

A THREE-PART SERIES

# The lowdown on medical and health insurance/takaful



In pursuit of the quality of life, it's important to live it to the fullest, to take chances and explore opportunities that come our way. However, there are some things that are simply not worth risking. Take our wellbeing, for example, and the stress we're likely to face should anything untoward happen to us, sans medical and health insurance. Indeed, knowing we are sufficiently covered would be assuring not just for us but our loved ones too.

While medical care and treatment at government hospitals are generally affordable, the average Malaysian will oftentimes choose to seek care from private hospitals, as service and care are perceived to be better, and the waiting time much shorter.

However, medical cost has been ascending at a rate exceeding 12 per cent per annum – making the cost of seeking treatment at such facilities a little out of reach for some. Getting medical insurance has therefore become essential. As it stands, the insurance penetration rate in Malaysia is currently around 41 per cent, which makes it crucial for Malaysians to be better informed on the need to get protection.

Before deciding on the kind of coverage needed, it is a good idea to understand the basics of insurance to have a clearer picture. With so much industry-specific jargon floating around, the concept of insurance and the mechanics that go behind it may be a little hard to grasp for most people. To help you along, we've listed some key terms that you will encounter in your quest to find an insurance coverage that's best suited to your needs.

## Medical Card

Generally, an individual medical insurance coverage offers a medical card facility for hospital admission.

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## Annual and lifetime claim limits

Most insurers and takaful operators offer a range of annual and lifetime limits. The higher the limits the more the premiums. The room and board benefit limit is often packaged together with the amount of annual and lifetime limits (see example table of benefits). This decision is, of course, based on your budget. Remember that with medical inflation, health care costs will continue to rise in the future.



## WHAT TO CONSIDER WHEN PURCHASING AN INDIVIDUAL MEDICAL INSURANCE?

### Deductible or full coverage

Most plans offered today provide an option to include a deductible in exchange for a lower premium. This decision depends on how much risk you are willing to take if you have a claim. For example, if you can afford to pay the first RM500 of a hospital claim, you can elect to have a RM500 deductible and get a lower premium. You should strongly consider to include a deductible to save on your premiums, not just for today but for future years as well.



### Individual or family coverage

If you have a family it may make sense to buy one policy that covers everyone instead of individual plans for each family member.



### Annual renewable or guaranteed lifetime renewal

Some plans offer guaranteed lifetime renewal, while others have annual renewal. Your decision should be based on your budget and how long you need coverage for; annual renewable policies can be considerably less expensive than guaranteed lifetime renewal.



### Standalone or rider to life insurance plan

If you'd like additional life insurance coverage, consider adding your medical coverage as a rider. The cost of your medical coverage may be cheaper if purchased as a rider. However keep in mind that as your medical rider premium increases with age, your total premiums will still rise.





The types of coverage vary with the products which may range from comprehensive to budget cover and includes expenses for surgeries, room and board, in-hospital related fees (operating theatre, hospital supplies and services, anaesthetist, pre- and post-hospitalisation fees, among others).

The medical card provides you with insurance coverage. Upon presenting the card, the hospital will contact and inform the insurance company of your admission, diagnosis and prescribed treatment. The insurance company will then review and, upon confirmation of eligible coverage, issue a guarantee letter to the hospital for the expected expenses.

This card often saves the need for paying large deposits and filing your claim after you've settled the bill. For non-emergency cases, you can save time and hassle by obtaining your hospital guarantee from the insurer/takaful operator a few days ahead of admission.

Meanwhile, for medical coverage provided by employers, most people make the mistake of thinking they don't need to purchase additional health insurance as they believe they are already "covered". What they don't realise is the coverage provided by their employer may be restricted (in terms of limit and in-patient care). In this instance, it would be wise to get additional health insurance to "top up" any additional costs that may be incurred.

**Panel hospital**

The medical card that you sign up for comes with a list of participating hospitals. You need to use the hospitals on the panel to enjoy the insurance guarantee facility.

**Premiums**

This is the payment made to the insurance company that the consumer needs to bear, regardless of whether he/she has visited the doctor's office or used any of the benefits offered by the insurance company. Insurance premiums can be done monthly, quarterly or yearly. Depending on the insurer, the annual premium payment option may give you better savings in the long run.

Using the accompanying table as an example, here are a couple of scenarios on the types of schemes available for two young adults with no pre-existing conditions:

A 25-year-old man who signs up for the zero deductible MHE150 plan can expect to pay a monthly premium of RM89.50. This policy has an annual limit of RM1 million and no lifetime limit.

Meanwhile, a 29-year-old woman who opts for the MHE150 plan with RM500 deductible has the same coverage but pays a slightly lower premium of about RM78 a month or RM937 annually.

**Lifetime and Annual limits**

This is the maximum amount claimable from your insurer during your lifetime as long as your policy is still in force with the company. Once your lifetime limit is exhausted, any further medical costs will no longer be covered. The amount of lifetime maximum limits may differ, depending on the plan/insurer chosen. Annual limit, on the other hand, is the maximum amount (as stated in your selected plan) you are entitled to claim for one policy year.

**Deductible**

This is the amount of money you have

to pay out of your own pocket before your actual coverage begins. Your insurance company will only cover costs that are above your deductible. For example, most plans today come with the option of either a zero or RM500 deductible. A zero deductible plan means you pay nothing in the event that you are admitted to hospital; the total cost will be borne by the insurer. Meanwhile, with a RM500 deductible, you only need to pay RM500 of your total bill while the balance is paid by the insurer. The benefit of having a deductible means that your health insurance is cheaper - your monthly premium with a deductible will cost 10-20 per cent less than one without.

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**Standalone vs Rider**

A standalone medical plan behaves like a term insurance in that you are covered as long as you pay your premium. On the other hand, a medical insurance rider comes attached to a basic life insurance policy, most commonly an investment-linked policy (ILP). The cost of a medical rider attached to an ILP is generally lower than a standalone plan. However, your total cost is higher given the additional life insurance protection afforded with the ILP.

**Guaranteed Renewal**

As long as your policy is paid on time and you want to continue with the insurance, the insurance company is obligated to renew the policy (provided the lifetime claim limit has not been exceeded and you have not reached the maximum eligible age for coverage).

**Non-Guaranteed Renewal**

This simply means your policy is renewed on a yearly basis, subject to the insurer's approval. For instance, if you are struck by an illness that is likely to recur in the future, the insurer may decide not to renew your policy. When you shop around for new insurance, you'd have to disclose your pre-existing condition. This will lead to higher premiums or in some cases that particular illness may even be excluded from coverage. For these reasons, policies that are non-guaranteed renewable are less costly.

Buying medical insurance can seem complicating and daunting. The advice of a professional advisor is often needed, however the better informed you are, the better purchase decisions you will make.

**This article is brought to you by the Life Insurance Association of Malaysia (LIAM), Persatuan Insurans Am Malaysia (PIAM) and Malaysian Takaful Association of Malaysia (MTA).**

**TYPICAL PRIVATE INSURANCE BENEFIT SCHEDULE**

No	Benefits	PLAN TYPE			
		MHE150	MHE200	MHE250	MHE Signature
<b>SECTION A: HOSPITAL &amp; SURGICAL BENEFITS</b>					
1	Daily Hospital Room & Board (no limit on number of days)	RM150 per day	RM200 per day	RM250 per day	As Charged*
2	Additional Daily Hospital Room & Board whilst Overseas (up to 60 days per confinement)	RM150 per day	RM200 per day	RM250 per day	As Charged*
3	Hospital Intensive Care (no limit on number of days)	Reimbursement of Reasonable and Customary Charges, less Deductible Amount (if applicable)			
4	Surgical Benefit				
5	Anaesthetist's Benefit				
6	Operation Theatre Benefit				
7	Attending Physician's Benefit				
8	Pre-Hospitalisation Benefit (within 60 days) i. Specialist Consultation ii. Diagnostic X-Ray and Laboratory Examination iii. Scans				
9	Pre-Hospitalisation Benefit (within 90 days) i. Out-Patient Diagnostic X-Ray and Laboratory Examination ii. Medical Expenses and Consultation				
10	Hospital Miscellaneous Services				
11	Ambulance Fee				
12	Non-Medical Related Expenses (per Disability per Policy Year)				
13	Government Hospital Cash Benefit (up to 60 days per confinement)	RM50 per day	RM65 per day	RM75 per day	RM100 per day
14	Child's Daily Guardian Benefit (max 120 days per Policy Year)	RM50 per day	RM65 per day	RM75 per day	RM100 per day
<b>Deductible amount (per Disability per Policy Year)</b>		<b>RM0, RM500 or RM5,000</b>			
<b>Overall Individual Annual Limit (RM)</b>		<b>1,000,000</b>	<b>1,500,000</b>	<b>1,750,000</b>	<b>2,200,000</b>
<b>Overall Individual Lifetime Limit (RM)</b>		<b>No Lifetime Limit</b>			
<b>SECTION B: OUT-PATIENT BENEFITS (Items below are payable on top of Overall Individual Annual Limit)</b>					
15	Day Surgery	Reimbursement of Reasonable and Customary Charges			
16	Emergency Accidental Injury Benefit (per Injury)	RM2,000	RM2,500	RM2,750	RM3,500
17	Nursing Care at Home (per Disability per Policy Year)	RM500	RM650	RM750	RM1,000
18	Out-patient Kidney Dialysis Treatment	Reimbursement of Reasonable and Customary Charges			
19	Out-patient Cancer Treatment				
20	Out-patient Stroke Treatment				
21	Out-patient Dengue Treatment				
<b>Overall Individual Lifetime Limit for Out-patient Benefits (RM)</b>		<b>800,000</b>	<b>1,200,000</b>	<b>1,400,000</b>	<b>1,760,000</b>
<b>SECTION C: OTHER BENEFITS</b>					
22	Intraocular Lens^	Up to RM3,000 per eye and maximum of RM6,000 per lifetime			
23	Government Tax^	Reimbursement of any applicable taxes incurred based on Reasonable and Customary Charges			
24	Second Medical Opinion (per Policy Year)	Not Applicable			RM2,000
25	Emergency Assistance Services	Yes			
26	International Emergency Medical Evacuation Benefit	Reimbursement of Reasonable and Customary Charges up to a maximum of RM100,000 per lifetime, subject to overall individual annual limit			

\*The above schedule is only a guide. Your policy benefits may differ from the above schedule. For more details on your policy benefit schedule, please refer to your policy/certificate contract, talk to your agent or contact your insurance company/takaful operator directly.

\* The amount for reimbursement is limited up to 2 basic categories of Single-Bedded Room available in the hospital. For hospitalization in the 2nd basic category of Single-Bedded Room, the amount for reimbursement shall be subject to a maximum of 2 times the Daily Hospital Room and Board rate chargeable for the 1st basic category of Single-Bedded Room.

\*\* The amount for reimbursement is limited up to 2 times of the reimbursement amount for Daily Hospital Room and Board benefit.

^ Benefits payable shall be limited to the Overall Individual Annual Limit if deemed as in-patient treatment. If the treatment in the opinion Company's medical examiner is deemed as Out-patient treatment, the benefits payable shall be limited to the Overall Individual Lifetime Limit for Out-patient Benefit.