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Rising health insurance premium leaves buyers sore

SEEKING RELIEF. Calls grow for setting up a health regulator, cut in GST on premiums

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With premiums going through the roof, people are anxious over health insurance burning a hole in their pockets.

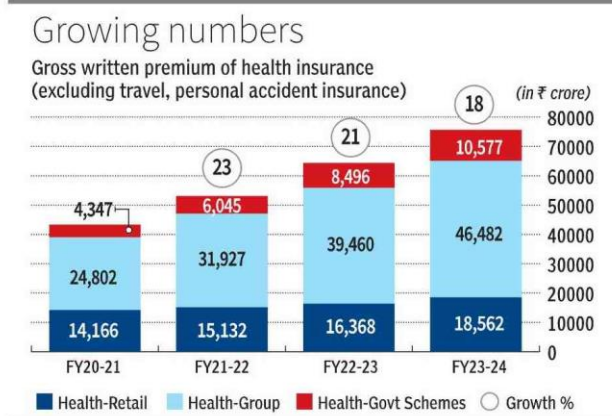
Industry insiders and consumers *businessline* spoke to want the government to expedite the setting up of a health regulator or reduce the GST rate from current 18 per cent to curb the surging cost of health insurance.

TOPS RETAIL INFLATION

According to Srinath Sridharan, an insurance customer, the rise in health premiums exceeds the average retail inflation rate by 3-4x.

“The sector’s foundation seemingly rests on a distrust of its customers, burdening policyholders with the onus of proof and claims efforts. This is evidenced by the persistently low claims ratio and payouts,” he said.

Moreover, consumers are often left holding exorbitant hospital bills, in what can only be described as ‘fleecing’, Sridharan said. “Perhaps it’s time to consider regulatory measures to restore affordability and bolster consumer confidence in healthcare services,” he said.



SOARING PREMIUM

For instance, a health insurance policyholder, who sought anonymity, said that the annual premium for a ₹10-lakh cover has increased from ₹29,740 for coverage period of April 2018-April 2019 to ₹31,305 for April 2019-20, April 2020-21, April 2021-22) to ₹34,822 (April 2022-April 2023) to ₹42,486 for (April 2023-24) and to about ₹51,000 for April 2024-25.

Health has been the fastest growing insurance segment, clocking premium of close to ₹1-lakh crore in 2023-24, reflecting a robust compounded annual growth rate of 20 per cent, per latest General Insurance Council data.

Also, the health segment now accounts for 38 per cent of the

insurance market with more than 50 crore people having some form of cover. Tapan Singhel, Chairman, General Insurance Council and Chairman of the CII National Committee on Insurance and Pensions, said: “We have been saying on various forums for a while now that GST on health insurance should be brought down from the current 18 per cent to the minimum slab of 5 per cent.”

GST MUST BE CUT

“We should see insurance as a necessity that everyone should afford. Reducing the GST will address the issue of affordability to a certain extent,” said Singhel, who is also MD & CEO, Bajaj Allianz General Insurance. S.K.Sethi, Co-Chairman,

BFSI Committee, PHD Chamber of Commerce and Industry (PHDCCI), said: “Inflation in the country is in the range of 7 per cent but it is a fact that medical healthcare inflation has been 18-20 per cent year over year.”

MANY ISSUES PERSIST

The attempts in certain quarters to bring in a health sector regulator has not made any headway. Also, the Supreme Court directions to the Centre to hold consultations with State governments and arrive at a consensus on determining treatment rates at hospitals across the country is still work in progress.

Standardisation — although a complex exercise — is seen to be the need of the hour as it would bring in much-needed transparency in the healthcare sector. It is expected to also reduce frauds and any kind of extrapolation of undue costs. This can lower healthcare inflation and thereby lower insurance premiums.

“The GST is not being let go, price regulation of hospitals is not happening, premium adjustment to medical inflation can happen only once in three years. So, what relief can insurance companies bring to the table,” wondered an industry player.