



CASHLESS

VS

REIMBURSEMENT

CLAIM PROCESS

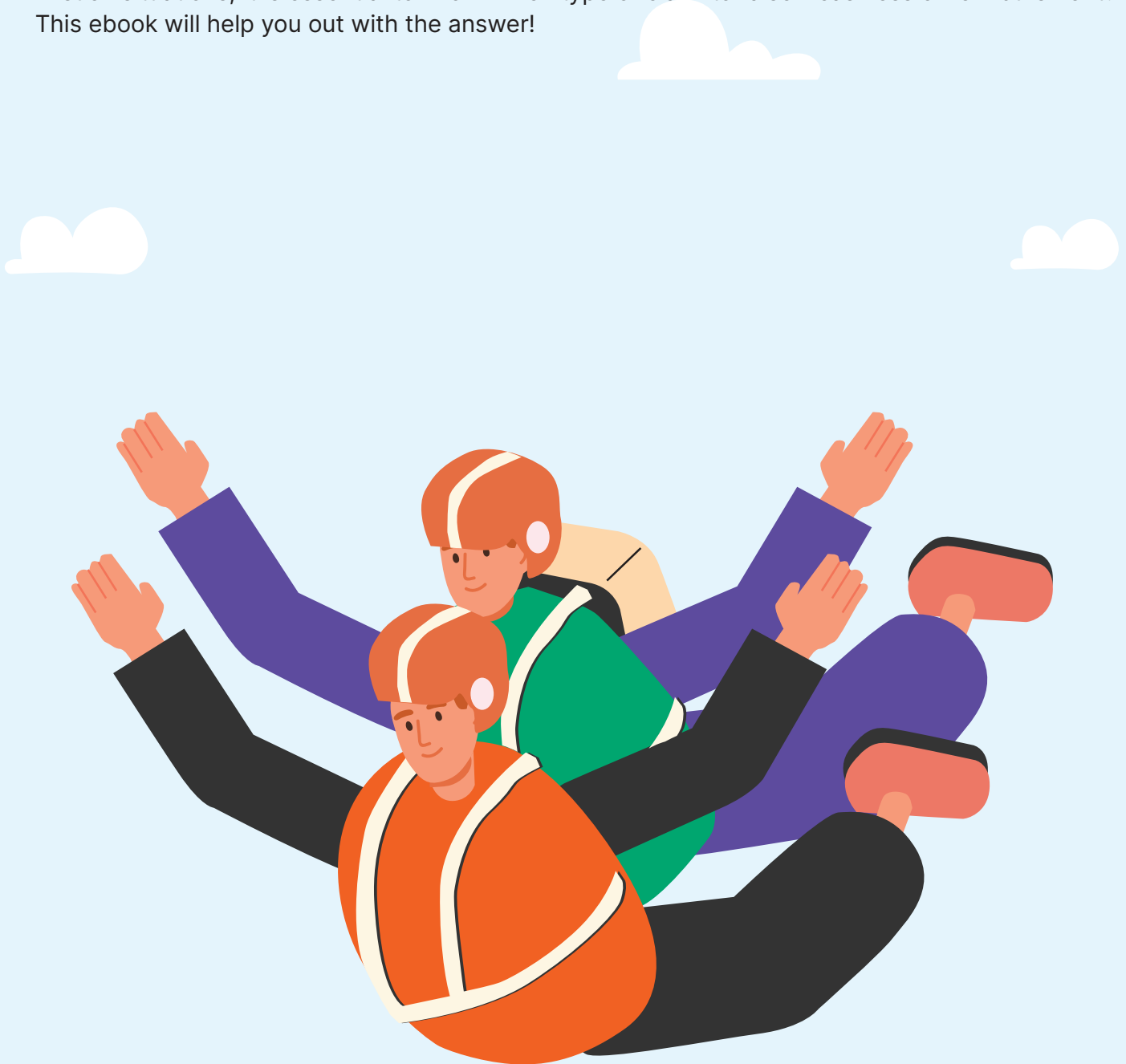


A deep dive into the claim process in health insurance

Medical emergencies or hospitalisation can be emotionally and financially disturbing. Here's hoping that you stay healthy and never have to raise a claim against your health insurance plan!

However life is unpredictable. Accidents happen and health issues can knock on anyone's door unannounced. If you have the right health insurance plan, the insurer takes care of your medical bills. But for that, you need to inform your insurer about the hospitalisation by raising a health insurance claim.

In such situations, it is essential to know which type of claim to raise - cashless or reimbursement? This ebook will help you out with the answer!

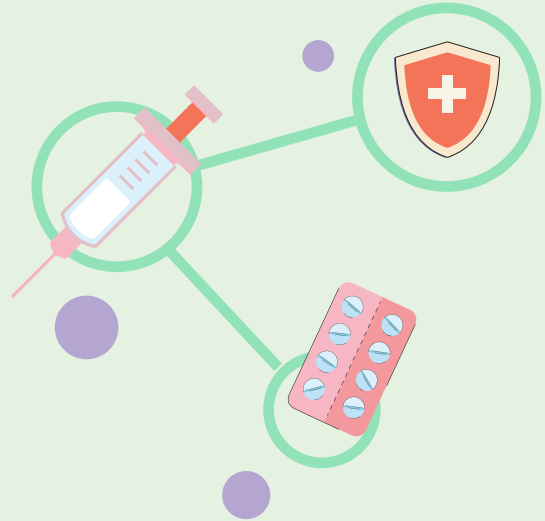


Demystifying health insurance terminologies

Before deep-diving into the two types of health insurance claims, it is important to understand the different terminologies you will encounter during claim settlement.

Network hospital

A network hospital is a hospital that is a part of the insurer's (for example, ACKO) network. The insurer and the hospital have a tie-up to facilitate smooth claim settlement.



Non-network hospital

A hospital that does not have a tie-up with the insurer and is not a part of the insurer's network is known as a non-network hospital.

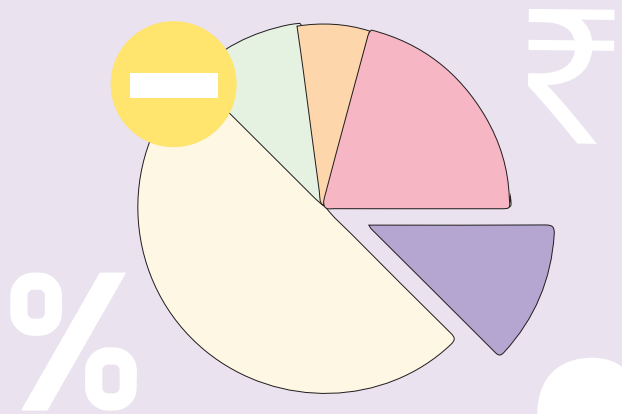
Third-party Administrator (TPA)

The TPA is a separate (IRDAI-licenced) entity that helps in managing claim-related processes. They coordinate between you, the hospital, and the insurer to ensure hassle-free claim settlement.



Deductible

Irrespective of the type of claim settlement process chosen by you, a part of the hospital bill needs to be paid by you. This amount is known as a deductible.



Policy wordings

A legal document that states the inclusions, exclusions and highlights the terms and conditions of your health insurance policy. The claim is settled as per the policy wordings.



Decoding cashless claim settlement

All the stakeholders involved in a claim settlement want the process to be smooth, quick, and efficient. This is where the cashless mode of settling claims shines bright, as it ticks the right boxes for you, the insurer, TPA, and the network hospital.

Concept

In today's age, the popular meaning of 'cashless' can be understood as digital transactions, where you do not pay money physically. For example, e-commerce transactions are cashless if you pay for products or services online via a debit card, online wallet, net banking, etc.

In health insurance, the word cashless has a different, but not too distant, meaning. In a cashless claim settlement, you do not have to pay cash (or digital money) to the hospital for the amount covered by the policy.

The claim is settled between the insurer and the network hospital as per the policy wordings. Thus, as you don't have to make (significant) payment to settle the hospital bill, the process is termed as cashless.



Case in point

Here's an example that illustrates why the cashless claim concept is convenient for everyone involved in the process. Note, the following case is just for explanatory purposes; the details might vary in actual scenarios.

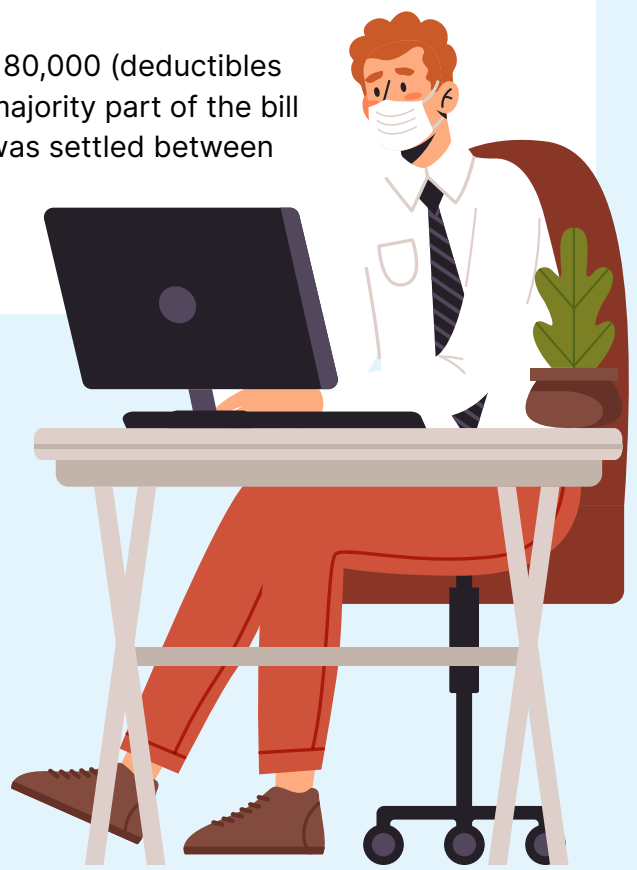
Subhash Vichare, a 30-year-old IT executive, complained of chest pain. Subhash's family physician recommended him to get admitted to a hospital at the earliest.

As Subhash had a health insurance policy that supported a cashless claim, he checked the list of hospitals that had a tie-up with his insurer. Fortunately, his preferred hospital was a part of that list, and he got admitted immediately. The TPA desk at the hospital verified the details and his treatment began.

Subhash responded positively to the doctor's treatment. After ten days, the doctor discharged him from the hospital. It was time to settle the hospital bill, which amounted to Rs. 5,00,000. Here's the bill break-up.

Particulars	Amount in ₹
Total bill	5,00,000
The amount covered by the insurance policy	4,20,000
Deductibles	20,000
The amount not covered by the insurance policy	60,000

At the time of discharge, Subhash just had to pay Rs. 80,000 (deductibles + amount not covered by the insurance policy). The majority part of the bill for Rs. 4,20,000 (the amount covered by the policy) was settled between the insurer and the hospital in a cashless manner.

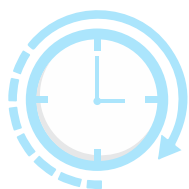


Advantages

Here are the advantages of the cashless claim settlement process.

Only pay what is not covered

You don't have to stress about, 'How do I arrange for so much money at such short notice?' With most of the hospital bill being settled between the insurer and the hospital, there is no need for you to arrange a huge amount of money. You just have to pay the deductible amount as per the policy terms.



Fastrack claims

As the insurer and the hospital already have an ongoing understanding, claim-related nitty-gritty gets sorted in a streamlined manner. The insurer and the hospital have set protocols that help to accelerate the claim settlement process.

Recover worry-free

If you are lying on a hospital bed waiting for a doctor to visit you, you need not worry about bill payment and tedious insurance-related forms. You can recover worry-free, as cashless claim settlement takes care of the back-end processes.



Disadvantages

The concept of a cashless claim is dependent upon network hospitals. Thus, to avail cashless claim benefits, you need to be admitted to a network hospital. If you are admitted to a non-network hospital, you cannot raise a cashless claim.



Process

Hospitalisation can be of two types — planned and unplanned. The cashless claim process will differ depending on the type of hospitalisation.

Planned hospitalisation

Planned hospitalisation is when you know that you will be hospitalised in the coming days. For example, if your general physician asks you to undergo surgery after five days, then you know you need to be admitted for surgery on the sixth day.

In the above-mentioned circumstance, you can inform your insurer about the chosen network hospital and the admission date in advance. They can initiate the back-end process for it and ensure a smooth claim process accordingly.

Unplanned hospitalisation

This happens in case of an emergency. Here, you do not have the time to notify the insurer in advance about the hospitalisation.

Unfortunately, if you are admitted to a hospital for an emergency, you can simply display your health card (shared by a digital insurer) at the TPA desk and get admitted. If you have purchased a policy from a traditional insurer, you might be asked to submit other identity proofs.

Nowadays, the TPA and the hospital desk have processes in place for quick verification of policyholders and the insurance cover as per the policy wordings, based on which the claim is settled in a cashless manner.

Decoding reimbursement claim settlement

Sometimes, due to various reasons, the cashless claim facility might not be availed. For example- The hospital where you were admitted was not a part of the insurer's network or you were recommended a treatment, which was not provided by the network hospitals in your vicinity. In such cases, there's the option of going for a reimbursement claim process.

Concept

The meaning of the word 'reimbursement' in this context is straightforward - pay first and get the amount reimbursed later. Thus, you must settle the hospital bill from your pocket, ensure you have all the documents (surgery bill, pharmacy receipts, etc.), and raise a reimbursement claim request with your insurer.



Case in point

Here's an example of a reimbursement claim. Note that the following case is mentioned for explanatory purposes only; the details might vary in an actual case.

Asif Khan, a 35-year-old businessman, had to be admitted to a hospital in an emergency. He had complained of severe stomach ache and was rushed to a nearby hospital. This hospital was not a part of Asif's insurer's network. As a result, the claim could not be settled in a cashless manner. He had to settle the total hospital bill of Rs. 5,00,000 from his pocket. Here's the bill break-up.

Particulars	Amount in ₹
Total bill	5,00,000
The amount covered by the insurance policy	4,20,000
Deductibles	20,000
The amount not covered by the insurance policy	60,000

Post-discharge, Asif raised a reimbursement claim with his insurer and attached the required documents (for example, hospital bill) with the application. The TPA and the insurer took around a month to verify the details and transfer the amount covered by the insurance policy (Rs. 4,20,000) to Asif's bank account.



Advantages

The positive side to a reimbursement claim is that you do not need to worry about whether your preferred hospital or the hospital you are admitted to during an emergency is a part of your insurer's network or not. You can get admitted, undergo treatment, and come back home. Upon discharge, you can raise a reimbursement claim with your insurer.

Disadvantages

- The most significant disadvantage of a reimbursement claim is that you need to take care of the hospital bills by yourself. Arranging for a huge sum of money and making that payment at short notice might be challenging, especially if the hospital bill runs in lakhs.
- If the insurer and the hospital do not have a tie-up, the claim verification process usually takes longer than a cashless claim. This is because there is no set process in place. Thus, your insurer might take some time to settle the claim.
- Paying from your pocket and waiting for the reimbursement amount to be credited to your bank account might be stressful. Instead of focusing on recovery, your mind might wander towards other things such as delay in receiving claim amount, hurdles in claim settlement, etc. And you don't want these thoughts while trying to regain your health.



Process

You need to follow the below-mentioned steps to receive claim settlement via the reimbursement claim process.

Step 1

- Whether your hospitalisation was planned or unplanned, you need to settle the hospital bill and then get it reimbursed from the insurer.
- Note that the reimbursement process needs to be initiated at the earliest. The insurer might not entertain the claim if it is raised beyond a cut-off date, which might vary from one insurer to another.



Step 2

While making the claim application, you might be required to attach the following documents (as applicable).

- Insurance policy document
- Aadhaar card
- Detailed hospital bill
- Hospital discharge form
- Pharmacy bill
- Medical certificate
- Pathological reports
- Any other document needed by the insurer

Step 3

- Once you submit the claim application with the required documents, the TPA and the insurer will verify the details.
- If the details are not verified, the TPA/insurer will reach out to you for clarification, which can delay the claim settlement process.
- If the details are verified, the insurer will process the payment as per the policy wordings, and you will receive the amount in your bank account.



Make an informed decision

Here's how the two processes appear in a head-to-head comparison.

Scoring methodology

The process that scores over the other for a particular parameter receives 1 point while the other receives 0. The points are awarded based on the explanations mentioned in the above sections. The process with the most points wins the head-to-head comparison.



The face-off

Parameter	Cashless claim	Reimbursement claim
Prerequisite of a network hospital	0	1
Peace of mind while settling hospital bills	1	0
No effort for online/offline documentation	1	0
Quick claim settlement	1	0
Overall convenience	1	0
Total	4	1

Final score

As is evident from the head-to-head comparison, the cashless claim process scores over the reimbursement claim process by 4 – 1.



Key takeaways

While choosing a health policy, make sure that the insurer offers the cashless claim facility and has a long list of network hospitals across the country for smooth claim settlement.

Preferably, the insurer must also offer a tech-based claim settlement process. In case you need to raise a reimbursement claim, the tech-based process will ensure that you can register the claim from the comfort of your home and receive the claim amount in a hassle-free manner.



Check Affordable Health Insurance Plans On **acko.com**