

# Pre-authorization (Health Insurance)

## What is Pre-authorization?

Pre-authorization (also called pre-approval) is the process where the insurance company reviews and approves a planned medical treatment **before** hospitalization or a major procedure takes place.

It is mainly required for **cashless hospitalization**, high-cost treatments, surgeries, and planned admissions.

The hospital sends the medical details and estimated cost to the insurer or TPA, and the insurer confirms whether the treatment is covered and how much they will pay.

## Why is Pre-authorization Important?

Pre-authorization protects both the patient and the insurer.

### For policyholders

- Ensures the treatment is covered before spending money
- Enables smooth cashless hospitalization
- Avoids claim rejection due to non-covered procedures
- Reduces financial stress during treatment

### For insurers

- Prevents misuse and unnecessary procedures
- Confirms medical necessity and policy coverage
- Controls claim costs and fraud risk

Without pre-authorization, a cashless claim may be denied or delayed.

## How Does Pre-authorization Work?

### Step-by-step process:

1. Doctor recommends hospitalization or planned treatment.
2. The patient chooses a network hospital.

3. Hospital insurance desk fills the pre-authorization form.
4. Medical documents and estimated expenses are sent to the insurer/TPA.
5. Insurer reviews:
  - a. Policy coverage
  - b. Waiting periods
  - c. Sub-limits
  - d. Medical necessity
6. Insurer sends approval with the sanctioned amount.
7. Patient gets admitted for treatment.

Approval usually takes **2–6 hours for planned treatments** and **a few hours for emergency cases**.

### Where is Pre-authorization Required?

- Planned surgeries
- Expensive procedures
- Cashless hospitalization in network hospitals
- Treatments requiring hospital admission

It is **not usually needed for reimbursement claims**, where you pay first and claim later.

### Which Insurance Policies Require It?

Pre-authorization is used in:

- Individual health insurance
- Family floater plans
- Group health insurance
- Critical illness riders (for hospitalization confirmation)

### When Should You Apply for Pre-authorization?

- **Planned hospitalization:** At least 2–4 days before admission
- **Emergency hospitalization:** Within 24 hours of admission

Delays in informing the insurer may affect the cashless facility.

### **Simple Example**

Riya plans a gallbladder surgery costing ₹1.5 lakh at a network hospital.

The hospital sends a pre-authorization request to her insurer.

The insurer approves ₹1.3 lakh as per policy terms.

Riya only pays the remaining amount at discharge, and the insurer pays the hospital directly.