

17<sup>th</sup> March, 2020

To

CEOs of all General and Standalone Health Insurance Companies

**Re: DRAFT Modified Guidelines on Product filing in Health Insurance Business - Norms on Proportionate Deductions**

1. Reference is invited to the provisions of Clause (4) of Chapter II of Guidelines on Product filing in Health Insurance Business (Ref: IRDA/HLT/REG/CIR/150/07/2016) dated 29<sup>th</sup> July, 2016 (the guidelines) specifying norms on designing of health insurance products.
2. In addition to the norms specified in clause (4) of Chapter II of the guidelines, the following additional norms are specified.
3. Where as part of product design insurers propose proportionate deductions of the associated medical expenses when a policyholder chooses a higher room category than the category that is eligible as per terms and conditions of the policy, insurers shall define '*associate medical expenses*' in the terms and conditions of policy contract.
4. The following expenses are not allowed to be part of the definition of '*associate medical expenses*'.
  - a. Cost of pharmacy;
  - b. Cost of implants and medical devices
  - c. Cost of diagnostics
5. Insurers shall not recover any expenses towards proportionate deductions other than the defined '*associate medical expenses*' while processing claims.
6. Insurers shall ensure that proportionate deductions are not applied in respect of the hospitals which do not follow differential billing based on the room category. Towards this, the policy conditions shall be specified that the proportionate deduction would be applied only in case of a hospital that follows differential billing practice based on the room category occupied by a patient.

7. Insurers are also not permitted to apply proportionate deduction for '*ICU charges*' as different categories of ICU are not there.
8. These guidelines will come in to force with immediate effect.
9. This has the approval of the competent authority.

(DVS Ramesh)  
**General Manager (Health)**