

Cashless Hospitalization

What is Cashless Hospitalization?

Cashless hospitalization is a facility in health insurance that allows policyholders to receive treatment at a **network hospital without paying the medical bills upfront**.

The insurance company directly settles the eligible expenses with the hospital.

This facility operates under guidelines issued by the **Insurance Regulatory and Development Authority of India (IRDAI)** to simplify the claim process and reduce financial stress during medical emergencies.

Simple Example

Neha suddenly experiences severe stomach pain and is rushed to a network hospital.

Total hospital bill: **₹1,20,000**

Instead of paying the bill herself:

- The hospital sends the estimate to the insurer.
- The insurer approves the claim.
- The insurance company directly pays the hospital.

Neha only pays for non-covered items (if any), such as consumables or upgrades beyond policy limits.

Why is Cashless Hospitalization Important?

No Immediate Financial Burden

Medical emergencies require quick decisions. Cashless treatment ensures you don't have to arrange large amounts of money instantly.

Faster Treatment

Hospitals begin treatment quickly because payment assurance is provided by the insurer.

Reduced Paperwork

Most documentation is handled directly between the hospital and insurer.

Peace of Mind

Family members can focus on recovery instead of arranging funds.

How Does Cashless Hospitalization Work?

Step 1: Choose a Network Hospital

The insured must get treated at a hospital listed in the insurer's **network hospital list**.

Step 2: Inform the Insurer/TPA

- Planned hospitalization → Inform at least 48–72 hours in advance
- Emergency hospitalization → Inform within 24 hours of admission

Step 3: Pre-Authorization Request

The hospital sends treatment details and estimated costs to the insurer or TPA (Third Party Administrator).

Step 4: Approval from Insurer

The insurer reviews the request and issues approval for eligible expenses.

Step 5: Treatment & Settlement

After discharge, the insurer pays the hospital directly for approved costs.

Types of Cashless Hospitalization

Planned Hospitalization

For scheduled procedures like surgery or childbirth.

Pre-authorization is submitted before admission.

Emergency Hospitalization

For accidents or sudden illness.

Authorization happens after admission.

What Expenses Are Covered?

Cashless hospitalization typically covers:

- Room rent and ICU charges
- Doctor consultation and surgeon fees
- Operation theatre charges
- Medicines and consumables (as per policy)
- Diagnostic tests
- Nursing charges
- Ambulance expenses (as per policy)

What Expenses May Not Be Covered?

Some costs may need to be paid by the patient:

- Non-medical consumables (gloves, masks, toiletries)
- Room upgrades beyond eligibility
- Cosmetic procedures
- Treatment exclusions in policy
- Expenses beyond sum insured or sub-limits

Key Features of Cashless Hospitalization

Network Hospitals Only

Cashless facility is available only at hospitals tied up with the insurer.

Pre-Authorization Required

Treatment must be approved by insurer before settlement.

Policy Terms Apply

Coverage depends on:

- Sum insured
- Waiting periods
- Sub-limits and exclusions

Partial Approval Possible

If some expenses are not covered, the patient pays the balance.

Cashless vs Reimbursement Claims

Feature	Cashless Claim	Reimbursement Claim
Payment	Insurer pays hospital directly	Patient pays first, insurer reimburses later
Hospital Type	Network hospitals only	Any hospital
Paperwork	Minimal for patient	More documentation required
Financial Burden	Low	High (initial payment needed)

When Can Cashless Claims Be Rejected?

Common reasons include:

- Treatment in a non-network hospital
- Waiting period not completed

- Policy inactive or lapsed
- Non-disclosure of medical history
- Treatment excluded under policy terms

Documents Required

Even in cashless claims, some documents are necessary:

- Health insurance card / policy details
- Valid ID proof
- Doctor's prescription
- Hospital admission form
- Discharge summary (after treatment)

Common Mistakes to Avoid

- Not checking whether hospital is in the network list
- Delaying intimation to insurer
- Assuming all expenses are fully covered
- Ignoring policy sub-limits and exclusions
- Not carrying insurance card during emergencies

Final Word

Cashless hospitalization is one of the most valuable features of health insurance. It removes the immediate financial burden during medical emergencies and ensures smoother access to quality healthcare. Understanding the network hospital list, approval process, and policy limits helps policyholders use this facility effectively when it matters most.