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BEST HEALTH PLANS FOR YOU

How do you buy a health insurance plan? If you just settle with the plan your agent sells or are happy knowing you have bought the cheapest plan, there is a bit of unlearning and a lot of learning in store for you. A health insurance policy packs in several features and caveats that you must understand to be able to compare and choose a policy that suits you the best.

To help you understand the important features of a health insurance plan and give you a ready comparison, we designed Mint Mediclaim Ratings (MMR), which was developed by SecureNow Insurance Broker Pvt. Ltd. The full ratings along with the methodology can be seen here: <http://www.livemint.com/mintmedratings>.

In the ratings, for family floater plans, we have considered two sum insured amounts (₹10 lakh and ₹20 lakh) and three age categories in each—where the eldest insured member is 35, 45 or 65 years old. For individual plans, the age categories are the same but the sum assured is ₹5 lakh.

In this section, we pick a few plans from a particular age group of one category of sum insured, and give you the details of the ratings of each. This week, we have family floater policies with sum assured ₹20 lakh, the eldest person is 35 years old and the coverage is for two adults and two children.

We also explain some of the important aspects that one should look at while choosing a policy. This

week, we consider pricing.

Price is perhaps the most important factor that you consider while deciding on a product, and that doesn't change even when you buy a financial product, much less an insurance plan. When buying a health insurance policy, of course, you need to look at the premiums that you will need to pay. But your comparison shouldn't stop at premiums alone. What you need to ensure is that you bring home a policy that's not only competitively priced but also offers a comprehensive cover. Many policies would appear cheaper, but may insist on co-payment or have sub-limits on expenses, which, in turn, would mean that you end up paying from your

pocket during a claim. In MMR ratings, pricing is perhaps the only single factor that has got the highest weightage at 30%. Policies that have the lowest premium have got the highest score. But to make sure that you don't trade off basic health insurance benefits for cheaper policies, other parameters such as co-payment, sub-limits, waiting period on ailments and pre-existing diseases, no-claim bonus and claims settling ability of the insurer collectively have a weightage of 70%. This way, while a policy with a lower premium gets a higher score, other parameters balance it.

By Deepthi Bhaskaran/Mint

UNDER THE LENS

We look at six family floater policies and see how they score on various parameters.

FAMILY FLOATER: ₹20 LAKH (2 ADULTS+ 2 CHILDREN) Eldest person: 35 years

MAXIMUM POSSIBLE WHEN TOTAL SCORE IS 1							
Premium	Co-pay	No-claim bonus	Pre-existing disease exclusion	Disease waiting periods	Disease-wise capping	Room sub-limits	Claims not settled
0.30	0.075	0.05	0.15	0.075	0.075	0.075	0.20

Religare	Product	Premium (₹ including service tax)	Total points	Overall rating			
	Care	23,935	0.725	A			
Score							
Premium	Co-pay	No-claim bonus	Pre-existing disease exclusion	Disease waiting periods	Disease-wise capping	Room sub-limits	Claims not settled
0.30	0.075	0.05	0.00	0.00	0.075	0.075	0.15

Max Bupa	Product	Premium (₹ including service tax)	Total points	Overall rating			
	Family First Silver	19,997	0.675	A			
Score							
Premium	Co-pay	No-claim bonus	Pre-existing disease exclusion	Disease waiting periods	Disease-wise capping	Room sub-limits	Claims not settled
0.30	0.075	0.05	0.00	0.075	0.075	0.00	0.10

Max Bupa	Product	Premium (₹ including service tax)	Total points	Overall rating			
	Family First Gold	29,316	0.675	A			
Score							
Premium	Co-pay	No-claim bonus	Pre-existing disease exclusion	Disease waiting periods	Disease-wise capping	Room sub-limits	Claims not settled
0.225	0.075	0.05	0.00	0.075	0.075	0.075	0.10

ICICI Lombard	Product	Premium (₹ including service tax)	Total points	Overall rating			
	Health Smart Plus	33,355	0.550	B			
Score							
Premium	Co-pay	No-claim bonus	Pre-existing disease exclusion	Disease waiting periods	Disease-wise capping	Room sub-limits	Claims not settled
0.00	0.075	0.05	0.075	0.00	0.075	0.075	0.20

Max Bupa	Product	Premium (₹ including service tax)	Total points	Overall rating			
	Heart Beat Platinum	83,409	0.450	B			
Score							
Premium	Co-pay	No-claim bonus	Pre-existing disease exclusion	Disease waiting periods	Disease-wise capping	Room sub-limits	Claims not settled
0.00	0.075	0.05	0.00	0.075	0.075	0.075	0.10

Star Health	Product	Premium (₹ including service tax)	Total points	Overall rating			
	Comprehensive	32,090	0.375	C			
Score							
Premium	Co-pay	No-claim bonus	Pre-existing disease exclusion	Disease waiting periods	Disease-wise capping	Room sub-limits	Claims not settled
0.15	0.075	0.00	0.00	0.00	0.075	0.075	0.00

35 years: ₹20 LAKH (2 ADULTS + 2 CHILDREN)

Insurer	Product	Total points	Overall rating	Premium (₹)
Religare	Care	0.725	A	23,935
Max Bupa	Family First Silver	0.675	A	19,997
Max Bupa	Family First Gold	0.675	A	29,316
ICICI Lombard	Health Smart Plus	0.550	B	33,355
Max Bupa	Heart Beat Platinum	0.450	B	83,409
Star Health	Comprehensive	0.375	C	32,090
Religare	Care	0.725	A	27,793
Max Bupa	Family First Silver	0.675	A	24,280
Max Bupa	Family First Gold	0.675	A	33,954
ICICI Lombard	Health Smart Plus	0.500	B	53,608
Max Bupa	Heart Beat Platinum	0.450	B	88,990
Star Health	Comprehensive	0.375	C	35,416
Religare	Care	0.668	A	45,041
Max Bupa	Family First Silver	0.600	B	57,165
Star Health	Comprehensive	0.450	B	72,746
Max Bupa	Family First Gold	0.325	B	83,354
ICICI Lombard	Health Smart Plus	0.550	B	100,678
Max Bupa	Heart Beat Platinum	0.318	C	163,763

Ratings as on 20 Jan 2014

METHODOLOGY

Pricing: Premium is the money you pay for the level of sum insured or health cover opted. Lower pricing gets the highest weightage, but don't look at pricing in isolation. Low premium could mean that several important features are not included. So, look at all the features and the overall rating.

Benefit: In health insurance you buy the assurance that your hospital bills will be paid for, but beyond the basic assurance there are some important caveats and features that you need to be aware of. We pick out six such features and rate them.

Co-pay: When you make a claim, the insurer will ask you to bear a certain portion of that claim amount. Insurers usually do this for high-risk policies. We prefer no co-pay plans.

No-claim bonus: Insurers reward you for not making a claim by bumping up the sum insured by 5% in the no-claim year for the same level of premium. Who needs a bonus?

Pre-existing exclusion: The insurer will not pay for any claims arising out of a pre-existing ailment for up to four years. While the maximum waiting period on pre-existing ailments is four years, some insurers have a lower waiting period. The lower, the better.

Disease waiting period: You sometimes need to wait for some ailments such as cancer or hernia to be covered. Insurers that have waived the waiting period get higher weightage.

Disease-wise capping: Insurers restrict the amount of money they will pay on specified ailments to minimize their risks. So even if you have bought a policy with a sum insured of ₹3 lakh, the insurer may cap its liability to ₹1 lakh in case of particular ailments. Policies that don't cap, get more weightage.

Sub-limits on room: Insurers also tend to cap expenses for lodging. Policies with no sub-limits get higher weightage.

Claims not settled: It's important to track the claims payment of an insurer. This is done by tracking the claims payment of an insurer. The inverse of this measures the claims not settled and is calculated as (claims repudiated/claims closed)/(claims settled/claims repudiated/claims closed). These are the ratios that we have considered. The claims data is for retail and group insurance combined since the industry does not publicly disclose segregated data. Insurers with a ratio under 5% get the highest score.

Rating scale	A	B	C	0.00
Pricing	30.0%			
Premium	1.00	0.30		
Top quartile	0.75	0.25		
2nd quartile	0.50	0.15		
3rd quartile	0.25	0.00		
4th quartile	0.00	0.00		
Benefit				
Co-pay	7.5%			
Less than 10%	1.00	0.075		
10 but less than 20%	0.75	0.05625		
20 but less than 30%	0.25	0.01875		
30% or higher	0.00	0.00		
No-claim bonus				
Yes	1.00	0.05		
No	0.00	0.00		
Pre-existing exclusion (years)				
Less than 1 year	1.00	0.15		
Less than 2 years	0.75	0.125		
Less than 3 years	0.50	0.075		
Less than 4 years	0.25	0.0375		
4 or more years	0.00	0.00		
Disease waiting period				
No	1.00	0.075		
Yes	0.00	0.00		
Disease-wise capping				
7.5%	1.00	0.075		
No	0.00	0.00		
Sub-limits on room				
7.5%	1.00	0.075		
No	0.00	0.00		
Claims not settled				
20.0%	1.00	0.20		
5% or less	0.75	0.15		
10% or less	0.50	0.10		
20% or less	0.25	0.05		
100% or less	0.00	0.00		
Total				100.0%

HOW TO READ THE SCORE

PREMIUM
RANGE: 0-0.3
0.3 means the policy falls in the top-most quartile. The premium is very affordable.
0.225 means the premium is on the lower side
0.15 means premium is on the higher side
0 means an expensive policy

CO-PAY
RANGE: 0-0.075
0.075 means co-payment is 0-10% of the claim amount
0.05625 means 10-20% of claim amount
0.01875 means 20-30% of claim amount
0 means co-payment is highest, at more than 30% of claim amount

NO-CLAIM BONUS
SCORE: 0 or 0.05
0.05 means the policy offers a no-claim bonus
0 means the policy doesn't reward you with a no-claim bonus

PRE-EXISTING DISEASE EXCLUSION (YEARS)
RANGE: 0-1.15
0.15 means waiting period on pre-existing ailments is the least at less than one year
0.125 means it is on the lower side at less than two years
0.075 means less than 3 years
0.0375 means the maximum waiting period at less than four years

DISEASE WAITING PERIOD
SCORE: 0 or 0.075
0.075 means the policy has no disease-specific waiting period, which is good
0 means the policy has disease-specific waiting period

DISEASE-WISE CAPPING
SCORE: 0 or 0.075
0.075 means the insurer doesn't cap the amount payable on specified ailments
0 means there is a limit

SUB-LIMITS ON ROOM
SCORE: 0 or 0.075
0.075 means the policy will not cap the amount it pays towards room rent in the hospital
0 means the policy has a limit

CLAIMS NOT SETTLED
RANGE: 0-0.2
0.2 means the insurer has rejected only under 5% of the claims it received in a year
0.15 means under 10% claims were rejected, which is on the lower side
0.1 means under 20% rejection, which is on the higher side
0 means the insurer has rejected more than 20% of its claims

Graphics by Anay Nigam/Mint

Source: SecureNow