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Mental health covered as part of health insurance policies, but be aware of limitations and challenges

The focus on mental health worldwide has increased over the years, with government, corporates and NGOs making efforts to create awareness around related ailments and treatment.

In India, regulations have evolved to treat mental and physical illnesses at par. The Mental Healthcare Act, 2017 that came into force in May 2018 prompted the insurance regulator to direct insurers to comply with the provisions. The act requires all insurers to provide insurance 'for treatment of mental illness on the same basis as is available for treatment of physical illness.' Yet, on the ground, the situation is far from rosy.

When 32-year-old Stuti Tiwari's (name changed to protect identity) mother, Shilpi, read that the Insurance Regulatory and Development Authority of India (IRDAI) had asked health insurance companies to comply with provisions of the Mental Healthcare Act, 2017, she was relieved. Delhi-based Tiwari was diagnosed with a mental disability at birth, which made it virtually impossible to obtain health insurance coverage.

Her mother had hoped that the act and IRDAI rules would nudge insurers to issue policies so that treatment of at least any physical ailments would be taken care of. However, that was not to be. Health insurers denied coverage to her citing the congenital nature of Tiwari's condition. Shilpi's search for an insurance company that would offer her daughter health cover continues.

"Put simply, the scenario has not suddenly turned rosy for people suffering from mental challenges. After all, underwriting is at insurers' discretion, so they can reject policy applications citing high risks," says Shilpa Arora, chief operating officer, Insurance Samadhan, a firm that assists insurance customers in getting their grievances resolved.

She narrates another incident where the hospitalisation claim filed by a patient diagnosed with schizophrenia was called into question. “The private health insurance company’s contention was the length of the hospital stay was not justified. This, despite the doctor’s view that the 14-day stay was necessary as bouts of violence by the patient had been recorded,” says Arora.

Mental ailment at par with physical disease treatment

Despite the roadblocks and limitations, insurers and industry officials believe the inclusion of mental health ailments in insurance coverage is a good step forward, and the scenario can only improve from here. On the occasion of World Mental Health Day, here’s a look at what health insurance policies currently cover, the expenses they do not pay for and the clauses you need to be aware of.

“In recent years, the demand for mental health coverage has grown significantly, reflecting a shift in public awareness and the recognition of mental health’s importance. Initially, mental health coverage was not a significant focus, but with evolving times and growing concerns, IRDAI acknowledged the necessity and mandated that all insurance companies offer mental health coverage. We have adapted our offerings to address this growing demand,” says Bhaskar Nerurkar, head, health administration team, Bajaj Allianz General Insurance.

Insurers say it is an evolving space, which is set to see an expansion in mental health coverage and services. “We offer coverage for hospitalisation related to both mental and physical conditions, ensuring access to mental health professionals and treatment. We offer tele-consultations and have a network of mental health professionals to assist our customers. Mental health should be a dedicated feature in health insurance and we are working on expanding our coverage to include coverages for better mental health care management measures like screenings and early interventions,” says Santosh Puri, senior vice president, health product and process, TATA AIG General Insurance.

Coverage largely for hospitalisation, not counselling sessions

Taking a call on whether or not the policy can be issued is up to the insurer but even beyond this, there are other hurdles that people with mental ailments and their families face. For instance, insurance companies reimburse hospitalisation expenses linked to mental ailments, but OPD treatment is covered only if specifically included in the policy, either as an in-built element or as rider benefits.

“Hospitalisation for mental health treatment is comparatively rare. Largely, people suffering from, say, depression would need counselling sessions and medication, which do not require hospital admission. These out-patient treatment procedures are not covered under standard health insurance policies that cover treatment for sickness/accidents necessitating hospitalisation. There are some health insurance policies where OPD treatment is covered, subject to some stated monetary sub-limits. Here, too, getting a claim for mental illness approved could be difficult, as standard procedures or protocol for treatment of mental maladies are not clearly laid down,” says R Balasundaram, secretary-general, Insurance Brokers’ Association of India.

The shortcomings are not limited to individual health policies. “Group medical insurance policies are tailor-made and the majority of health insurance policies in India are heavily skewed towards inpatient hospitalisation, leaving a substantial gap in coverage for conditions like mental health disorders that predominantly require outpatient treatment. As a result, the IRDAI guidelines, though well intentioned, has had limited practical impact on improving access and coverage for mental health treatment,” says Sanjay Kedia, CEO, Marsh McLennan India, an insurance broker. Even in the case of organisations where mental health coverage is available, it’s often outside the traditional insurance framework and offered through well-being programmes. “The challenges for this gap include lack of clarity on covered services, employee stigma and fear of discrimination, exclusion of certain conditions, cost of coverage and difficulty finding in-network hospitals,” he adds.

Mental health coverage a positive, despite limitations

In line with the act, mental ailments are treated at par with physical diseases, say insurance officials. “Earlier, someone suffering from a mental ailment would be deprived of covers for physical diseases too, as insurance companies would straightaway decline coverage. So, the act and IRDAI’s rules are very commendable. Such people are now eligible to get a health insurance plan with comprehensive coverage,” says Siddharth Singhal, business head, health insurance, Policybazaar. In addition, the increase in OPD cover offered by insurance companies has helped the cause of mental health treatment. “Also, a lot of OPD options are now being offered. So, if your policy covers OPD treatment, counselling sessions and medication for, say, depression will be covered,” says Singhal.

Be aware of exclusions

On your part, you must ensure that you declare all your existing diseases, including mental ailments, at the time of buying a health policy. Also, study the conditions that the policy will not pay for. “When reviewing your policy, be sure to pay close attention to conditions flagged as exclusions, as these often include intentional self-injury and issues related to the use or misuse of intoxicating drugs or alcohol. Understanding these exclusions will help you navigate your mental health coverage more effectively and ensure you seek the appropriate support,” says Nerurkar.