

Article Date	Headline / Summary	Publication
17 Sep 2024	Ayushman Bharat scheme: Why senior citizens over 70 need separate health insurance covers despite PM-JAY	Moneycontrol

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Ayushman Bharat: Do senior citizens over the age of 70 years still need independent health covers?

First the good news: The central government has brought cheer to senior citizens, who are above 70 years and are reeling under rising healthcare costs coupled with a sharp rise in health insurance premiums.

Ayushman Bharat-PM-JAY (Pradhan Mantri Jan Aarogya Yojana), the government-sponsored health insurance scheme for low-income groups, has been extended to all senior citizens over the age of 70 years, irrespective of their income levels.

Predictably, social media is abuzz with excitement. Some social media posts imply that an individual health policy may not be needed anymore for such senior citizens. However, this is not correct. And here's why. A boon for senior citizens who cannot afford health insurance

Insurance officials and independent experts have given a thumbs up to the government's policy decision, but with several caveats.

"Senior citizens can make the best choice for their healthcare needs, regardless of income. They will receive the much-needed financial protection and care they deserve," says Aashish Sethi, Head-Health SBU and Travel, Bajaj Allianz General Insurance.

The announcement has been music to the ears for senior citizens who cannot afford health insurance covers or are unable to obtain it due to their pre-existing diseases such as diabetes, hypertension, cancer, heart condition etc. "It will provide essential and timely healthcare access to an aging population that is often financially vulnerable and prone to chronic conditions. This reduces the financial

burden on families and ensures elderly individuals receive timely medical care," says Rupinderjit Singh, SVP-Retail Health at ACKO Insurance.

Those who already have health insurance policies in place will not be excluded from this scheme's purview. "For the first time, the government is covering senior citizens, above 70 years old, on a universal basis. Even for people who have health covers, this will act as an additional layer of protection," says Segar Sampathkumar, Director, Health, General Insurance Council.

Not useful for all senior citizens

However, not all elderly people in the 70-years-plus age-group may find the government policy useful. "This is meant for those looking for basic level of care. They can only visit empanelled cashless hospitals where the treatment rates are frozen," says an insurance official.

Elderly people are bound to find queuing up for treatment or diagnostic tests challenging, which is likely to be the case with Ayushman Bharat scheme.

To be sure, the government is yet to spell out fine prints of the programme. Clarity is awaited on the contours of the scheme for senior citizens, including if and how it will be different from the existing facility that covers below-poverty-line (BPL) families. It's still unclear whether the government will extend some concessions for the elderly, keeping their vulnerable health status and limited mobility in mind.

"For instance, if they want a single private room for themselves, that option is unlikely to be available. Tax-payers' money is being used to fund the Ayushman Bharat scheme. Why should the money be used to finance treatment of affluent people seeking premium facilities such as private rooms?" says the official quoted earlier.

Besides, there are several other practical hurdles. "Even if they do not seek luxury care, many would be comfortable getting treated, say, by their long-time physician or cardiologist, who may not be attached to an Ayushman Bharat-empanelled hospital," says another official. In such cases, they will be compelled to go to a hospital that their doctor recommends. To make matters worse, if they do not have independent health covers, they will be forced to pay out of their pockets.

Proximity is another major challenge. Patients over the age of 70 years are likely to have mobility issues. If there is no Ayushman Bharat-empanelled hospital in their vicinity, the distance is likely to cause more inconvenience for both patients and their care-givers, insurance officials argue.

Senior citizens must not ignore independent health covers

The practical approach for well-heeled senior citizens is to treat Ayushman Bharat cover as a back-up option and not substitute for standalone covers. "Combining both will ensure comprehensive protection, offering peace of mind for senior citizens and their families," says Singh of ACKO.

Ideally, primary protection should be provided by their base health insurance policies, assuming they can afford the high cost of premiums. "These [independent health insurance policies offer both higher coverage limits and a wider range of treatment. Such policies provide access to a larger network of hospitals, including premium private facilities, which are unlikely to be empanelled under government schemes," says Sethi.

“Higher sum insured is critical for elderly patients dealing with chronic conditions or high-cost treatment such as surgeries, cancer care, or advanced diagnostics. Maintaining an independent health cover ensures continuous coverage which is especially vital for those who have pre-existing conditions,” says Amit Chhabra, Chief Business Officer, Policybazaar.com.

Ailments at advanced age will necessitate specialised treatment for which sum insured of Rs 5 lakh is inadequate. “Age-related illnesses can sometimes lead to costly treatments, placing a significant financial burden on the elderly, especially as they often lack a regular income stream. Those who are already covered under health insurance policies, should persist with their independent covers,” says Chhabra.

If health premiums hurt your pocket, you can look at adding a super top-up policy, which kicks in only after the base cover is exhausted. This combination will be much cheaper than buying a single large health cover.