

Chance for seniors to rethink health covers

Senior citizens can enjoy higher tax savings this financial year for health-related expenses. Use this opportunity to buy health insurance or enhance the coverage

Deepti Bhaskaran
deepti.bh@livemint.com

If you are 60-plus in age, the new financial year promises more tax savings for you. One of the ways to make use of the additional benefit is to buy a health insurance policy or increase the cover if you already have one. Premiums for a health insurance policy qualify for tax deduction under section 80D of the Income-tax Act. Till the previous financial year, 2017-18, the limit was Rs30,000 for senior citizens, but from this year it is Rs50,000. Also, till FY18, only the very senior citizens (80 years and above) could claim deduction on account of medical expenditure incurred in the absence of a health insurance policy. However, from this year, the same option is extended to senior citizens as well.

A deduction reduces the total taxable income. In this case, increased deductions mean tax saving of Rs15,600 for someone in the highest tax bracket, compared to Rs9,270 in FY18. These changes to the tax rules also present an opportunity to review your health insurance needs; so here we are with some handy tips on how to look at health insurance if you are in the 60-plus age bracket.

WHAT TO BUY

What you need to buy first is a policy that pays for hospitalisation. Also called indemnity covers, these policies pay for hospitalisation expenses, pre- and post-hospitalisation expenses and listed day-care procedures.

For those below 65 years of age, the market is still diverse as insurers are supposed to allow individuals to buy health insurance till 65 years of age. After that, the insurer may not offer you a policy, but if you are already insured, then you can renew the policy for life.

For those over 65 years of age, the choices are limited. For instance, according to the Mint SecureNow Mediclaim Ratings (MSMR)—which has been devised by *Mint* in collaboration with SecureNow.in to rate all health insurance plans in the market—there are 36 health insurance options for a 60-year-old and for a sum insured of Rs10 lakh. Increase the age to 75 and the options squeeze to 14 plans.

However, as a customer you will face not just limited choice, but also caveats in the policies. "Some policies may cap expenses on surgeries and illnesses, limit room rent costs or have a co-payment clause (policyholder pays a percentage of the claim amount). This makes policies more affordable from an insurer's point of view, which makes it easier for them to insure senior citizens who have a high probability of hospitalization," said Mahavir Chopra, director-health, life and strategic initiatives, Coverfox.com.

More exclusions can mean that you have to make more effort to understand the policy well, but according to Sanjay Datta, chief-underwriting and claims, ICICI Lombard General Insurance Co. Ltd, such policies shouldn't be discarded altogether. "The most recurring expense for senior citizens is typically outpatient expenses, which most policies don't cover. Insurance helps in big ticket expenses for critical

Stronger support for seniors' health expenses

In the new financial year, more benefits come the way of senior citizens



- ▶ Apollo Munich Health's Easy Health Standard
- ▶ Cigna TTK Health's Pro Health Protect
- ▶ Religare Health's Care
- ▶ Future Generali's Health Total
- ▶ ICICI Lombard General's Complete Health Insurance
- ▶ Tata AIG General's Medi Prime
- ▶ Liberty General's Health Connect Supreme

Age 60 years
Sum insured Rs10 lakh

SANTOSH SHARMA/MINT

WHAT'S NEW?

- ▶ Section 80D deduction on health insurance premium increased from Rs30,000 to Rs50,000 for senior citizens from FY19
- ▶ Tax saving of Rs15,600 in the highest tax bracket

WHAT SHOULD YOU DO?

- ▶ Buy a basic indemnity policy
- ▶ Take the help of top-up plans and floaters to increase individual base cover
- ▶ Build an emergency corpus to tackle restrictive clauses and what's not payable by insurance

WHICH POLICIES TO CONSIDER?

- ▶ Policies that were rated A in Mint SecureNow Mediclaim Ratings
www.livemint.com/mintmediratings2017

Age 75 years
Sum insured Rs10 lakh

- ▶ ICICI Lombard's Complete Health Insurance
- ▶ Religare Health's Care
- ▶ Cigna TTK Health's Pro Health Protect

MSMR was last updated on 31 July 2017

illnesses and if a policy takes care of it with some restrictions on small-ticket, minor ailments, then it should be considered because senior citizens, especially those who have lifestyle ailments, may find it difficult to get insured or the cover may be very expensive," he said.

The MSMR ratings, however take into account senior citizen specific exclusions, and policies that come with co-payment clauses or disease-wise capping get no marks. You can see the ratings here: www.livemint.com/mintmediratings2017. (The ratings are as of 31 July 2017. MSMR is an annual exercise and for this year we hope to update it by the end of the first quarter.) Also go through the assessment of details of policies in each category (available at the bottom of the Web page).

While A-rated products will typically have minimum exclusions and better insurance company track record when it comes to claims settlement and claim complaints, you should not stop at just the A-rated products. This is because the number of available policies is limited.

"Individuals over 65 years of age, and especially those with an ailment, may find it difficult to get a policy with no restrictions. In fact, some policy contracts are designed in such a manner that once the insured becomes a senior citizen, co-payments apply. This is to keep the policy affordable," said Kapil Mehta, co-founder, SecureNow.in.

"In the order of preference, deductibles and co-payments are fine but policies that cap expenses on ailments can be avoided. For instance, some policies will pay just Rs50,000 for knee replacement whereas the actual cost can be upwards of a lakh," added Mehta.

WHAT YOU SHOULD DO

You will need to take a considered view of your health, affordability and the features you want in a policy. In order to make health insurance affordable, you could consider top-up plans that come with a deductible. You can pay the deductible amount through the base policy and any payments over that can be covered through a top-up plan. These plans are much cheaper. Read more about them here: <https://bit.ly/2q3QTCq>.

But your work doesn't stop at buying a health insurance plan. "A health insurance policy doesn't pay for everything. It doesn't pay for incidents, which can easily be 5-10% of the hospital bill. Plus, outpatient expenses won't be covered either. Therefore, it's important to have an emergency fund for medical expenses as well after retirement," said Suresh Sadagopan, founder, Ladder7 financial advisories. "You can consider a mix of fixed deposits, ultra-short term funds and liquid funds to accumulate this corpus," he added.

Having money kept aside for medical needs helps for two reasons: it pays for things that health insurance doesn't cover, and it provides some comfort when a premium revision by the insurance company makes health insurance much more expensive or even unaffordable.

Tax exemption on health insurance premiums for senior citizens is Rs50,000