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Room rent capping: The critical clause you might be ignoring

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We buy health insurance to help manage the financial strain of hospitalisation. However, many people need to fully understand their policy details before purchasing health insurance. It's crucial to carefully review all policy terms to ensure it largely fits your needs. Each policy includes terms and conditions that govern how claims are processed.

One of the critical conditions present in most health insurance policies that can impact the claim assessment is the Room Rent Limit. First, let's understand what room rent is. Room rent refers to the daily charges you pay for a hospital room based on the type of room you select. Room rent capping is the maximum amount your insurer will cover for daily room charges.

In most health insurance policies, the room rent limit is specified in one of three ways: as a percentage of the sum insured or as an absolute amount. For example, if the room rent limit

is 1% of the sum insured and the sum insured is Rs 2 lakh, then the room rent limit is Rs 2,000 per day. Alternatively, the policy may specify a room rent limit of Rs 3000 a day. The third way is to define the type of room, like 'Single Private A/C room' under the room category. Generally, room rent limits fall into these three categories. Some insurers impose limits based on the room type, such as twin sharing, single private, or non-deluxe rooms. Regardless of the specifics, the policy document clearly outlines the room rent clause.

Possibilities in room rent limit
Clarity and flexibility regarding room rent limits are of significant importance in health insurance policies. The policy document always specifies room rent limits, making it essential for policyholders to review and select the type that best suits their needs. Insurers may offer options to accommodate different preferences. Many health insurance policies have no cap on room rent, allowing policyholders to choose



any room type based on availability, requirement, and comfort. Insurers may also offer a discount in case the insured opts for a capped room rent option.

Alternatively, in some policies, the policyholder can opt for a room rent waiver add-on, which can be purchased with policies with a room rent cap. This add-on removes the limit, offering more freedom in room selection. Understanding these options ensures that policyholders can choose the best health insurance policy for their needs.

The hidden calculation of room rent

Consider a hospital with a daily room rent of Rs 4000. If a policy has a room rent limit of Rs 2500, one might think they only need to pay the difference of Rs 1500. However, this is not the case since during a claim process, a proportionate deduction is applied. It means that if a policyholder opts for a room that exceeds the room rent limit, the entire hospital bill, with the exception of the cost of pharmacy/medicines, consumables, implants, medical devices, and diagnostics, will be adjusted as per the proportionate deductible that is applicable. This happens because hospitals charge services based on the room category selected. For better understanding, let's say, if nursing charges for a single private A/C room are Rs 700, the same could increase to about Rs 1,000 in a deluxe room. Hence, the insurer deducts proportionate service and other charges linked to room rent.

However, proportionate deductions shall not apply in the following scenarios:
 ■ If admitted in the ICU and the ICU rent exceeds any ICU rent limit capping

applicable under the policy
 ■ In respect of the hospitals that do not follow differential billings or for those expenses in respect of which differential billing is not adopted based on the room category

Advantages of no room rent cap

The foremost advantage of having health insurance without room rent capping is the freedom to choose any room without worrying about the cost. During difficult times, you won't have to hesitate before selecting a room that offers comfort. The choice is entirely yours. Additionally, you won't need to fret about the total bill. Whether you opt for a deluxe room or a shared room, you won't have to cover additional room costs at billing time. This allows you to allocate your expenses more effectively across the entire treatment. Ultimately, we all seek insurance for financial security and mental peace. When you're unwell, you deserve to feel at ease.

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