



CIRCULAR

IRDA/TPA/MISC/CIR/117/06/2015

23rd June 2015.

To,
All Insurers and TPAs,

Re: Discounts on bills offered by Network Providers.

During the course of settlement of claims under health insurance policies, either the insurers or the TPAs may be obtaining discounts from various Network Providers or also from other Hospitals outside the network. While every insurer and TPA shall endeavour to get the best and cost effective services to the policyholders or the claimants of health insurance policies, it shall be ensured that the discounts obtained from the hospitals, if any, are passed on to the policyholders or the claimants of the underlying health insurance policy.


Where by virtue of any agreement, discounts are agreed to be received on the aggregated bills raised by the hospitals; every insurer or TPA shall appropriately identify and apportion the eligible amount of the discount to the underlying health insurance policy in respect of which the claim is settled so as to pass-on the benefit of the discount to the concerned policyholder or the claimant, as the case may be.

Towards the above, every Insurer and TPA shall put in place; inter alia, the following procedures:

1. The insurers and the TPAs shall mandate the hospitals to reflect such agreed discounts in the final hospitalization bill of each claim, whereby the policyholder or the claimant can also be aware of the actual bill raised by the hospital.
2. Where the admissible claim amount is more than the Sum Insured, the agreed discount shall be effected on the Gross amount raised in the bill, before letting the policyholder or the claimant bear the costs over and above the eligible claim amounts.
3. Where the underlying health insurance policies have co-payment or the deductible conditions, the insurer or the TPA shall ensure that said co-payment or deductible is effected only after netting of the discounts offered by the hospital, if any.
4. The insurers and the TPAs shall ensure that every discount received or agreed to be received from the hospital is passed on to the policyholder or the claimant in respect of the underlying claim only in absolute monetary terms.
5. Every Insurer shall make these procedures as part of the detailed guidelines on claim settlement to be provided to the TPAs, in accordance with the provisions of Reg. 12 (b) (i) of IRDA (Health Insurance) Regulations, 2013.

The above procedures shall be applicable with immediate effect for both i.e. cashless services and reimbursements of all the claims on health insurance policies.

This is issued in terms of section 14 (2) of IRDA Act, 1999.


Yegna Priya Bharath
Joint Director (Health)