

### **II. Emergency Hospitalization**

In an emergency hospitalization, the important thing is to get the patient treatment at the earliest. we need to start the procedure for cashless mediclaim facility within 24 hours of hospitalization.

- Show our health insurance card and fill in the pre-authorization form.
- The insurance desk in the hospital will fast track the process for our cashless process but in case we cannot wait for the approval, we can pay the deposit if demanded by the hospital and start the treatment and reimburse the expense later on.
- Generally the time to taken to process an emergency case is 6 hours. we need to follow up with the TPA to know the status of the request.

## **What is Not Paid in Cashless health insurance?**

There are some expenses which are not even covered by cashless hospitalization-

- Attendant/Visitor fees
- Ambulance charges
- Toiletries
- Service charge
- Expenses for oxygen mask, diapers, nebulizers, etc.
- Documentation charges

## **Points to Remember before buying Cashless Hospitalization Plan**

1. Cashless hospitalization is available only at network hospitals
2. It is the hospital responsibility to give a justification of the treatment you are undergoing
3. Remember to keep a photocopy of all documents, including medical bills, lab reports, claim form and discharge papers
4. Remember to carefully read terms of your cashless policies because there are many conditions that could make you ineligible to avail cashless hospitalization
5. Usually, an insurance company agrees to pay part of the sum required for the treatment of the patient. In some cases, if the policyholder exceeds the sum assured, then the policyholder will require to pay the excess amount

## **Advantages of Cashless Health Insurance**

- With this policy in effect, policyholders don't have to have ready cash to cover medical expenses.



- Some cashless health insurance policies will be valid outside India as well. This is more of a feature and will depend on the insurer.
- It will provide for tax benefits under section 80D of the Income Tax Act 1961. The limits defined are Rs. 30,000 per year for senior citizens and Rs. 25,000 for all others.
- Some of the insurers will also provide policyholders free medical check-ups at regular intervals.

### **Challenges Involved in Cashless Mediclaim Insurance**

#### **1. Getting a Part of the Claim Settled**

A very common scenario is where the mediclaim insurer settles only a part of the total expenses incurred. For instance, we might be hospitalized for appendicitis for which the insurer is paying about Rs.25,000. However, we develop a complication post-surgery which results in an extended hospital stay chalking up a total bill of Rs.40,000, out of which the mediclaim insurer pays only Rs.25,000 as cashless claim and the pending amount is later reimbursed.

#### **2. Not Getting the Facility of Cashless Treatment**

This happens mostly in emergency cases where the TPAs require time to facilitate cashless mediclaim treatment. In such cases, the insured or their family is asked to bear the costs and later get them reimbursed from the insurer despite the insured being admitted in a network hospital

#### **3. Excluded Treatments**

It is an obvious one because treatments which are excluded from the scope of our health plan would not be provided by our mediclaim insurer.

#### **4. The Document Jumble**

Availing cashless treatment requires adherence to documentation, especially the pre-authorization form which is to be submitted to the TPA to facilitate cashless treatment. Policyholders, being ignorant, fail to stick to the documentation, which results in difficulties in getting a cashless claim.

### **How to Tackle Challenges Associated With Cashless Mediclaim Policy?**

There are some steps to be followed and rules to be remembered if we do not want to get embroiled in a difficult claim settlement process. These are

1. Check out the list of the PPN hospitals and always get admitted in a network hospital to ensure cashless mediclaim settlement.
2. A pre-authorization form is a mandatory requirement when it comes to availing a cashless claim. This mediclaim document needs to be filled and submitted with the TPA in a specified time frame. If the hospitalization is emergent, the form should be submitted within 24 hours of being hospitalized. In case of planned hospitalization, the form should be submitted at least 4-5 days in advance. Furthermore, the complete set of hospital bills should be submitted with the TPAs for a smooth mediclaim settlement process.
3. Always have the health card handy to be produced to the TPA for identification purposes.
4. Check the list of treatments that are excluded from our coverage before raising a claim.

### **Conclusion**

Cashless is an excellent facility for customers and takes away some of the stress and tension during the hospitalization. Cashless hospitalization is proving to be beneficial for users, especially in emergency situations as a seriously ailing patient may not be able to arrange money before being treated. In addition, it is also very likely that they does not know many people in the city. A cashless hospitalization can simply solve this situation.

A cashless settlement, though convenient, has certain challenges when it comes to fulfilling the promise made. The challenges may stem from the fault of the policyholders, TPAs or hospitals. Passing the blame would be useless as the policyholder would be the one who ultimately suffers. we, as a policyholder, should take the precautionary measures to ensure adherence to protocols which would help us in getting a cashless settlement with ease and convenience.

### **References**

1. Card, David, Carlos Dobkin, and Nicole Maestas. 2008. "The Impact of Nearly Universal Insurance Coverage on Health Care Utilization: Evidence from Medicare." *American Economic Review* 98(5): 2242-2258.
2. Lawrence D. Brown & Michael S. Sparer, Poor Program's Progress: The Unanticipated Politics of Medicaid Policy, 22 *HEALTH AFFAIRS* 31 (2003). *Health Insurance: Innovation and Challenges Ahead* 479.
3. A critical assessment of the existing health insurance models in India(2011) .
4. retrieved from [http://planningcommission.nic.in/reports/sereport/ser/ser\\_heal1305.pdf](http://planningcommission.nic.in/reports/sereport/ser/ser_heal1305.pdf).
5. IRDA journals.
6. Health Insurance – Wikipedia.