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Strict timelines for cashless claims

A STAFF REPORTER

Calcutta: Insurance regulator IRDAI has set a one-hour time limit for health insurers to decide on "cashless" payout claims. On Wednesday, the regulator issued a master circular on health insurance specifying the time limits that insurers have to comply with for cashless authorisation.

"The insurer shall decide on the request for cashless authorisation immediately but not more than one hour of receipt of request. Necessary systems and procedures shall be put in place by the insurer immediately and not later than July 31, 2024," the circular said.

"The insurer shall grant the final authorisation within three hours of receipt of discharge authorisation request from the hospital," the circular

said adding that in case there is a delay of more than three hours, any additional amount charged by the hospital shall be borne by the insurer out of the shareholder's fund.

In the event of death during treatment, IRDAI has also directed the insurers to immediately process the claim settlement request and facilitate the release of the mortal remains from the hospital.

"Every insurer shall strive to achieve 100 per cent cashless claim settlement in a time-bound manner. The insurers shall endeavour to ensure that the instances of claims being settled through reimbursement are at a bare minimum and only in exceptional circumstances," the circular said.

Moreover, insurers would also have to display prominently on their websites, the

HEALTH TIPS

- One-hour time limit for health insurers to authorise cashless payout claims

- Final authorisation within three hours of receipt of discharge authorisation request from the hospital

list of hospitals and health-care service providers with whom they have a tie-up for cashless claim settlement.

Industry sources said that several players may have to tighten their shoes in a bid to comply with the one-hour time limit. "Sometimes the exchanges between TPAs (third party administrators) and insurers may take time. With a time limit directed by the regulator, everyone would be on

their toes," a source said.

The IRDAI also said that the performance of TPAs would also have to be monitored. "Payments are to be made to the TPAs only upon full discharge of satisfactory service. Clawback of remuneration/charges paid to TPA basis customer feedback shall be passed on to the policyholders," IRDAI said.

Among the other changes, insurance companies would have to provide a wider choice to policyholders offering diverse health insurance products along with the flexibility to choose riders and add-ons according to the customer's medical conditions.

The regulator also said that a health insurance policy shall not be denied on the grounds that claims were made in preceding policy years and

policyholders will have the option to choose no claim bonus either by increasing the sum insured or discounting the premium amount.

"The circular has brought in place the entitlements in a health insurance policy and also emphasises measures towards providing seamless, faster and hassle-free claims experience," said IRDAI.

"The circular consolidates some of the interim instructions and also focuses on customer-friendly initiatives like timebound cashless authorisation, easier claim settlement, and a wider choice of products and riders among others. Policyholders stand to benefit from these," said Bhaskar Nerurkar, head-health of the administration team at Bajaj Allianz General Insurance.