

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION No. 150

TO BE ANSWERED ON MONDAY, 3 FEBRUARY, 2025/ 14 MAGHA, 1946 (SAKA)

SPIKES IN HEALTH INSURANCE PREMIUMS

231. Shri Ve Vaithilingam:

Will the Minister of Finance be pleased to state:

- (a) whether the Insurance Regulatory and Development Authority of India (IRDAI) is keeping a close eye on the recent spikes in health insurance premiums across the industry;
- (b) whether the Government is making efforts to ensure better understanding and co-ordination between payers (health insurers) and healthcare providers (hospitals) on medical treatment pricing;
- (c) if so, the details thereof; and
- (d) if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (d):

IRDAI has informed that insurance companies design and price the health insurance product based on Board approved underwriting policy of respective insurers, considering actuarial principles and parameters like age, morbidity data, inflation, interest rates, product features etc., for determining the premium. Further, IRDAI has issued 'IRDAI (Insurance Products) Regulations, 2024' and 'Master Circular on IRDAI (Insurance Products) Regulations 2024-Health Insurance' which inter alia, stipulate that insurers will ensure that the premium rates are fair and not excessive, inadequate or unfairly discriminatory and provide value for money. Insurers are also required to provide wider choice by offering diverse insurance products catering to all ages, regions, occupational categories, medical conditions/ treatments, all types of hospitals and health care providers to suit the affordability of the policyholders/prospects. Further, the insurers may reward the policyholder for claim free year by giving an option at the time of renewal of policy to choose the 'No Claim Bonus' either by increasing the sum insured or decreasing the premium amount.

To ensure better understanding and co-ordination between payers (health insurers) and healthcare providers (hospitals) and to provide seamless claims experience to customers in a cost-effective manner, IRDAI has issued Master Circular on IRDAI (Insurance Products) Regulations, 2024 which provides that all the insurers shall have in place board approved policy on quality standards and benchmarks for empanelment of Hospitals and Health Care Providers. Insurers along with the Insurance Councils are advised to have in

place common empanelment of hospitals/healthcare providers and provide seamless journey to the policyholder at each point of sale, service and claim. Insurance companies are mandated to display the list of their tie-up hospitals/healthcare service providers on their website and specifically indicate that reimbursement of claim will have to be filed with the insurer if the policyholder avails services in other hospitals/healthcare service providers. Further, all insurance companies have on-boarded the National Health Claim Exchange, an initiative of Ministry of Health and Family Welfare, intended to enable standardized and faster health insurance claim processing, enhance efficiency in the insurance industry and improve the patient experience.
