

## ● BUDGET AGENDA 2019: HEALTH INSURANCE

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# Make health insurance more affordable by waiving off GST

**IN INDIA, DURING** the last decade health related expenses have pushed about 55 million people below the poverty line. Per capital health care spend has increased by 79% in 2015-16 from 2009-10. Alarmingly, 80.5% of this healthcare spend is still from out-of-pocket expenses.

In the next 10 years we would spend \$372 billion for our healthcare according to an IBEF report published recently. Where and who will fund it? It is a matter of concern and affects all of us at large.

### Growing medical expenses

At one end we can see the disease pattern changing fast with newer diseases attacking us and old medical conditions getting more severe. On the other hand, the cost of medical treatment is on a steep upward curve. Thus, the challenge to hedge medical expenditure risk is getting tougher every day.

There is another dimension to the problem. With the advent of nuclear families, the support we had in the past from our extended friends and families is hard to come by today. We have a need for a trustworthy support system that can be at our side when we are struck by a medical emergency.

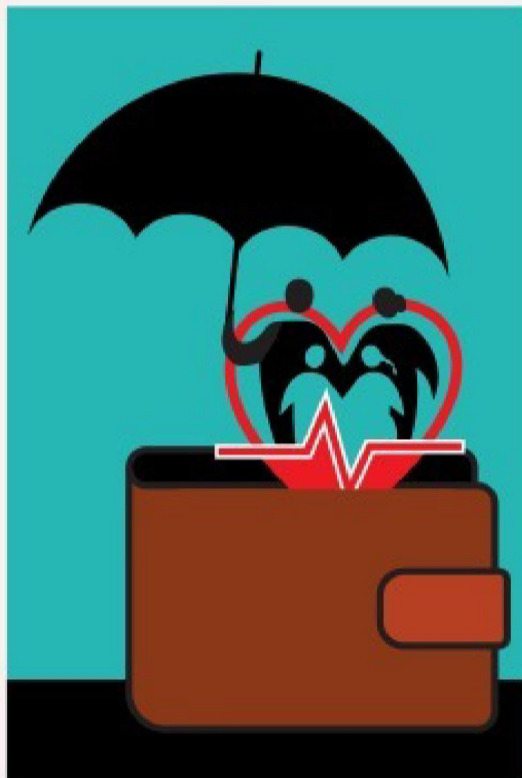


ILLUSTRATION: SHYAM KUMAR PRASAD

Health insurance surely could be one such support system. It is imperative to work towards making people live a better life by having adequate health insurance. In the upcoming Union Budget, we would like to see a few strong steps taken to help health insurance penetrate further and more efficiently.

### Budget expectations

A few steps that would help increase the momentum towards inclusion are:

**Waive off GST charges:** At present, GST charges on health insurance premium is 18%, which often makes health insurance unaffordable. For a typical nuclear Indian family of two adults and two children a minimum cover of ₹3-5 lakh sum insured calls for over ₹2,000 as GST. Our request would be to waive off the 18% GST charged on the health insurance premium. That would surely make health insurance more affordable. It is the need of the hour to make sure that more Indians are covered adequately to hedge against the rising healthcare cost and disease incidences.

**Tax exemption level:** Getting covered is important but it is more important to get adequately covered. Insurers believe that enhancing the tax rebate under Section 80D from the current value of ₹25,000 to ₹50,000 can be a great move by the government in making health insurance an attractive financial tool. Change in the exemption level and consequent incentive to buy health insurance would be a major boost for the industry. The change not only is expected to make health insurance attractive but also would motivate insurer companies to enhance the overall awareness about the incentive of health insurance cover and the long-term benefits associated with the cover.

Overall, we see the next few years as the inflexion point for health insurance as a category in the country. Support from the government in making it more attractive and enhancing customer awareness about health insurance would surely accelerate the changes and help hedge against the spiralling growth of healthcare expenses and disease menace.

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