

HEALTH INSURANCE REGULATIONS (Including AYUSH coverage)

Chapter I : Introduction

In India, health insurance was not initially a separate business class. It evolved over a period being a small part of the general insurance business. The first Mediclaim policy was introduced by the public sector general insurers in 1986. Subsequently, based upon Malhotra Committee Report, private sector Insurance companies were allowed with the turn of the century. Thereafter, the key milestone was the new Regulations issued by IRDAI in 2007 that permitted the establishment of specialised or standalone health insurance companies. That truly gave health insurance its independent identity and was closely followed by a number of such companies given the license to operate.

The creation of these standalone companies marked the formal categorisation of health insurance as a separate business class. This move was a response to the growing size and complexity of the health insurance market and was intended to :

- Encourage specialisation and expertise.
- Promote innovative, customer centric health insurance products.
- Improve efficiency in claims management.
- Provide focused attention to the unique needs of the health sector.

Ultimately Health Insurance as a distinct business category was formalised by insertion of Clause 6C of The Insurance Laws (Amendment) Act 2015 which defines thus;

"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.

Chapter II : IRDAI Health Insurance Regulations

The IRDAI has been issuing advisories in the form of Regulations time to time to improve effectiveness of the administration and penetration of the health insurance sector. A brief outline of the same is shared hereunder :

1. IRDAI (Health Insurance) Regulations 2013 w.e.f. 20.02.2013

- (a) Brought in uniformity & standardisation in the products offered.
- (b) Travel & Personal Accident covers included.
- (c) Long term three years Policy allowed.
- (d) Life-long renewability allowed.
- (e) Uniform entry age upto 65 years.
- (f) Pre-existing diseases & Waiting Period clauses defined.
- (g) Coverage for alternative Ayush treatments allowed.
- (h) Coverage for day care procedures defined.
- (i) Policy Grace period, Cumulative bonus, Continuity bonus & Minimum disclosures defined.
- (j) Pre-acceptance health check-up standardised.
- (k) Cashless facility concept introduced.
- (l) While describing Grievance Redressal procedure in the Policy, to include address of all Insurance Ombudsman centres.

2. IRDAI (Health Insurance) Regulations 2016 w.e.f. 12.07.2016

- (a) Health insurance & Ayush coverage further defined & expanded.
- (b) Group Health insurance Policy norms defined.
- (c) Principles of pricing & health underwriting laid down.
- (d) Wellness & Preventive treatment aspects introduced.

- (e) Free Look period introduced for new individual health policies.
- (f) Optional cover allowed for excluded items.
- (g) Claim process in case of multiple policies defined.
- (h) Reinstatement of Sum Insured concept introduced.
- (i) Systems to be in place to mitigate frauds.
- (j) IRDAI (TPA – Health Services) Regulations 2016 laid down.

3. IRDAI Master Circular on Standardisation of Health Insurance Products dated 22.07.2020

- (a) The Master Circular consolidated all guidelines issued upto 31.03.2020 & supersedes all guidelines/ circulars issued prior to this.
- (b) Defines a Hospital & Day Care Centre for conventional treatment.
- (c) Defines a Hospital & Day Care Centre for Ayush related treatment.
- (d) Defines a Medical Practitioner for conventional treatment which is also applicable for Ayush related treatment.
- (e) Defines Medically necessary treatment & also Pre-existing Disease.
- (f) Defines Reasonable & Customary charges.
- (g) Defines Migration & Portability of Policy.
- (h) Specifies items for which optional covers can be provided.
- (i) Specifies standards & benchmarks for hospitals including Ayush hospitals & Ayush Day Care Centres.
- (j) Details & Timelines for submitting periodical Health Insurance Returns.
- (k) Specifies the 22 critical illnesses that could be a part of a health insurance policy.

- (l) Specifies the Diseases & Expenses not allowed to be Excluded under Health Insurance policies.
- (m) Specifies the Standard Wordings for some of the Exclusions in Health Insurance policies.
- (n) Specifies the Existing Diseases allowed to be permanently Excluded from Health insurance coverage.
- (o) Lists the Modern Treatment methods & Advancement in Technologies which shall not be Excluded in health insurance policy contracts.
- (p) Guidelines on Standard Individual Health Insurance product.
- (q) Explains Arogya Sanjivani product features and Claim Procedure.
- (r) Introduction of Customer Information Sheet.

4. Guidelines on providing AYUSH coverage in Health Insurance policies dated 31.01.2024

Acknowledging the increased popularity and demand for Ayush treatments, it has been felt that there is a need to consider these treatments at par with other treatments. Hence all Insurers have been advised to comply with the following;

- 1) Insurers to have a Board approved policy for providing coverage for Ayush treatments at par with other treatments for the purpose of health insurance so as to provide an option for the policyholders to choose treatment of their choice. They shall also lay down the quality parameters and procedure to enrol Ayush Hospitals and Day Care Centres as network providers for the purpose of providing Cashless facility.
- 2) Insurers shall modify their existing health insurance products to remove any limitations on Ayush treatments in compliance with as directed above.

5. Gazette Notification on IRDAI (Insurance Products) Regulations, 2024 dated 20th March 2024

Inter alia the following terms have been defined :

a) “AYUSH treatment”

It refers to the medical and/or hospitalisation treatments given under Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy systems.

b) “Pre-existing disease (PED)”

It means any condition, ailment, Injury or disease :

- a) that is/are diagnosed by a physician not more than 36 months prior to the date of commencement of the policy.
- b) For which medical advice or treatment was recommended by, or received from a physician, not more than 36 months prior to the date of commencement of the policy.

c) “Specific waiting period”

It means a period up to 36 months from the commencement of a health insurance policy during which period specified diseases treatment (except due to an accident) are not covered. On completion of the period, diseases / treatments shall be covered provided the policy has been continuously renewed without any break.

d) AYUSH coverage

Insurers shall have a Board approved policy for providing AYUSH coverage, which *inter alia*, shall include their approach towards placing AYUSH treatments at par with other treatments for the purpose of health insurance so as to provide an option for the policyholders to choose treatment of their choice.

e) Pre-existing diseases and specific waiting period

Waiting Period for pre-existing diseases disclosed by the persons to be insured, shall be maximum up to 36 months of continuous coverage under the Health Insurance policy.

f) Moratorium

After completion of sixty continuous months of coverage (including portability and migration) in health insurance policy, no policy and claim shall be contestable by the insurer on grounds of non-disclosure, misrepresentation, except on grounds of established fraud.

This period of sixty continuous months is called as moratorium period. The moratorium would be applicable for the sum insured of the first policy. Wherever the sum insured is enhanced, completion of sixty continuous months would be applicable from the date of enhancement of sum insured only on the enhanced limits.

6. Master Circular on IRDAI (Insurance Products) Regulations 2024 – Health Insurance dated 29.05.2024

- (a) Insurers have been required to make available products/add-ons/riders to provide wider choice to the policyholders/prospects catering to all ages, all types of existing medical conditions, pre-existing diseases & chronic conditions, all systems of medicine & treatments including Allopathy, Ayush & other systems, every situation of treatment including domiciliary hospitalisation, OPD, Day care & Homecare, for all regions, occupational categories, persons with disabilities & any other, all types of Hospitals & Health Care Providers, policyholders not to be denied coverage in case of emergency situations.
- (b) Insurers shall endeavour to cover Technological advancements & Treatments.
- (c) Insurers shall offer products in accordance with relevant enactments pertaining to Mental Healthcare, Disabilities, Surrogacy, Transgender persons & HIV AIDS.
- (d) Specified the format & contents of the Customer Information Sheet (CIS) to be provided by the Insurer along with the Policy document.
- (e) Free Look Period has been specified to be 30 days from the receipt of the policy document.

- (f) Provisions for Cancellation of indemnity based health insurance Policy, Policy Nomination process, Grace period for premium payment have all been laid down.
- (g) The Policy shall be renewed except in case of established fraud or non-disclosure or misrepresentation by the Insured. If the Product has been withdrawn, a suitable alternative shall be provided. Renewal cannot be denied on grounds of claim(s) in the preceding policy years. Fresh underwriting can only be done to the extent of increase in Sum Insured.
- (h) Migration & Portability procedure of indemnity policies have been laid down.
- (i) Moratorium period has been specified to be 60 months of continuous coverage after which no policy and claim can be contested on any grounds of non-disclosure and/or misrepresentation except for established fraud.
- (j) Cashless Facility stipulations have been laid down. Insurers to endeavour for 100% cashless settlement, decide on cashless authorisation within one hour of receipt of request & provide final authorisation within three hours of receipt of discharge authorisation request from the Hospital.
- (k) It shall be the responsibility of the Insurers & TPAs to collect the required documents from the Hospital & the Policyholder shall not be required to do so.
- (l) The Insurer is required to comply the Award of the Insurance Ombudsman within 30 days of receipt of Award by the Insurer failing which a penalty of Rs 5000 per day shall be payable to the Complainant. This is in addition to any penal interest as may be applicable.
- (m) The Insurers have also been directed to have Board approved policies for Underwriting, Claims Settlement and display list of network of hospitals and healthcare service providers.
- (n) All Insurers shall provide model Products for persons with Disabilities, persons afflicted with HIV/AIDS & those with Mental Illness.

Chapter III : Conclusion

Health Insurance portfolio today constitutes about 50% of general insurance business with a significant retail presence in the form of individual health policies and also family floater policies. The regulations brought in by IRDAI from time to time has been instrumental in streamlining the portfolio and making it more customer friendly. It has brought clarity in coverage of Ayush related treatments under health insurance policies. The call of the hour is for the Insurers to follow the IRDAI Regulations in letter and spirit and for the Policyholders to make transparent disclosures.