



Covid-19 and Health insurance

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(Mains GS 2 : Issues relating to development and management of Social Sector/Services relating to Health, Education, Human Resources)

Context:

- With the daily number of Covid cases rising steeply, insurance companies are refusing to give health cover to persons recovered from Covid-19 and are asking them to wait up to six months for renewal of policies.
- Most insurers are iffy about on-boarding customers who have just recovered from Covid as a result, insurers have put a cooling off period of 3-6 months after Covid detection.

Delay in renewals:

- The delay in renewals by insurers has come amid reports that insurers are refusing to pay up in many cases despite the directive of the Insurance Regulatory and Development Authority of India (Irdai) that hospital bills under the 'cashless system' will have to be settled within two hours of discharge.
- There are even complaints that some insurers are refusing to issue new Covid policies to persons without any illness fearing a spurt in claims.

Cooling off period and Insurance problem:

- According to government data, there are 1.87 crore confirmed Covid cases in the country, of which 1.53 crore have recovered.
- These recovered people may have to wait for some time before getting themselves covered again.
- "A cooling off period is to ensure that customers have recovered completely, (and they) are not experiencing any immediate side effects of the infection and are in optimum health at the policy proposal stage.
- This means one can buy a health insurance policy only after 3-6 months of having turned Covid negative.

Unsettled claims:

- The insurance companies settled only 54 per cent of the claims received from the customers who have taken Covid health insurance as of March 2021.
- Of total claims of Rs 14,608 crore under the Covid health insurance schemes, insurers settled only claims worth Rs 7,900 crore, which is 54 per cent of the amount claimed by the insured people.
- According to the General Insurance Council, while 9,96,804 people made claims as of March 2021, insurers settled the claims of 8,55,250 people, leaving out 1,41,554 people who are yet to get the money from insurance companies.

The issues:

- A major chunk of the insurance claims is cashless and settled by the insurance company on the day the patient is discharged.
- But 1.41 lakh patients are yet to get the money from the insurance company.
- A common complaint is that insurers drastically cut down the claim amount on some flimsy reasons and many of them, including public sector firms, refuse to reimburse money to policyholders.
- However, insurers said many claims are inflated bills that don't come under the terms and conditions of the policy.
- As many as 66.37 per cent of total claims under the Covid health insurance policies are from five states, with Maharashtra accounting for the maximum number of claims.
- During the 12 months ended March 2021, insurance firms reported an 18.11 per cent increase in health insurance premium income to Rs 58,584 crore.
- Of this, retail customers accounted for Rs 26,258 crore and group policies amounted to Rs 27,750 crore.

Conclusion:

- The second Covid wave has led to an unprecedented surge in new infections.
- Given the lack of clarity around the severity and virulence of this mutant, it is advisable to stay safe, take precautions and have covered under the umbrella of health insurance.
- But insurers need to settle the claim as fast as possible and allow benefits of health policy to maximum numbers of people, especially those recovered from Covid-19 recently.