

Insurance for Outpatient and Preventive Care - Future of Health Insurance

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OPD and Preventive Care expenses are a huge burden on the common man. These expenses are not covered by traditional life insurance policies. Recently some insurance companies have launched health insurance policies along with some OPD and preventive covers. If they could come out with some viable models of insurance covers for such expenses as well, then there are huge opportunities for health insurance market to expand further.

Key Words: OPD, Preventive Care, Health Insurance

Introduction

In this article all aspects of OPD expenses and Preventive care insurance are thoroughly discussed. The article is divided into 8 parts. The first part discusses about the brief history and background of OPD and preventive care insurance including the evolution of health insurance in India, how this sector has been growing to reach its present state, its share in GDP, etc. This part also discusses about the world scenario in health insurance, how insurance companies are performing in countries like the USA and scope in India.

The second part defines what OPD cover and Preventive care insurance is and what are the present legal and regulatory frameworks in our country for such insurance products. The third part elaborates the features of health insurance policies that are present in Indian market with some elements of OPD and preventive care insurance. In the next part OPD and preventive care insurance models in some developed countries are presented.

The challenges in OPD insurance and Preventive Care insurance are discussed next. Comparison with existing insurance policy with and without OPD cover has been made to

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highlight the high premium rates compared to the benefits available in OPD cover insurance. Due to the almost 100% claim under the cover shows that these plans are also not profitable for the insurers.

In the sixth part details about other alternatives like health card which can be potential competitors for OPD and Preventive care insurance are given with illustrations. It is apparent that more benefits can be availed with such alternatives even with lesser expenses.

The next section discusses about the future of OPD and Preventive care insurance in India in its current form. An analysis of illustrations reveals that in its present form it is very difficult to popularise these types of insurance schemes with so many exclusions, waiting time and percentage of total expenses to be refunded as against premium collected. Finally, some comprehensive and viable suggestions are given by which the scenario can be changed and OPD and Preventive care insurance can be popularized more profitably than in their present forms.

Brief History and Background

When a patient, who visits a hospital, clinic, or associated facility for diagnosis or treatment, is not hospitalized overnight, he/she is called an outpatient. A large number of patients visit hospitals for treatment, but most of them do not need to take admission. Each and every hospital has a department called Outpatient Department (OPD) where the patients are first screened, treated and let go. In emergency cases like an accident or people with severe illnesses first report at the emergency department. While most of the patients who visit private hospitals get admitted, the reverse is true in government hospitals and other clinics. The reason is that people are quite sanguine about their illnesses and make an approximate estimation of the total expenses to be incurred for treatment. Then they either go to private hospitals, or opt for a diagnostic test after consulting a doctor, or go to the OPD in government hospitals. While the treatment in most of the government-run hospitals comes at a very low cost or absolutely free, the costs vary from high to very high in private hospitals, depending on the facilities available and its "name".

The other kind of medical requirement is "preventive health check" for which people visit private hospitals or clinics where admission is rarely required. Preventive care may be defined as the care one receives to prevent illnesses or diseases. It also includes counselling to prevent health problems. Preventive care is also becoming very popular (and even essential in some cases) because of the frequency of detection of chronic diseases like cancer, kidney failure, liver function, disorder, etc., among people of all ages (chances increase with age). People over the age of 40 need to check blood sugar and blood pressure levels regularly as these symptoms are frequently going above or below the normal range due to lifestyle changes, hereditary/genetic

reasons, work and food habits. The occurrence of heart attack or even brain stroke even before 40 is also not rare. As a consequence people are becoming more and more cautious and conscious about the cholesterol level and other health problems. Almost all the private hospitals and health clinics are coming out with a variety of offers, like master health check-up, executive health check-up and other health schemes as preventive measures to cover most of the commonly occurring health hazards at reasonable and attractive pricing.

But the real fact is that medical treatment continues to be the biggest worry for everyone during the last several decades due to the high costs, unavailability, lack of diagnostic facilities and untrained manpower associated with it. In our country many people die due to the lack of proper treatment or, no treatment at all. In most cases the cost associated with the treatment becomes the main constraint, hence people avoid going to hospitals. Sometimes people prefer to suffer without treatment (or even die from chronic diseases) than go for a costly treatment and thus put the whole family into a financial crisis. It is more traumatic if the patient dies in spite of having spent a fortune!

The concept of health insurance was evolved based on such helplessness. Health Insurance is based on the premise that by paying a small premium a person and/or the family could be protected from such unforeseen eventualities and at the same time enjoy some measure of comfort from having been insured.

Health Insurance

The definition of Health Insurance given in the Insurance Act, 1938 (latest amendment in 2015), is: "Health insurance business" means the effecting of contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient, travel cover and personal accident cover."

Health insurance is a fast-growing segment of the Indian economy. In 2011, 3.9% of India's gross domestic product was spent on the health sector. According to the World Health Organisation (WHO), this is among the lowest among the BRICS (Brazil, Russia, India, China, and South Africa) economies. Out of the 3.9% of the GDP, health insurance accounts for 5-10% of the expenditure, employers' account for around 9% while personal expenditure amounts to a whopping 82%. During the financial year 2016-17 the total Health Insurance premium collected was Rs.303.92 billion rupees.

At present there are 6 stand-alone health insurance companies, 18 private general insurance companies and 5 public sector insurance companies (including LIC of India) that are selling health

insurance policies in the Indian market. The total premium collected during the financial year 2016-17 was Rs 359 million covering 437.5 million people (including group insurance, government-sponsored schemes and also Rashtriya Swasth Bima Yojana).

From the middle to the late 20th century traditional disability insurance has evolved into the modern health insurance programmes. Before independence, the health infra-structure was in dismal condition, characterized by high morbidity, high mortality rates and prevalence of manifold infectious and incurable diseases. Since independence, emphasis has been put on primary health care in India and the country has made considerable progress in improving the health status of the population. But India is still far behind many fast developing countries like China, Vietnam and Sri Lanka in the estimation of various health indicators.

Health insurance has been very well established in many countries, but in India it still remains as an untapped market. Less than 15% of India's 1.31 billion people are covered through health insurance (excluding group insurance and government-sponsored) schemes. At any given point of time, 40 to 50 million people are on medication due to various sicknesses and the most astonishing fact is that the share of public financing in total health care is just about 1% of the GDP. As mentioned earlier, over 80% of the health financing is in the private domain, much of which is out of pocket payments and not under any pre-payment or insurance schemes. Given the health financing and demand- scenario, health insurance has a wider scope in the current socio-economic Indian situation. However, for the last five consecutive financial years, the incurred claim ratio (that is the ratio of "Net claim incurred" to "Net earned premium") for the total health insurance sector in India has been increasing continuously and for the last two financial years it is above 100%. The stand-alone health insurance companies have been making losses during the last three consecutive years (2013-14, 2014-15 and 2015-16) to the tune of 4.03, 4.45 and 1.77 billion rupees.

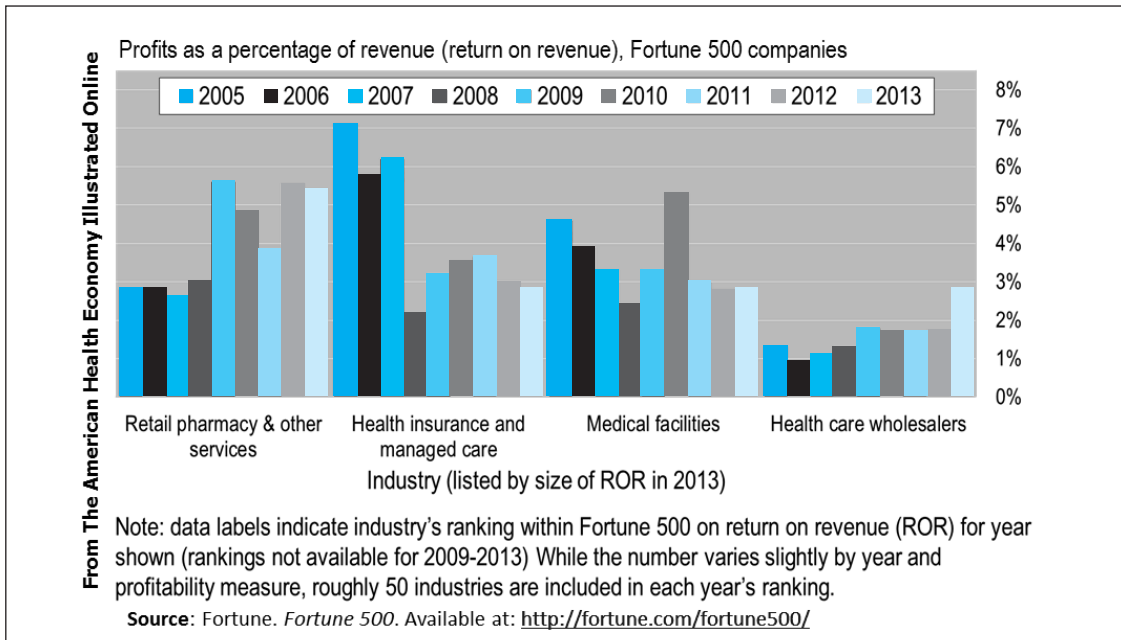
In spite of such adverse market condition, health insurance industry in India has witnessed consistent growth since its launch in 1986, more so after the liberalization of the insurance sector in 2000. The growth has been especially spectacular in the last eight years, following the advent of standalone health insurers and various government-sponsored health insurance schemes. Insurance Regulatory and Development Authority of India (IRDAI) has been playing a vital role in regulating and monitoring the market continuously for the healthy growth of this sector by frequently modifying the rules and guidelines to suit the changing requirements of the customers.

Table 1
Incurred Claim Ratio to Total Health Insurance (2011-16)

Year	Incurred Claim Ratio
2011-12	93.30%
2012-13	94.92%
2013-14	97.50%
2014-15	100.8%
2015-16	102.2%

Health Insurance Scenario in Developed Countries

In developed countries health insurers have been operating for decades and they are generating sufficient surplus profits. According to the United States Census Bureau, in 2012 there were only 48 million people (15.4% of the population) who were without health insurance and the number has been decreasing gradually. In 2015, the percentage of population without health insurance coverage for the entire calendar year was only 9.1 percent, or 29 million, lower than the rate and number of uninsured in 2014 (10.4 percent or 33 million). Over the past five years, the five largest health insurers in the US have consistently beat the S&P 500 and their overall profits rose substantially.



On the contrary, 74% of the population in India do not have any form of health insurance cover. As mentioned earlier, IRDAI has been continuously working on developing health insurance in India. They come out constantly with new regulations and guidelines (latest being in year 2016) for the spread of health insurance to benefit the policyholders. But as mentioned earlier, a whopping 82% of total health-related spending are for personal nature, which is out of the reckoning of health insurance. Of this 82% spending, the major portion is spent on consultation, cost of prescribed medicines by qualified doctors, diagnostic tests, dental and eye care treatments, and preventive health checks (for which no hospital admission is required). These types of treatments can be grouped under outpatient treatment and preventive care, and, in the recent past there were no health insurance schemes to cover such expenses.

The Gross Domestic Product of our country was 113.5 trillion rupees (provisional estimate) for 2015-16. If out of this, 4% is spent for health-related expenses, it amounts to 4.54 trillion rupees, whereas the health insurance industry could collect only 0.244 trillion rupees in 2015-16 as premium, which is about 5% of the total health-related spending.

Now, as mentioned earlier, 82% of total health-related spending or 3.72 trillion rupees is personal spending (considering the provisional GDP estimate). A report on outpatient and inpatient expenses for people above the age of 50 years was published in the Health Prospect: Journal of Public Health by Ankit Anand, in September 2016, wherein it was mentioned that the total number of outpatients for the hospital under study was 5,768 in one year whereas the inpatients' number was 5732 during a three-year period - the ratio being 3:1. The average expense was Rs.726 for an outpatient and Rs.12,540 for an inpatient - the expense ratio 3x11:190 or 1:5.76. If we take this outpatient-inpatient ratio as reference amount for all ages, then we may say that out of 3.72 trillion rupees spent, approximately 0.55 trillion is utilized for outpatient treatment, which is more than double the size of the total health insurance premium for India in 2015-16. So, apart from conventional health insurance, there is a huge untapped market for insurance cover both for outpatient treatment and preventive care.

What is OPD Cover?

OPD or Out Patient Department cover is a new feature, offered as a part of the health insurance policies by insurers. Most health insurance providers only cover hospitalization expenses and this limits the scope of cover for the Out Patient Department expenses, which include doctor's consultation fees, health check-ups, pharmacy bills, dental treatment, diagnostic tests and so on.

But what is the rationale for buying a Health Insurance policy with OPD Cover? Well, the following points can answer the question:

- Health Insurance policies that offer OPD cover, enable the insured to claim expenses other than what is incurred during the hospitalization. Sometimes it goes very high even when expenses like ambulance charge (now most of the health insurance plans come with certain amount of admissible claims for ambulance also), initial diagnostic tests, medicines, etc., are excluded.
- There are some tax benefits associated with these policies. Under Section 80D of the Income Tax Act, a tax benefit up to Rs. 25000 is available for health insurance premium paid. There is no Tax Deductible at Source (TDS) for claims.
- In most health insurance policies with OPD cover, the insured can claim reimbursement on expenses multiple times during the policy period. Out Patient Health Services include a huge number of facilities and hence more transactions. This makes the monetary value of a health insurance policy with OPD cover higher than that of a regular health insurance policy.
- This policy also covers pharmacy bills and thereby assists those who have to incur more medicinal expenses.
- Regular health insurance policies determine the limit of claims and the sum assured based on 24-hour hospitalization. Under the OPD Cover, the sum assured is based on the age of the insured.
- OPD expenses can be claimed within 90 days of taking a health insurance policy; in some policies no waiting period is mandated for OPD claims.

What is Preventive Care Insurance?

Preventive Care is a precautionary measure taken by individuals advanced in age or approaching old age. Generally the doctor will determine what tests and health screenings are needed for such an individual. The screenings are based on Age, Gender, Personal health history and Current health status. A person does not need to have symptoms or be diagnosed with a health issue to receive preventive care services. For example, a shot for flu may be given to a person who is not in fact infected, yet it is given to prevent the occurrence of flu. Other services like mammograms help detect illnesses even when there may not be any symptoms. Even if someone is in the best of health, a serious condition with no symptoms may put health at risk anytime.

Generally it is found that hospitals or clinics offer at a discount (as a package deal) some specified tests which are most common in detecting health related-problems. These are called, master health

check, executive health check, corporate health check, special health check for women, etc. All these come under the Preventive Health Check or Preventive Care. Insurance policies that cover such expenses are called Preventive Cover Insurance.

During the wellness examination, a person may receive services that are not considered preventive care services. For example, if the doctor determines that a person has a medical problem and has to undergo additional screenings and tests after the diagnosis is made, these are no longer considered as preventive measures. These services come under ordinary health plan's medical benefits, not preventive care benefits.

Legal Framework for OPD and Preventive Care Insurance

Earlier there were no such legal or regulatory frameworks for OPD and preventive care insurance. But foreseeing its requirement and future prospect, the IRDAI has included a new paragraph (19) in its latest Health Insurance Regulations, dated July 12, 2016, for Indian insurance market which deals with Wellness and Preventive Care aspects of Health Insurance. It has also been stated in the regulation: "Insurers shall neither offer any discounts to the policyholders, in any form, on the products of the third parties either as part of policy contract or otherwise.

However, insurers may endeavor to promote wellness amongst health insurance policy holders by offering the following health-specific services offered by Network Providers:

- Outpatient consultations or treatments, or
- Pharmaceuticals, or
- Health check-ups

including discounts on all the above at specific Network Providers. Insurers may also endeavor to put in place procedures for offering discounts on premiums on renewals based on the fitness and wellness criteria stipulated and disclosed, provided further costs towards the above services are factored into the pricing of the underlying Health Insurance Product."

Existing Policies with OPD and Preventive Health Check Cover in the Indian Health Insurance Market

Most of the insurance companies provide OPD coverage in group health insurance policies especially meant for corporate clients. However, for retail clients, there were hardly any policies that covered OPD charges. Thus, most of the Outpatient Department (OPD) expenses were borne by policyholders themselves. OPD insurance has the scope to become a real game changer in the

Indian Health Insurance Market in the near future compared to the current scenario. IRDAI has foreseen this bright future which will benefit both the insurer and the insured. Consequently, insurers have included the option in their latest health insurance guidelines.

Some of the companies that have already come out with policies that cover OPD expenses or have included OPD expenses with their existing health insurance products are:

1. Bajaj Allianz Tax Gain Plan
2. ICICI Lombard Health Advantage Plus
3. Apollo Munich Maxima
4. Max Bupa Heartbeat Platinum Plan
5. Cigna TTK ProHealth Accumulate Plan

The detailed features and benefits of their offerings are given in *Annexure I*.

International Practices

In most of the developed and developing countries, OPD, wellness program and preventive care insurance are already prevailing.

- In Japan, Tokiomarine insurance group provides OPD insurance 30 times a year as rider with health policies and 20% deductible.
- In Thailand most of the people skip the OPD coverage while taking health insurance as the cost of treatment is comparatively cheap but it is available with the health insurance policies as a rider.
- In the USA, according to National Hospital Care Survey conducted in 2009, the OPD expenses were financed by Private insurance (43%), Medicaid or Children's Health Insurance Program (29%), Medicare (19%), No insurance (11%), Other (4%) and Unknown (4%).

Challenges to OPD Treatment and Preventive Health Check Cover in India

So far the discussion has been hovering around the bright side of OPD and Preventive Cover Insurance. There are several dark sides also. First one is the exclusions that are already there in the existing OPD cover plans. Some of them are as follows:

- Waiting period of 30 days for any claim except accidental injury.
- Some specific treatments are excluded for the first two policy years like cataract, hernia, kidney stone, dental treatment, etc., which means, to get cover of these treatments one has to performe renew the plan at least for two years.
- For dental treatment and cost of spectacles only 25% of the expenses are covered. These expenses in most of the cases are optional as a dental or eye problem cannot come out all of a sudden and the range is also very low to very high.
- Three to four-year waiting period for OPD expenses of pre-existing diseases.
- Premium rate for OPD rider is very high compared to ordinary health insurance premium.

To illustrate the last point, two existing health plans, viz Easy Health and Maxima, of Apollo-Munich Health Insurance are compared in the following table.

Table 2
Comparison of premium rates with and without OPD cover:
Two plans of the same insurer: Apollo Munich

Age of Oldest Member	"Easy Health" Premium for two	"Maxima" Premium for two	Additional Benefit
36-45 (for Easy Health) & 18-45 (for Maxima)	Rs. 6,851	Rs. 19,135	<ul style="list-style-type: none"> ● 6 Doctor-consultations ● 2 Health check-ups ● Diagnostic test, Pharmacy, Out-patient Dental Treatment, Spectacles, Contact Lenses etc. Maximum Rs. 5,500.

The above table indicates that for additional OPD benefits the insured has to spend around Rs.12,000 (being the difference of premium for the two plans). The benefits may roughly amount to 5500+4000 x 2 + 500 x 6 or Rs.16500 (Standard Annual Health Check-up fee @ Rs. 4000 and doctor's consultation fee @ Rs. 500). There may be some other features in the Maxima plan. Still, for an overall benefit of Rs. 4000 (that too with 100% utilization of all benefits) the insured may not be willing to pay so much extra. It is more or less like cost-to-cost benefit. Also in most of the cases, only certain percentage of expenses are reimbursed like cost of spectacles.

- Most of the insurance companies in India find it difficult to control and coordinate with hospitals and clinics and that is one of the main reasons why Indian insurance companies do not cover OPD expenses. However, the scenario is quite different in other countries since

the network between doctors, hospitals, clinics and insurance companies is seamless.

- Moreover, in India, many patients opt for alternative medication like Ayurveda, Naturopathy and Homeopathy that are difficult to be covered as they fall outside the purview of normal hospitalization-based insurance products.
- The charges of tests and other benefits covered under OPD also vary from hospital to hospital, and, clinic to clinic. Hence it is very difficult to determine or estimate the claim size for fixing the premium.
- Bills can be exaggerated very easily by increasing the cost of spectacles and dental procedures. Moreover, health check-up packages vary from institute to institute. While giving this benefit in any policy, the insurer can be very much sure of 100% claim amount in each policy. So the concept of insurance pooling will not work here.

Overcoming the constraints and cover all the points mentioned above is nearly impossible, and, hence, making insurance cover profitable from these types of policies is also quite difficult, if not impossible.

Other Alternatives

The benefits that are given by insurers through OPD cover can be obtained by alternate measures also. One such initiative is the Health Card. "Indian Health Card" is such an organization that provides Health Cards to individuals and also to families. The Indian Health Card (IHC) program brings the largest network of medical practitioners and labs to offer considerably low fees than they normally charge, usually leading to significant savings on healthcare expenses. These types of Preventive Health Card programs have been quite popular outside India and have a vast scope in India to spread better health care services. Below are few of its salient features.

- One can find best doctors and labs, practicing/operating independently, enrolled (under these schemes).
- All network health-care service providers, under such schemes, offer highly subsidized fees than they usually charge.
- Makes good health affordable for everyone.
- It provides free or considerably discounted services across the following categories:

- ❖ Doctors of almost all specialization including dentists
 - ❖ Pathology and Radiology Labs
 - ❖ Pharmacies
 - ❖ Ambulance Cover
 - ❖ Nursing Services
 - ❖ Nursing Homes/Hospitals
 - ❖ Dial a Doctor
 - ❖ Second Opinion
- Enrolment Benefits of Health Card given by "Indian Health Card" are:
 - ❖ Free Dental Cleaning/Scaling Voucher. This voucher entitles a free cleaning and scaling of teeth (basic oral prophylaxis treatment - one sitting of ultrasonic cleaning and scaling). This voucher will help save up to Rs 2000.
 - ❖ Subsidized Health Check Vouchers with the following benefits:
 - ❑ Up to 4 Health Check-up vouchers, covering all important tests are sent along with the welcome kit.
 - ❑ Each of these vouchers offers a saving of 50% on the tests covered, helping to save up to Rs. 4000 with each voucher.
 - ❑ The purchase price is Rs.1900 for ordinary card and Rs.2400 for an add on card with one year membership.
 - ❑ Currently, they are offering services in Delhi NCR, Sonapat, Chandigarh, Jaipur, Patna, Ahmedabad, Surat, Vadodara, Kolkata, Nagpur, Pune, Mumbai, Hyderabad, Bengaluru and Chennai and expanding rapidly to other cities.
 - ❑ Other than IHC (Indian Health Card) there are WizzCare, Sharak Healthcare and EasyLife Care (operates only in Delhi/NCR) that offer this Health Card.
 - ❑ The membership fee for these cards ranges between Rs 1,000 to Rs 8,000 depending on the plan one chooses and the number of members registered. A basic plan provides a discount of 15-30% on consultations and 10-20% discount on OPD treatments and procedures at hospitals. For dental care, one gets facilities of free check-ups and up to a 50% discount on the total cost of treatment.
 - ❑ There are also offers where one can avail up to 50% discount on doctor-consultations at a few network clinics. There are some special add-on benefits as well, including 24x7 dial-a-doctor and chat service, free second-opinion prior to a critical surgery, discount on ambulance charges and online tools like symptom tracker and health records log.

- There are concessions offered by companies on 'wellness services', such as diet programmes and spa treatments, and alternative treatments, such as Ayurveda and Homoeopathy. Discounts of up to 40% can be availed on cosmetic treatments and up to 35% concession on spa packages.

Let us compare the costs of a health card with Health Insurance cum OPD Coverage

Table 3
Comparison of Health Card with OPD coverage

Health Card	Health insurance (with OPD)
Cost- Rs. 4800 (with add on cover)	Cost-12,000 (Additional cost with OPD)
<i>Basic Annual Expenses:</i> Doctor consultation: 500 x 12 = 6,000 Cost of medicines: 1000 x 12 = 12000 Annual health check-up for 2: 4000 x 2 = 8,000 Dental treatment: 7,500 x 2 = 15,000 Total expenses = Rs.41,000	---DO---
<i>Discount</i> @ flat 30% (say) on Rs.41,000 = 12,300	Maximum Reimbursement of OPD claim = Rs. 16,500 (Details given earlier)
Out of pocket expense = Rs. 33,500 (Rs.4800 + Rs.41000 - Rs.12300)	Out of Pocket expense = Rs.36,500 (Rs.12000+ Rs.41000 - Rs.16500)

From the table above we can see that it is comparatively advantageous if a person takes such a card rather than opting for OPD cover with health insurance policy. Also the exclusions list for health plan with OPD is quite lengthy and most of the expensive treatment benefits are available after 2-4 years of waiting period that too only at 25% of the cost (for dental treatment and eye care).

Discount cards or health cards are in no way a replacement for hospitalization cover. However, exclusive schemes that genuinely give discounted rates on medical, health and drug expenses for a monthly or annual membership fee seem to be more attractive. Healthcare policies not only help patients save particularly on pre-hospitalization medical expenses, but also cover post-hospitalization costs. Offers such as discounts on dental treatments, pathology and radiology expenses and doctor-consultations fees are not covered under a health insurance policy, but in the case of health card schemes, there are no caps or sub-limits.

Health cards cover almost all the healthcare expenses, including cosmetic treatments. It is also a timely help to high-risk people with pre-existing ailments and those who are ineligible for health insurance. Especially senior citizens who are refused insurance or have to shell out huge sums of money as premiums for a policy are stifled with confusing clauses and unexplained exclusions, it is a boon.

Insurance, in fact, is a regulated industry, whereas a health care providers are not subject to any restrictions from a regulated body (till date). Therefore all the grievances would have to be addressed before a consumer court. Hence, provider's reliability is a matter of concern in such schemes. Otherwise, in the prevailing scenario of OPD and preventive cover lacuna, the smart players have a huge prospect in India.

As of now, there is no independent regulator for healthcare providers. Though there are state-specific Clinical Establishment Acts, there are no controls on prices in healthcare services in India. In the name of providing "unique" facilities, private hospitals have classified themselves as speciality, super speciality, ultra-care centers, and the same treatment is provided by all to the patients at exorbitant costs which vary from hospital to hospital.

If in future the government comes out with an independent Healthcare Regulator and the Health Card/Discount Card companies are brought under its purview, then these can become the standard choice for people for exclusive healthcare, which are not currently covered by health insurance policy.

Future of OPD and Preventive Care Cover in India

The rationale behind mentioning the prospect of Health Card here is that these initiatives are going to be the biggest competitors for OPD Cover insurance in India. Though there is the question of reliability, most of the people in this country are quickly attracted to any type of financial benefits and fall for them without analysing seriously about their merits and demerits. According to Health insurers, out-patient healthcare services and their coverage typically involve a huge number of transactions. The chances of a person using the cover multiple times throughout the policy period are also many. That is why the monetary value that a customer can get from such a policy is higher than from a mere basic health insurance policy.

Because of the higher assumption and incidence of avilment of insurance coverage (nearly 100%), the OPD premium rate is usually more than 50% of the sum insured, and, with increasing age, it becomes more than or equal to the sum insured, thus making the advantage of taking OPD cover minimal or nil. As mentioned earlier, people of middle or lower income groups will prefer

not to undergo any treatment like health check, dental procedure, etc., or to go in for cheaper non-standard treatment procedures or even alternative treatments like homeopathy and Ayurveda rather than take an OPD insurance cover with health insurance plan. So it is very difficult to popularise these schemes at present in India.

Those who take the OPD cover with health plan will always try to avail 100% of the benefit under any scheme anyhow. As a result, fraudulent activities will increase, like false bills, inflated bills, etc., to obtain the maximum benefit. People may go for health check-ups which they could not have afforded if they had not opted for OPD cover. Thus it is very difficult to generate profit out of the OPD cover scheme. So in both ways it is a lose-lose situation rather than win-win situation for the insurer. The insured incurs loss if he or she could not avail the total benefit under this cover (as the premium is more or less equal to benefits) and the insurer incurs losses as there are little or no margin after the administrative and other expenses are factored into the account (which would be above the claim expenses).

Conclusion

OPD expenses pose a major problem for medical patients in India and the OPD insurance cover in its present form does not present an ideal solution to the problem. There is undoubtedly a lot of scope in this segment but some new models must be developed or the existing model may be modified to make it beneficial to both the insurer and the insured.

For example, only 25% of the costs incurred in some of the treatments are reimbursable like dental procedure and eye care. It may be suggested that some bases and limits should be provided in the policy up to which (floor) 100% of the cost is to be reimbursed and above that only 25% is to be considered, subject to the limit. In this way the insured has to adjust his/her expenses to utilize maximum benefit and the insurer also does not have to shell out an excess claim amount.

It is also suggested that OPD cover benefits can only be availed at network hospitals where the fraudulent claims will not be possible or will be minimized.

Insurers could come out with schemes where a certain percentage of unclaimed amounts will be given as rebate in next year's premium. This will demotivate people to undergo unnecessary treatment procedures, thereby reducing the total claim amount and increased margin for the insurer. Flow of premium will also increase as customers will not be eager to switch over to other insurers to avail the benefit of reduced premium in subsequent years.

Insurers could introduce schemes having wellness features, such as wellness points, with the health insurance policy so that an insured person acquires points for not being ill or sick for a

specified period. These points can be redeemed against some future OPD expenses. In addition, the insured may be given additional credit for life-style changes such as 30-minute gym activity or any other certified exercise like yoga.

Insurers may introduce Health Card schemes whereby all the benefits of Health Card can be availed in all network hospitals, clinics, consultants, etc. In this way both the issues of competition and regulation will be eliminated. Since all the insurance companies are regulated by IRDAI, insurers have to get their approval for any product or benefit before or after launch ("file and use" or "use and file" system of product filing). Hence the issue of unreliability does not arise.

In the changing scenario of health insurance, OPD and Preventive Care cover have huge demand potential, hence the insurers cannot but take the initiative to provide the required types of products and reap the dividends. To remain in the arena of insurance in the face of multiple players and challenges and earn profit, the above-mentioned suggestions have to be adopted and implemented urgently. This will give an impetus to the healthy growth of health insurance in the country.

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Book

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(Dollar-Rupee conversion rate for 2016 has been pegged at \$1= Indian Rs. 66.00)

Annexure 1

Table-A
Bajaj Allianz Tax Gain Plan

Eligibility	<ul style="list-style-type: none"> ● 56 years -75 years for senior citizens, renewable up to 75 years. ● 18 years to 55 years, renewable up to 55 years (the premium slabs stay the same from 18 years - 55 years and 56 - 75 years). ● No medical test required for those less than 45 years of age
Coverage related to OPD	<ul style="list-style-type: none"> ● Both hospitalization expenses and outpatient (OPD) expenses covered under one policy. ● Ambulance charges up to Rs. 1000/- will be covered in this scheme. ● No mandated waiting period to claim under Out-Patient expenses ● At the end of each four (hospitalization) claim-free policy periods, the policyholder can avail free health check-up. The tests done in this benefit category are as specified in the schedule. Only one insured member can benefit from this. ● This scheme covers treatment under OPD section and dental procedures. ● OPD section covers cost of dentures, spectacles and crutches. ● No hassles of going through a TPA to make claims as it will be in house claims.
Exclusions	<p><i>For out-patient claims:</i></p> <ul style="list-style-type: none"> ● If diagnostic tests are conducted without the treating doctor's referral, the expense will not be covered by this policy. ● Health check-up cost. ● Cost of spectacles will not be covered until the policy has finished one complete year and has been renewed. Also, only up to 25% of the cost will be covered. ● Cost of dentures and hearing aids will not be covered until the policy has completed two full years and has been renewed. Also, only up to 25% of the cost will be covered. <p><i>Common for both Outpatient and Inpatient claims:</i></p> <ul style="list-style-type: none"> ● AIDS-related expenses. ● Aesthetic and Cosmetic treatments. ● Pregnancy and childbirth related expenses ● Use of intoxicating alcohol and drugs. ● Non-allopathic treatment
Additional Benefits	<ul style="list-style-type: none"> ● After every four claim-free policy periods, policyholder can avail Free Health Check-up at any of the designated Bajaj Allianz Empanelled Diagnostic centres.

Table-B
ICICI Lombard Health Advantage Plus

Eligibility	<ul style="list-style-type: none"> ● 5 to 65 years. Policy holder has to be above 18 years. Maximum policy renewal age is 70. ● Individuals aged 56 and above have to undergo medical tests at designated ICICI Lombard diagnostic centres
Coverage related to OPD	<ul style="list-style-type: none"> ● Pre-hospitalisation expenses up to 30 days ● Post- hospitalisation expenses up to 60 days ● Advanced surgeries that require less than 24-hour hospitalisation such as chemotherapy, tonsillectomy, radiotherapy, eye surgery, dialysis, kidney stones, coronary angiography and cardiac catheterization among others ● Covers Outpatient Department (OPD) expenses, such as diagnostics tests, dental treatment, medical bills, ambulance charges, etc. ● Cost of treatment of Swine Flu / H1N1 influenza ● Maternity expenses are covered under OPD expenses
Exclusions	<ul style="list-style-type: none"> ● Pre-existing diseases during the first 2 years ● 2-year exclusion for specific conditions such as cataract, hysterectomy, arthritis, stones, skin and internal tumours, spinal disorders, deviated nasal septum, joint replacement surgery (except due to accident), Diseases existing at birth (congenital)

Table-C
Apollo Munich Maxima Health

Eligibility	<ul style="list-style-type: none"> ● 91 days- 65 years. ● The premium is charged on the age of the eldest insured member.
Plan Benefits	<ul style="list-style-type: none"> ● Expenses incurred due to illness 30 days prior to hospitalization. It can be increased to 60 days. ● Medical expenses 60 days post discharge. It can be increased to 90 days. ● Domiciliary treatment that are done at home. ● Ambulance service up to Rs.2,000, used to go to the hospital for hospitalization. ● Policy holder has the option to cover the new born baby from day 1 till it is 90 days old. ● Both pre and post maternity expenses are covered.
Outpatient Benefits	<ul style="list-style-type: none"> ● As per the plan opted for self and family, policy holder can avail 4 or 6 or 8 Doctor-Consultation chances. ● Pharmacy bills are covered. ● Diagnostic tests taken by all the members are covered. ● There is certain limit to the coverage for dental treatments, spectacles and contact lenses. ● Any person above 18 years of age can undergo annual health check-up. Policy holder above 45 years of age can avail this benefit from the second year only.
Other package	<ul style="list-style-type: none"> ● The policy provides Stay-Healthy Program which is offered for policies with sum insured over Rs. 5 lakhs. ● Conduct online health assessment. ● Policy holder can avail diet and exercise plan from experts. ● Store medical reports on an e-storage facility accessible for 24 hours. ● Policy holder can enjoy discounts and offers on health products and services. ● Help set alerts to track medicinal intake and health appointments. ● Subscribe to health newsletters and helpline services.
Exclusion	<ul style="list-style-type: none"> ● Except for accidental injury all the other treatments within the first 30 days are not covered. ● Pre-existing conditions will be covered only after 3-year waiting period. ● 2 year waiting period for cataract, hernia, joint replacement surgery, surgery of hydrocele etc. ● Expenses due to AIDS and HIV-related diseases are excluded. ● Mental disorder, cosmetic surgery, congenital diseases and weight control treatments are excluded. ● Expenses from abuse of drugs and alcohol are excluded. ● Hospitalization expenses incurred due to war, nuclear, chemical or biological weapon and radiation. ● Experimental and use of unproven devices for treating are not covered. ● Items brought for personal comfort and convenience are not covered.

Table-D
Cigna TTK ProHealth Accumulate Plan

Eligibility	<ul style="list-style-type: none"> ● The minimum entry age is 91 days for children. ● The minimum entry age for adults is 18 years. ● There is no maximum entry age. ● Life-time renewal opportunity
Coverage	<ul style="list-style-type: none"> ● Pre-hospitalization - Expenses such as doctor's fees, pharmacy, diagnostic tests incurred upto 60 days before hospitalization. ● Post-hospitalization - Expenses such as consultation fees, diagnostic tests, pharmacy-related expenses, upto 90 days after discharge. ● Pre-existing diseases (after 48 months of continuous cover under this plan). ● Ambulance cover - Upto Rs. 2,000 for every hospitalization.
Other benefits	<ul style="list-style-type: none"> ● Worldwide emergency cover ● Restoration of sum insured ● Health maintenance benefit with yearly 5% bonus on unutilized value. ● Health check-up ● Expert opinion in case of critical illnesses ● Reward points
Exclusions	<ul style="list-style-type: none"> ● HIV/AIDS and complications arising thereof, Genetic disorders, mental disorders, Suicide or drug abuse, any loss resulting from childbirth or pregnancy.

Table-E
Max Bupa Heartbeat

Entry Age	<ul style="list-style-type: none"> ● Right from birth to 65 years ● Life-long renewability
Coverage	<ul style="list-style-type: none"> ● Pre and Post-hospitalization : 30 days before admission to a hospital and 60 days after ● Emergency ambulance ● Maternity cover for upto 2 deliveries ● Cover for new-born starts with birth ● Emergency evacuation and hospitalization and evacuation abroad (as per terms and conditions) ● Vaccination cover for new-born ● Complimentary health check-up
Variants	<ul style="list-style-type: none"> ● Heartbeat has three variants :Silver, Gold and Platinum <i>Silver:</i> Complimentary health check-ups every two years Maternity cover for two children upto 30,000 <i>Gold:</i> Complimentary health check-ups every year <i>Platinum:</i> Customers can avail treatment abroad for specified illnesses ● Medical evacuation and treatment abroad except US and Canada ● OP benefits covering specialist consultation
Exclusions	<ul style="list-style-type: none"> ● Alternative Treatment, Psychiatric and Psychosomatic Conditions, OPD Treatment, Reproductive medicine - Birth control & Assisted reproduction, Sleep disorders, Hereditary conditions, Genetic Disorder, Items of personal comfort and convenience, Treatment received outside India, Unlawful Activity, Permanent Exclusions, Self-inflicted injuries, Sexual problems and gender issues, Sexually transmitted diseases, Addictive conditions and disorders, Puberty and aging , Artificial life maintenance, Circumcision, Speech disorders, Treatment for developmental problems, HIV and AIDS, Cosmetic surgery, Conflict and disaster, Drugs and dressings for Out-patient or take-home use, Congenital conditions, Eyesight, Unproven/Experimental treatment, Health hydro, nature cure, wellness clinics etc., Obesity, Dental/oral treatment, Convalescence and Rehabilitation, Unrecognized physician or Hospital

Many more insurance companies are gradually coming out with new plans which include the OPD and preventive check cover in some forms.

