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Your health plan's co-pay kicks in if you switch to a metro hospital



A health insurance policy will permit treatment anywhere in the country but can have a specific co-pay if treatment is taken outside the selected zone. Therefore, before buying a policy, you should understand the geographical coverage and the circumstances under which a co-pay is triggered.

In a co-pay, the policyholder has to bear a specified percentage of the admissible claim, while the insurer covers the rest. If the policy is registered at your place of residence in a lower-cost zone, a zone-based co-payment will be triggered if the treatment is taken in a higher-cost or metro zone. For example, if the clause mandates a 20% zonal co-pay and the total hospital bill comes to Rs 15 lakh, you would have to pay Rs 3 lakh, while the insurer will pay the rest.

Cost-sharing process: This arrangement ensures fair cost-sharing between the policyholder and the insurance company. The applicability of co-pay will depend on the specific plan selected, its terms and conditions, and whether the insurer has categorised treatment costs by city tiers. Note that location-based co-pay is distinct from a voluntarily chosen co-pay. Under a voluntary co-payment, customers agree to bear a specified percentage of a claim, usually in return for a premium reduction.

If the insured expects to regularly access healthcare in a higher-cost city, paying the applicable premium for that zone can provide greater predictability and reduce the possibility of a substantial co-payment at the time of hospitalisation. "Someone who primarily lives in a lower-cost city and only occasionally travels to a metro for treatment may find a zone-based option more economical," says Siddharth Singhal, head of health, Insurance, Policybazaar. A Policybazaar study shows average hospitalisation claim in Tier-1 cities is 44% higher than Tier-3 cities, highlighting the growing cost differential across the country's healthcare ecosystem.

Typically, a 35-year-old residing in a Tier-1 city will have to pay nearly 25% more premium than someone in a Tier-3 city. **Update change in address:** During the tenure of an active policy if the insured relocates to a metro or higher-tier city, it is prudent to inform the insurer. Under a zone-rated policy, a change in residence may affect the geographical classification or premium applicable to the policy.

In such cases, an additional premium buffer may be charged to align the coverage with the higher cost of treatment in the new location.

Updating the address enables the insurer to communicate any applicable change in zoning, premium or claim conditions, says Amarnath Saxena, chief technical officer, Commercial, Bajaj General Insurance. “Timely disclosure can help policyholders understand any revised premium or cost-sharing requirement before a claim arises, while insurers can continue to provide robust protection that fits the customer's needs.”

For senior citizens, a zonal co-pay will apply on top of the standard co-pay built into it if they live in a Tier 3 town but get treated in a Tier 1 city. Sarita Joshi, head, Health and Life Insurance, Probus, says depending on the insurer's specific rules, these will either add up linearly or apply sequentially.