

Health savings schemes could soon become a reality

You might soon be able to buy long-term health savings schemes from health insurance companies.

Similarly, you could also get access to comprehensive health policies with in-built outpatient department covers.

These recommendations are part of the report submitted by the committee set up by the insurance regulator under M Ramprasad, member, non-life, IRDAI, to review the existing health insurance framework. The report suggests sweeping changes in offerings, product approval process and definitions of various terms and services.

"It is recommended that the regulations enable all health insurers to offer health savings products which allow customers to build up a fund to pay for long term health expenses. Tax incentives should be extended to encourage insured to buy such savings linked health products to provide for health care costs for long term," the report said. However, the committee has strongly cautioned against permitting unit-linked health savings products to ensure that policyholders are "not exposed to market volatilities."

The committee has recommended a structure to increase premium in line with medical inflation every year. "The pricing aspects in the regulations may be revisited to include an inflation benchmark (CPI+3%) that allows an automatic increase in premium to take care of medical inflation year on year," the report stated. While the insurers can hike the premium to this extent, they would require IRDAI's approval for any hike beyond this point.

Other suggestions include allowing insurers to offer discounts on premiums to encourage customers to opt for wellness and preventive care programmes. "...not only does it lead to people being healthy but also reduces the claim cost in the long run for health insurers," the committee noted.

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