



The Mental Healthcare Act 2017 & health insurance coverage

A narrative experience of accessing private health insurance for mental health conditions.

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Background

As with numerous chronic health conditions that require long-term intervention, living with a mental health condition can have significant financial implications. The extent of which depend on an interaction of various factors, including the severity of the condition, the nature of care required, the accessibility of services, and the financing capability of the individual. Spending for services within the private health sector is largely out-of-pocket. Therefore, health insurance offers a layer of financial protection (1).

Until the enactment of the Mental Healthcare Act (MHCA) in 2017, coverage for mental illness was excluded in health insurance policies through standardised exclusion clauses. However, to safeguard the right to healthcare for persons with mental illness, Section 21(4) of the MHCA states, “Every insurer shall make provision for medical insurance for treatment of mental illness on the same basis as is available for treatment of physical illness”(2).

Despite this provision, insurance companies continue to reject claims of persons with mental health conditions or include discriminatory terms and conditions in their health insurance policies. The India Mental Health Observatory (IMHO) undertook in-depth research and analysis of insurance policies in India and found some important gaps in compliance with the MHCA 2017. Based on this analysis, the IMHO has also created an interactive data dashboard of policy wordings from major insurance providers in India as a resource to help individuals select appropriate policies.

Recent cases heard by the Delhi High Court and Bombay High Court exemplify how persons with mental health conditions continue to face the uphill task of advocating for their own rights (3,4). To delve deeper into the personal and practical experiences with insurance providers in India and highlight the significance of health insurance coverage for person with living with mental health conditions, the IMHO spoke with Vijay Nallawala. Following are excerpts from the interview.





Interview

Vijay Nallawala

MENTAL HEALTH ADVOCATE

Vijay Nallawala is a mental health advocate living with bipolar disorder. In 2013, he launched [BipolarIndia](#), a peer support network group to empower and mentor people living with bipolar disorder.

Could you please share your experience with health insurance coverage and mental health care?

VN: I have been insured with the New India Assurance Company for close to three decades now. I was diagnosed (with bipolar disorder) in May 2003 when I had an episode of mania and psychosis, and I had to be hospitalised at the Holy Spirit Hospital (Mumbai) for a week. At that time, I submitted a claim for Rs. 40,000 and the

entire claim was settled – which, looking back, is surprising! My mental illness was also recorded as it was not a pre-existing condition and it occurred for the first time after purchasing the policy. The process for this claim at the time was smooth despite it being a serious mental illness. There were no rules or regulations contraindicating coverage for mental illness at that point of time.

You say ‘at the time’. Has the situation changed since?

VN: Yes! A couple of years later, around 2004-2005, we noticed mental illness was explicitly excluded in our policy terms and conditions. There was a specific clause, which said that any claims arising on the grounds of mental illness were under permanent exclusions. We were told that all the companies were doing the same thing. I wasn't into mental health advocacy then. Despite this significant change, we noticed it only because my sister is very meticulous and goes through policy details very carefully.

Now, after the passage of MHCA 2017, every year during our annual policy renewal, I push our agent to find out about inclusion of mental illness in the policy as per the legal provisions. Last year, he mentioned that there was a lot of talk around this, though there was no compliant product yet. This year, I informed my agent that I wanted coverage for my family on all grounds without any exclusion and would port the policy to another provider if my insurer was still not going to be compliant with the MHCA.

Before the renewal was due, my agent informally informed us that mental illness would be covered. After repeated guidelines issued by IRDAI (Insurance Regulatory Authority of India) everybody including New India (insurance provider) were toeing the



line. I was told that even AIDS is covered by New India. If so, then why exclude mental illness? I kept on insisting on (seeing) the policy documents before I actually paid up. When I read it, I noticed there was limitation on mental illness coverage at 25% of sum assured. For a majority, coverage is only Rs. 3-4 Lakh. This sub-limit coupled with the high costs of treatment is a pittance!

I would like to point out that the agent did not disclose this to me. This is a problem. Any layman not doing their own due diligence would be under the false belief that there is (sufficient) coverage for mental illness and they wouldn't even be aware about the sub-limits until they made a claim.

Now, within our community (the Bipolar India Network), I always ask people to check the sub-limit clause to check for limitations.

Have you tried approaching a private insurance company instead?

VN: With a private insurer, the premium payable is 40-50% higher than the state insurer, unaffordable for families. Our insurance premium for a family of three, myself, my wife, and teenage daughter is Rs. 83,000 which is already quite steep. Then you add a 40%-50% loading on that for private providers.

Did you try to raise an official complaint about this?

VN: I did try to complain, I cited the Mental Healthcare Act, 2017 (MHCA) and the IRDAI guidelines notified on August 2018. As I recall, it mandated that all insurers need to provide parity between physical

and mental health care. I questioned “how is limiting coverage of mental illness parity?” They asked me to contact the insurer first.

A complaint to the Ombudsman has its own share of issues, for example these complaints can be made under particular clauses only. It is like approaching a typical government department, like filing an RTI. The mechanism to raise issues is opaque and the entire process is quite dissuading. In fact, it actually tells you to buzz off.

They asked me for references of claim rejection. In my case this was complicated as my complaint was not about a claim rejection and there was no reference number. Many of our community members (at BipolarIndia) have thankfully agreed to share their complaints and grievances without worrying about stigma or privacy issues. We have even submitted evidence of four such incidents to Advocate Gaurav Bansal, to take to the court¹

What kind of cases were submitted to Advocate Gaurav Bansal?

VN: For the first one, the ground for admission was acute psychosis and the insurer stated that the ailment fell under a permanent exclusion. Companies can get away from this by saying there was no disclosure. So, you would agree that those are grey areas right here. That is why we decided to share this with Gaurav Bansal.

Do you have any thoughts on the insurance companies excluding treatment for addiction from coverage?

VN: Addiction is not an isolated event. The core issues behind addiction are related to mental health and it needs to be



addressed as a behavioural issue requiring treatment. Hence, this should definitely be covered under insurance.

Most of the policies have about 48 months waiting period for mental illnesses, what do you feel about it?

VN: That is fine since it the same with pre-existing physical ailments, so that is parity.

Are there any other issues you would like to share around insurance?

VN: I have bipolar disorder and I have asthma. Except the one episode of hospitalisation for mental illness, in 2003, I have had 3-4 instances of hospitalisations for bronchitis or pneumonia. If I'm denied health insurance on the grounds of mental illness, it also leads to denial of insurance for physical ailments. If the exclusion norms existed in 2003, and I'd known that I had bipolar disorder back then, I would have been left out of insurance coverage all these years!

Co-morbidities like hypertension and diabetes, are common in our (bipolar) community partly because of the illness and partly because of our medications. We rarely discuss that aspect of health insurance coverage. It is not necessary that a person needs claims only related to mental illness. In fact, in practical experience claims for mental illness are very few as hospitalisation is rarely needed so people are being denied insurance on two grounds - for their primary condition of mental illness and then all the baggage of other health conditions they deal with.

Have you considered porting your policy to a different provider?

VN: For people with several comorbidities, porting is easier said than done. If mental illnesses are covered, some other comorbidity might pose a challenge. For example, I just happened to go through the 'Care Freedom policy' today in which chronic bronchitis is a permanent exclusion. I am more likely to need a cover for chest infection than for my mental illness. With so many tailored (insurance) products, a user might be cornered into buying a product, which is not suitable for them. So if I were to settle for Care Freedom policy of Care health insurance, my bronchitis would be left out.

Is there anything else you would like to share about the insurance process?

VN: Yes, if there is an intermediary involved - like a bank assurance entity or a web portal - there is no written communication regarding the policy proposal rejection. So many times, the executives over the phone say "nahi, this (pre-existing mental illness) is the reason" but they refuse to send any written communication. If at all one persists and succeeds in getting a written response, the reason given is very vague like "as per our underwriting policies". No communication and, a 'no response' from the company is also a violation. Companies are supposed to communicate in writing within a period of 15 days, regarding why the proposal or the porting proposal is being rejected, but this rarely happens. And the situation is exacerbated with the involvement of intermediaries. A lot of our community members approach insurers through portals like Policy Bazaar. There is no direct communication from the company or if it is there, they cannot access the reason for rejection, which I emphasize is a must.



As an advocate of the cause, do you have suggestions for others with mental illness seeking insurance?

VN: I clearly mention to everyone to ensure that they should disclose the pre-existing condition before getting the coverage. Otherwise, at every renewal, they are going to be worried.

Could you share with us the impact this insurance seeking process has on an individual's personal life as well as on the family, especially the caregiver?

VN: For the caregiving family, there is already so much stress. Why should they have to struggle for their fundamental right? It's okay to say that stakeholders need to fight for rights, however for a typical family in India, just imagine the financial wherewithal to go to an advocate and to go through the grind. It's easier said than done! Out of a million users, maybe just five or ten would resort to this and that's why we at least see these kinds of litigations. Others just grin and bear it.

Conclusion

It is unfortunate that securing adequate insurance coverage for persons living with mental health conditions is often fraught with difficulties. As described by VN in his experience, individuals frequently bear the burden of advocating for their own rights. This may involve the laborious task of detailed research on policies and follow up with insurance providers.

It is evident that insurance providers or third-party organizations can do more to uphold the letter and spirit of the MHCA which mandates parity in insurance coverage. Based on all our work in this area, the IMHO recommends i) clear and transparent communication from aggregators and insurance providers, ii) a more approachable and user-friendly grievance mechanism, iii) removal of exclusion clauses and discriminatory practices from insurance providers, and iv) sustained oversight by the IRDAI to ensure compliance. We hope that highlighting voices of individuals who have experienced difficulties aid advocacy efforts to accelerate the process to ensure health insurance for mental illness is truly on par with that for physical illness.





Notes

¹ Advocate Gaurav Kumar Bansal has filed a Public Interest Litigation (PIL) which resulted in a direction to all insurance companies to extend medical insurance for treatment of mental illness. Further details on the PIL can be accessed here: ([Gaurav Kumar Bansal vs Union of India & Others, 2020](#))

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