HEALTH INSURANCE

OPD: Exhaustive covers needed

Until that happens, build a health contingency fund to meet out-of-pocket expenses

MAHAVIR CHOPRA

Talk to any senior citizen and you will be surprised by the huge financial burden they face from health care expenses during their retired life. The average senior citizen couple spends close to ₹2 lakh on day-to-day health care expenditures every year.

Growing need: With medical science advancing, we may end up living longer than our parents. However, that could turn into a curse, owing to our sedentary lifestyle. As age advances, we are likely to suffer from chronic lifestyle diseases that may require significantly larger day-to-day health care expenses after the age of 50. This could be a major concern with no relief from health care inflation that has been galloping at double-digit pace year-on-year over the past decade. Thus, the need for insurance plans that cover day-to-day health care expenses is growing.

Day-to-day health care expenses on medicines, diagnostic tests and doctor consultations account for around 83 per cent of the country's total $100 billion health care market. But even the government health care schemes, including Ayushman Bharat, provide only hospitalisation cover. They do not provide cover outpatient department (OPD) expenses.

Fragmented health care market: The outpatient health care market in India is fragmented and disorganised. An insurance scheme for OPD expenses requires the integration of various ecosystems that deliver health care — doctors, diagnostic labs, pharmacies and hospitals — into a cashless payment platform. While health care technology start-ups have been developing such integrated platforms, they face the challenge of adoption. Many renowned and popular doctors and health care centres have not subscribed to technology platforms and their ways, perhaps because they do not need such platforms to get patients.

Slow adoption of technology: Hospitals, diagnostic labs and pharmacies have adopted technology to bill and to generate reports. However, doctors and specialists (who initiate health care interventions) have been slow to adopt technology . While multiple solutions are available, most doctors still use traditional methods of issuing handwritten prescriptions and receipts to customers, in their private clinics and even in large hospitals. Even though multiple health-tech companies are working at integrating doctors, diagnostic centres, pharmacies and other providers through technology, adoption has still not picked up, especially within the doctor community.

India has around two billion OPD transactions a year—largely without the usage of technology. It is difficult to set up and run a payer-funded cashless programme for such high-volume, low-value transactions. Insurers today source and fund an insignificant portion of the total billing generated by doctors. Hence, their ability to influence doctors and specialists to use a particular technology platform is low.

Lack of national-level health care records: Unlike developed countries like the USA and the UK, India does not have organised national level health records. Lack of updated, credible health data makes it difficult for insurers to underwrite and price risks accurately. This has resulted in most OPD covers being ineffective on premium charges. The additional cost of the product is almost equal to the annual OPD cover. Many of these covers are also restrictive. They come with waiting periods of three-four years, or offer low limits for each consultation.

High risk of fraud: Insurers have been running the current format of health insurance (covering only hospitalisation) for close to two decades now. Despite investing heavily in technology and putting in place operational controls, a significant portion of the claims paid out each year remain fraudulent. OPD expenses are a totally different ball game. Without technology and systems in place, they will be further plagued by fraud. Hence, insurers are wary of introducing such benefits or covers in the country.

Current offerings: Insurers have been taking note of the growing demand for OPD coverage. But currently, only a handful of them offer useful OPD benefits as standalone or add-on plans:

GoActive Plan from Max Bupa: It offers 10 doctor consultations capped at ₹500–600 per consultation and an annual medical check-up for all adult members of up to ₹2,500.

Health Wallet from Apollo Munich: It reimburses the OPD expenses through its Reserve Benefit. This reserve benefit can be utilised for paying consultation fees, diagnostic tests, pharmacy bills, dental treatment, and so on.

Manipal Cigna's ProHealth (Protect, Preferred, Premier and Accumulate): It offers OPD as a fixed amount, depending on the health insurance policy opted. The benefit ranges from ₹500-20,000.

Then, there are tax-saver policies like ICICI Health Protect Plus or Star Health Gain that serve the purpose of maximising tax benefits. These policies charge you insurance premiums to the extent of deduction available under income tax, which they use to provide you with a health insurance policy and a fixed benefit for covering outpatient health care expenses.

What's the future?

The current insurance offerings for outpatient expenses are initial experiments based on the industry's limited expertise, limited data availability on customer health care profile and records, and limited technology and organised outpatient network infrastructure.

The health tech and the insurance industry have been working closely to build a solution comprising relevant benefits, robust systems, processes, and a cashless network to dispense these benefits efficiently. It will require a few years of integration and experiments before we see relevant and cost-effective solutions on OPD expenses. Besides meeting customer demand, relevant OPD products are also likely to boost demand from younger customers who otherwise do not see much value in buying hospitalisation insurance.

The writer is director-health, life and strategic initiatives, Coverfox.com

RESTRICTIVE COVERS

- OPD covers available today are not cost effective for the patient
- The amount of cover they offer is limited
- Doctors, hospitals and diagnostic centres have not got adequately integrated via technology platforms
- Pricing these products is difficult due to the lack of credible, updated data
- This segment is also more prone to fraudulent claims
- Once effective OPD covers are covered, both younger and older customers will find them useful

BS TUTORIAL

Jayant Pai

Financial literacy

1. eGroups, a company founded by __________ brother was purchased by Yahoo, in 1997.
A. Marc Zuckerberg's
B. Larry Ellison's
C. Bill Gates'
D. Larry Page's

2. In Germany, the term Black Zero refers to __________.
A. Tainted companies
B. Balanced budgets
C. Loss-making start-ups
D. Profitable zero-debt companies

3. The Gupta family gained notoriety for its proximity to __________.
A. Jacob Zuma
B. Paul Kagame
C. Donald Trump
D. Imran Khan

4. Which of these airlines is not a part of the International Airlines Group (IAG)?
A. British Airways
B. Aer Lingus
C. Iberia
D. Virgin Atlantic

5. Who teamed up with designer Gaurav Gupta to design the world's first artificial intelligence (AI) powered sari?
A. Google
B. Myntra
C. IBM
D. VianAI (Founded by Vishal Sikka)

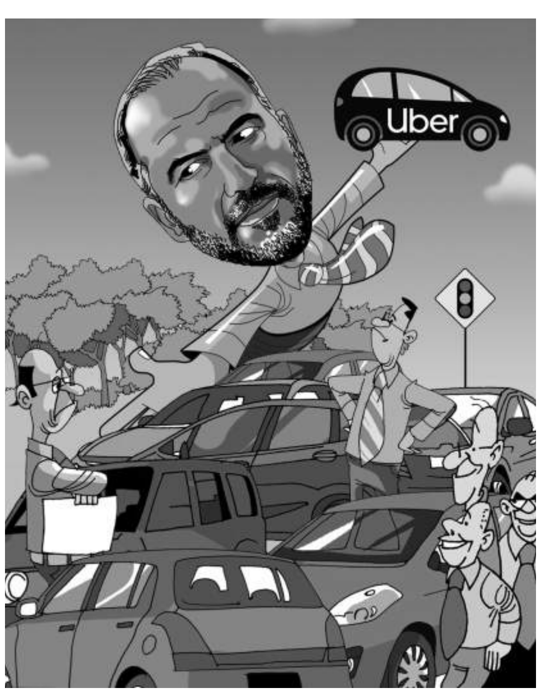
Solutions

1. D. eGroups, founded by Carl Page, was taken over by Yahoo in 1997 and renamed Yahoo Groups in 2000.
2. B.
3. A. The family's strong ties to former South African President Jacob Zuma, both personally and through its company, Oakbay Investments, were the subject of extensive international scrutiny and caused much political controversy in early 2016.
4. D. IAG was formed in 2011 after a merger agreement between British Airways and Iberia. It then added Aer Lingus in 2015, via a takeover.
5. C. In 2017, Vogue magazine enabled a collaboration between IBM's cognitive system, Watson, and fashion designer Gaurav Gupta to create the world's first-ever AI-inspired sari-gown, at the 'Vogue Women of the Year' Awards.

The quiz master is head - marketing, PPFAS Mutual Fund
Send your queries and feedback at yourmoney@bsmail.in

ECONOMY

PEOPLE IN THE NEWS BINAY SINHA

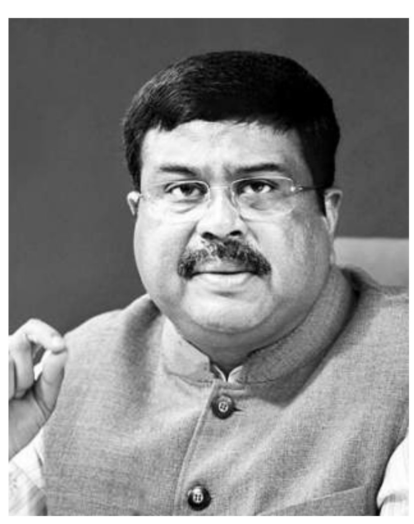


Joining the debate on whether millennials prefer purchasing cars, Uber CEO Dara Khosrowshahi has urged Indians to resist falling into the trap of owning cars, like their counterparts in the developed world

Hit by mark-to-market losses on operating leases and high maintenance costs, Rahul Bhatia-led Interglobe Aviation, which runs low-cost carrier IndiGo, has reported a loss of ₹1,062 crore in Q2

India to spend $1.4 trn on developing infra: Pradhan

PRESS TRUST OF INDIA
New Delhi, 26 October



India will spend about $1.4 trillion on its infrastructure development in the next five years, Union Steel Minister Dharmendra Pradhan (*pictured*)said on Saturday.

Pradhan was speaking at the Global Forum on Excess Capacity (GFEC) Tokyo, which was attended by representatives several other countries.

"I wish to emphasise that with rapid economic and infrastructural development in India, the demand of steel has seen substantial increase and is expected to increase further in the future as embarks to become a $5 trillion economy by 2024," he said while addressing the forum.

He said that the country is committed to spending about US $1.4 trillion on its infrastructure development in the next five years.

All this, Pradhan said, augurs well for the steel demand in the country.

India is determined to raise the per capita consumption of steel from its current low of 72 kg per capita to 160 kg per capita by 2030, he informed.

Pradhan is on a two-day visit to Japan. The minister met senior management of Japanese steel majors JFE Steel Corporation, Nippon Steel and Daido Steel on Friday and invited them to invest in the growing Indian steel sector.

Expedite debt restructuring package for state sugar mills: Tamil Nadu CM

PRESS TRUST OF INDIA
Chennai, 26 October

Tamil Nadu Chief Minister K Palaniswami has urged the Centre to instruct banks to finalise the debt restructuring package soon for the sugar mills and batted for other measures, including disbursal of loans to cane farmers to revive the sugar industry in the state.

Listing out steps needed for the beleaguered sugar sector, he flagged the restructuring of loans availed from banks and financial institutions by the sugar industry and the Sugar Development Fund loans secured by private and cooperative mills.

"The banks and financial Institutions may be instructed to finalise the debt restructuring package soon," he said in a letter to Union Finance Minister Nirmala Sitharaman.

Listing out steps needed for the beleaguered sugar sector, Tamil Nadu C M K Palaniswami flagged the restructuring of loans availed from banks

The Chief Minister requested her to advise banks and institutions not to take harsh measures under the Insolvency and Bankruptcy Code, The Securitisation Act, or refer cases to the Debt Recovery Tribunal until steps were finalised to revive the sugar sector. Also, he wanted the Centre's sanction for additional sugar release to mills in Tamil Nadu to improve their financial liquidity.

"Banks may be advised to release loans to farmers for cultivating sugarcane, even if the earlier loans have not been repaid by them.

This non-repayment of loans is due to the non-payment of FRP (Fair and Remunerative Price) dues by the sugar mills," he said in the letter dated 24 October and released to the press on Saturday.

To protect the livelihood of nearly four lakh farmers of Tamil Nadu, "I request your continued support and favourable orders from the government of India for reviving the Tamil Nadu sugar industry," Palaniswami said.

FROM PAGE 1

Medical device regulation set for overhaul

"Food is different from drugs. And thus the FSSAI was created to monitor it. Similarly, the NITI Aayog is of the opinion that a separate body is to be created for medical devices too," said an industry source, who did not wish to be named. He added that already a draft Medical Devices Bill had been formulated and it would be sent to all stakeholders within a quarter. Industry, he said, was in favour of having a separate statutory body as devices were different from drugs.

The creation of a new body will take time, and the Medical Devices Act also needs to be notified. This may take at least two to three years before the infrastructure and the ecosystem is in place. As long as it takes shape, the industry can continue to be regulated by the CDSCO, albeit through a separate wing.

The government move to overhaul the way medical devices are regulated follows concerns it received from various stakeholders for regulating non-notified medical devices around safety, quality and performance. In February, the government had put medical devices like CT scan equipment, MRI equipment, dialysis machines, X-Ray machines, etc, under the purview of the Drugs and Cosmetics Act.

ICICI Bank's pre-tax profit jumps 247%

Its total advances increased by 13 per cent year-on-year to ₹6.13 trillion at end of September 2019 from ₹5.44 trillion at the end of September 2018. The domestic loan growth at 16 per cent YoY was driven by retail.

Retail loans grew by 22 per cent YoY, while SME loan book grew by 29.9 per cent.

The bank's asset quality improved with the Gross NPA ratio decreasing from 8.54 per cent in Q2FY19 to 6.37 per cent at end of Q2FY20. The net non-performing asset (NPA) ratio decreased from 3.65 per cent in September 2018 to 1.6 per cent in September 2019. Provisions (excluding taxes) declined by 37 per cent to ₹2,507 crore in Q2FY20 from ₹3,994 crore in Q2FY19.

The bank's exposure to weak accounts — BB and below-rated corporates — inched up a bit to ₹16,074 crore in September 2019 (Q2FY20) from ₹15,355 crore in June 2019 (Q1FY20).

In a concall with analysts, the bank management said, "The addition in the slippages from the BB and below-rated corporates will be higher than the earlier quarter trends."

The bank also said slippages from the retail loan book had increased because the size of the book had increased and it was proportionate. Commenting on the telecom sector, the management said, "The total exposure to the sector is only 1.8 per cent of the loan book and it is with the top two players."

Siddharth Purohit, a banking analyst at SMC Global Securities, said "The numbers are very good and clearly beat street expectations. Loan growth is a little low, but the slippages numbers look good and provisions were also better than expected. Loan growth needs to pick up or else it will impact the NIMs."

World Bank for land reforms, enforcement of contracts

"A country's competitiveness is partly due to ease of doing business but also due to macro-economic stability, skills of the workforce and whether investors finally chose to invest there," the World Bank president, said.

Malpass also addressed a NITI Aayog lecture, where he praised measures by the government to ease the bankruptcy process and monitoring of assets.

On the health of the domestic financial sector, which has seen banks under pressure from unsustainable levels of non-performing assets, Malpass encouraged the deepening of capital markets, including those for bonds and mortgages.

Also, he pitched for the growth of private banks as well as stricter regulations for non-banking financial companies which he said may entail some risk.

World Bank currently has 97 projects with over $24 billion committed in the country and Malpass said existing programs will continue. He added the body's funding for India may grow by an estimated $5-6 billion annually.

India has breached the 100th mark in the World Bank's ease of doing business report two years back, jumping 30 places from the 130th position.

Last-minute shoppers fail to light up Diwali sales

The jewellry business seemed the only exception to the gloom. "We have seen regular sales over the past week. Customers are willing to shell out for jewellry and hallmark coins even when prices continue climbing. But most of the buyers are repeat customers," said Raj Kumar Garg, president of the Vikas Marg Market Traders Association.