

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 1161
ANSWERED ON – 25.7.2022

COST OF HELTH INSURANCE

1161. SHRI D.K. SURESH:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that a huge number of the middle-aged population remain devoid of health insurance as the cost of health coverage is high;
- (b) if so, the details thereof;
- (c) whether it is also a fact that the high 18 per cent Goods and Services Tax (GST) on insurance premiums discourages people from opting for health insurance;
- (d) if so, whether the Government has received any representations seeking a reduction in the GST rate on health insurance; and
- (e) if so, the details thereof along with the steps taken by the Government so far in this regard?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a) to (b): According to information provided by the Ministry of Health and Family Welfare, a total of 14.75 crore families with an estimated 72 crore persons have been covered under Ayushman Bharat — Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) which was launched in September 2018 for providing accessible and affordable healthcare to the common man, thereby massively expanding health insurance coverage. Further, another 14 crore persons have been covered under Employees' State Insurance Scheme and Central Government Health Scheme.

As informed by Insurance Regulatory and Development Authority of India, around 29.27 crore persons in the country are covered through health insurance policies (excluding Government sponsored schemes) issued by insurers.

According to the IRDAI (Health Insurance) Regulations, 2016 pricing of health insurance products offered by insurers is based on the age of the insured and other relevant risk factors, such as claims experience and the principles of pricing contained in these Regulations.

(c) to (e): As informed by Department of Revenue, the rate of GST is decided based on the recommendations of the GST Council, which is a Constitutional body comprising members from the Central Government and State Governments.

Representations have been received by the Government from various VIPs and stakeholders seeking a reduction in the GST rate on health insurance policies. The GST Council in its 31st and 37th meetings examined similar requests but did not make any recommendation in this regard. Thereafter, in view of the representations received, the matter was examined again and placed before the GST Council in its 47th meeting held on 28th and 29th June 2022 wherein the Council did not recommend any change.

At present, GST rate on health insurance services is levied at standard rate, i.e., 18 per cent. However, in pre-GST regime also, health insurance scheme attracted service tax at a standard rate.
