

Let insurance battle cost of **medical treatment**

ON EMERGENCY DUTY Health insurance is a must-have cover and the earlier you buy, the better. Go for a regular plan and top it up with a family floater, then look at a benefit plan. Tax benefits will, of course, come along

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A cardiac treatment could cost anywhere between Rs 2 lakh and Rs 4 lakh. For a cancer treatment, you may end up paying Rs 10,000 per week. Treatment for a gastric problem could cost up to Rs 50,000 or even Rs 1 lakh if the situation warrants a surgery. Though mere estimations, these numbers would not be comforting at all if you were to foot the bills.

A more disconcerting fact is that the cost of medical treatments is steadily going up. Says Deepak Mendiratta, managing director, Health and Insurance Integrated, a health insurance consultancy: "New technologies, drug discoveries and limited supply of medical infrastructure are pushing up medical costs by about 18-22% every year." A 22% hike is more than the average salary hike or the return on investment you may get.

But there is a way to battle such costs. Buy health insurance. By paying around Rs 3,000 per year, you would get a cover of roughly Rs 5 lakh. In other words, your insurer will pay up to Rs 5 lakh for your medical expenses.

You will also get a tax benefit on the premiums you pay. Under section 80D of the Income-tax Act, your premiums qualify for tax deduction up to Rs 15,000. If you are a senior citizen, you can claim up to Rs 20,000.

But tax benefit is not the reason why you should buy health

insurance. Says

Sumeet Vaid, MD and founder, Freedom Financial Planner Pvt. Ltd: "Health insurance should be seen as a risk management strategy and not as a tax planning strategy."

PLANS ON OFFER

Regular indemnity plans: Your basic health insurance policy is an indemnity cover that reimburses expenses incurred during, before and after hospitalisation. Nowadays, policies offer the cashless facility for claims. To avail it, you just need to inform the hospital, which will take it up with your third-party administrator, who will settle your claim.

The minimum age requirement for this policy is about three months. Insurers, typically, insure a child as a dependant of his parents. This can be done either through an add-on to the parent's individual policy by paying an extra premium, or by adding the child under a family floater plan.

Family floater plans: Here, the sum insured is the same for all the members of a family. If one member makes a claim, the sum insured is reduced for the entire family, to that extent.

Defined benefit plans: There are many hybrid plans on offer.

Critical illness plans are the most popular among these. These give you a one-time benefit if you suffer from any specified critical illness such as a heart attack, cancer, diabetes, kidney failure, major organ transplant or paralysis.

Hospital cash policies work as a buffer and provide you a pre-defined daily cash benefit, irrespective of hospital costs.

Health-cum-savings plans invest a part of your premium or return the premium at the end of the policy tenure.

Most defined benefit policies are long-term, have a standard premium for a certain number of years and are offered mostly by life insurers. A typical health insurance policy offered by a life company is a bundled policy that combines the benefit of critical illness plan, hospital cash plans and surgical benefits. In some plans, a death cover is also available. These policies qualify for tax deduction both under section 80D (up to Rs 20,000) and under section 80C (up to Rs 1 lakh).

WHAT TO CONSIDER?

You are spoilt for choice with different policies offering different benefits. But buying a health insurance policy is not simple. Here, there are caveats,

DID YOU KNOW? LOOK AFTER PARENTS, GET MORE TAX DEDUCTION

The taxman nods his approval if you look after your parents. There is a tax break for extending a health insurance cover to your parents even if they are not dependant on you.

If parents are not senior citizens

You can claim deduction of up to Rs 15,000 on behalf of your parents if your parents are below 65

years of age. This is applicable over and above the Rs 15,000 deduction you are entitled to as an individual under section 80D for health insurance taken for yourself. So, in all, you can claim up to Rs 30,000.

If parents are senior citizens

If you get health insurance for senior citizen parents, you can claim up to Rs 20,000 deduction,

apart from the Rs 15,000 you get on your own cover - a total claim of up to Rs 35,000.

If you are a senior citizen

If you are a senior citizen, you can claim up to Rs 20,000 as deduction on your own policy. If you fund your parents' health plan too, your total deduction shoots up to Rs 40,000.

STAFF WRITER

which could result in serious financial loss.

For instance, a critical illness plan would give you a hefty lump sum, but only for pre-defined critical illnesses and that too after a waiting period. After buying the policy, you need to wait for about six months before you can make a claim. In some policies, if you are diagnosed with an illness, you need to have survived the illness for a month before getting the benefit.

Says Antony Jacob, CEO, Apollo Munich Health Insurance Co. Ltd: "Before buying a policy, one must read the exclusions. Go through the waiting period, sub-limits, and excluded ailments. Understand how the benefits are paid out."

YOUR STRATEGY

Keep it simple: Just like life covers, keep these policies simple and cheap. Typically, health insurance is meant to take care of expenses in case of hospitalisation. Buy a basic health insurance and top it up with a floater for your family.

Do not rely entirely on the group cover offered by your employer as a job change or retirement could leave you uninsured. And with portability still some time away, you may not be able to carry over the bene-

fits to any new policy you may buy.

Buy early: When you are young, the premiums would be cheaper, you are unlikely to have any pre-existing diseases and your cover would keep increasing on its own. Buy the policy late and your pre-existing ailments are not covered, premiums are very high or you may have to settle for a lower insurance cover. In some cases, the cover may be denied altogether.

Rahul Aggarwal, CEO, Optima Risk Brokers, says: "A basic health insurance should be bought as early as possible. You can then top it up with benefit policies."

Take benefit policies last: Most benefit policies can easily be given a miss if you are sufficiently insured.

If your family has a history of serious ailments or your lifestyle is stressful, you can take a critical illness plan. But it is no substitute for health insurance or life insurance as it is meant to support your loss of income if you are diagnosed with a serious ailment. Says Vaid: "Insurance is meant to cover you for three losses: income, health and assets. We recommend our clients to avoid bundling products."

You can avoid the hospital cash plan if you have emergency funds for six to eight months of expenses.

This tax season, take a step-by-step approach towards health insurance.



THINGS TO KNOW

Employer gives you mediclaim and you neglect buying a personal policy. Five years later: you change jobs or retire and are left without medical cover

- ✓ Buy your own personal plan even if employer gives you a cover

You have a policy. Now you are buying for your family

- ✓ Buy from the same insurer and get up to 10% discount on the premium

You have a basic family cover, but want to top it up

- ✓ Buy a family floater that extends the overall cover for the family

You have not made a claim on your policy for the past year

- ✓ Check if you can get a 5% increase in your sum insured at the time of renewal

CHEAPEST HEALTH COVERS

Premiums in Rs for the cheapest health insurance covers over different sums insured

Sum insured

Rs 1 lakh Rs 2 lakh Rs 5 lakh

21-25 yrs Age Premiums

United India Insurance	Rs 1,048
Bharti Axa	Rs 1,729
Bharti Axa	Rs 3,041

26-35 yrs

Apollo Munich (std plan)	Rs 1,095
Bharti Axa	Rs 1,729
Bharti Axa	Rs 3,041

36-45 yrs

Star Health (med classic)	Rs 1,350
Apollo Munich (std plan)	Rs 2,400
Reliance General (silver)	Rs 3,533

46-55 yrs

Cholamandalam	Rs 2,255
Cholamandalam	Rs 4,000
Apollo Munich (std plan)* Cholamandalam**	

56-60 yrs

Cholamandalam	Rs 2,925
Cholamandalam	Rs 5,250
Bharti Axa	Rs 12,596

61-65 yrs

Cholamandalam	Rs 2,925
Cholamandalam	Rs 5,250
Bharti Axa	Rs 12,596

66-70 yrs

Cholamandalam	Rs 3,530
Cholamandalam	Rs 6,510
Bharti Axa	Rs 15,747

*Premium: Rs 8,900, ** Rs 9,140