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Health insurance: New rule for faster cashless approvals might get off to a slow start

Stuck in the hospital waiting for your medical insurance claim to be approved? India's insurance regulator has asked insurers to process cashless approvals faster, but its mandate is unlikely to ease the plight of policyholders any time soon

The insurance regulator's recent rule changes to make life easier for policyholders will likely require a sectoral overhaul before patients are able to get discharged from hospitals faster.

While insurance industry experts pin the blame on hospitals for slow processing at the time of a patient's discharge, a lot of the delays in cashless aprovals of medical claims also stem from procedural hiccups.

A new digital information-sharing platform still in the discussion stage and an increased role for technology platforms might, however, help the regulator achieve its ambition of ensuring that patients cleared for discharge aren't held back because of protracted processing.

The Insurance Regulatory and Development Authority of India to authorise cashless hospitalisation within 1 hour of a request being made, and within 3 hours for a final approval at discharge. The new rules are to be implemented by 31 July.

This, however, is unlikely to ease the plight of policyholders, say industry experts.

For one, according to several experts Mint spoke with, hospitals spend much time in processing medical bills and sending them to insurers.

“If there is a delay of 12 hours after the treating doctor gives a go-ahead for discharge, hospitals will have taken 8 hours and insurance companies the rest," said Dr. Prashant Mishra, a Mumbai-based cardiac surgeon.

The other significant challenge arises when insurance companies seek additional information from hospitals.

“The tariffs for many surgeries are fixed in packages. But disputes arise on what is covered or not in the package. (Insurance firms) disallow certain billing and negotiate rates," said Dr. Anil Krishna, managing director of Hyderabad-based Mangrove Hospitals.

“So far as cashless pre-approval is concerned, (insurers) tend to ask for a lot of documents to figure out if an insurance is valid or not. For example, ascertaining if a patient is really a non-smoker and a non-alcoholic as he or she claimed," he added. “Medical care in India is subsidised but is still unaffordable for many. Finding an ideal solution is difficult."
Dr. S. Prakash, MD and CEO-designate at Galaxy Health and Allied Insurance, offered a counter. “Delays arise from both insurer-related issues and hospital-related issues, such as hospitals not adhering to all insurance provider requirements."

There might, however, be a solution or two in the near future.

A digital future

The Union health ministry is holding discussions to establish a National Health Claim Exchange (NHCX), an online platform comprising stakeholders including hospitals, insurance companies, and third-party administrators (or TPAs, which are intermediaries between insurers and policyholders).

The exchange would enable sharing of claims information digitally, allowing for faster processing. NHCX will create a standard interface to be followed by all participants, but would require patients to give their consent for sharing their health history for it to be effective.

They can do this by creating an Ayushman Bharat Health Account and uploading their health history. ABHA is a digital health card issued by the National Health Authority under India's flagship health mission.

“It is a great idea that will improve the turnaround time and reduce the cost from all ends if all stakeholders adopt," said Narendra Bharindwal, vice president, Insurance Brokers Association of India. “The challenge is hospitals are unregulated. We have to see how many of them join the platform."

Apollo Hospitals, Sterling Hospitals and Manipal Hospital did not reply to emails seeking comments.

The National Health Claim Exchange, apart, insure-tech companies could help reduce manual processing at hospitals and insurance companies, effectively bringing down the time taken to decide on a claim.

Insure-tech companies can play a crucial role in shortening the claims journey via automation, said Sumit Ramani, actuary and co-founder at . For example, while extracting information from a medical document and converting it into medical codes requires experts, the process is increasingly getting automated using artificial intelligence and other emerging technologies, he added.

“Once the information is converted into medical codes, it would need to be compared to the benefits covered under the policy to identify payable claims," said Ramani. “Equally running predefined rules to curb fraud, wastage, and abuse becomes easier on standardised data, thus increasing confidence, turnaround time, and accuracy of claims processed."

The standardisation imperative

The insurance industry, as well as the medical sector in general, is awaiting the establishment of a health regulator that can standardise treatment costs and processes across hospitals.

“Standardising tariffs across the industry can help in reducing turnaround time well below 3 hours even in complex billing where to-and-fro happens," said Bhaskar Nerurkar, head-health administration team, Bajaj Allianz General Insurance.

“We take about 30 minutes on average in cashless pre-approvals and about 47 minutes after receiving bills from the hospital," he added. “In cases where the process takes more than 3 hours, the company will take a favourable decision for the customer."

There are two types of hospitalisation—planned and emergency. Most planned hospitalisations do not require much time for insurance approvals.

“Typically, 80% of the cases with planned hospitalisation do not face delays after insurance companies receive the billing," said Bharindwal of the Insurance Brokers Association of India. “But there could be a delay in the rest of the cases where additional information from hospitals are required."

Irdai also recently allowed customers the option to increase the sum insured or opt for a no-claim discount on the premium at the time of renewal. Presently, only the former is offered.

A customer having multiple health insurance policies can decide the order in which they want to make a claim, said Mahavir Chopra, co-founder of insurance platform Beshak.org. “Insurance companies will have to coordinate with each other, not policyholders."