Why Do So Many Consumers Find Their Medical Claims Rejected?

Description



3 days after my post on whether one should buy private health insurance given that most of us are already covered by MediShield Life and our employerâ??s group health policy, the limelight landed on a colon cancer patient who was coaxed by her AIA agent two years ago to upgrade her plan together with a rider, costing her a more pricey annual premium of $2,790.

This is not the first time a consumer has been misled by an insurance agent. Iâ??ve also highlighted another incident which occurred to a friend of my friend here, where a man chalked up $85,000 in bills and had issues with his claims. (The insurer once again was AIA.)

In this recent case, the patientâ??s original plan which she bought in 2000 covered hospitalization in B1 wards in government hospitals. When she developed diabetes in 2010, her plan was able to help reduce her financial burden.

However, her agent then recommended her to upgrade on the pretext that she could enjoy maximum coverage for private hospitalization bills. Iâ??m not surprised when insurance agents ask people to upgrade or even switch their plans, because that is how they earn their commissions, after all.

But despite paying more hefty premiums, the patient received a rude shock when AIA told her they would only pay $75,000 of her $320,000 total hospitalization claim. AIAâ??s rationale was that her pre-existing condition of diabetes had not been disclosed during the upgrade (but errrrrr she had already

made diabetic claims under her previous plan before).



If you were her, and at the age of 62, where would you find the remaining $245,000 to pay? Especially if youâ??ve not been building up your emergency funds because you had reassurance that your health insurance plan would cover all of your bills?

Although AIA did eventually agree to pay the full sum, we cannot assume all of us will be as lucky as Madam Lily Ng. This also relates to point 2 of my original post, where I explained how your pre-existing medical conditions will be excluded when you buy (or change) your plans.

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Why do such incidents happen? The reasons are simple:

1. People tend to trust their insurance agents too much.

I donâ??t care what these people call themselves â?? insurance agents, financial advisers, wealth planners and what not. In this business, it all works via commissions, so agents are naturally vested to sell you a product that they stand to earn the most from. This also explains why many often ask people to upgrade their plans, or switch to a â??betterâ?• plan.

In fact, I have met a number of insurance agents who canâ??t even answer my questions about the policy they try to sell me when I really deep-dive into the terms and clauses. And Iâ??m not even trained in finance! It disgusts me when people canâ??t even do their job well.



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While I do not deny that there are some good agents out there, such people are as rare as unicorns. The majority of agents are trained to sell. I was once recruited as a financial adviser and they tried to draw me in with the promise that I would be able to earn more than $5,000 a month in pure commissions. If you get sucked into the job, wouldnâ??t you want to sell as many policies as you can in order to maxmize your earnings too?

Many innocent consumers have been suckered by their insurance agents. Donâ??t be the next victim.



2. People do not bother to understand the terms of their policies.

Yes, I know you are busy, but surely your health over a lifetime warrants at least an hour of your time to look through what youâ??re buying into?

Very few people I know actually bother to read the thick T&C documents that come with their insurance policies. (I always do.) Then, when crisis strikes, they kick up a big fuss saying that they â??didnâ??t knowâ?•, â??werenâ??t awareâ?• or â??not what [they] expectedâ?•. Good job. The fault isnâ??t always with the insurer â?? we consumers need to be smarter about what weâ??re signing up for as well!



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Look, I donâ??t care whether your insurance agent is a â??trustedâ?• family member or an â??old friendâ?•. If youâ??re not willing to read and understand the terms of your own policies, then be prepared to shoulder the consequences of your own mistakes in the future.

3. People do not bother to do their own due diligence.

Do you know what are the limitations of MediShield Life? Do you know whether your employerâ??s health insurance is sufficient? Do you know what are the limits of your private health shield plan?

These things are complicated. I get it. But come on, there is no excuse, especially when you have financial bloggers like me doing the brain-work for you and breaking it down in easy-to-digest posts. It makes me sad that some of my friends who come to me for advice on financial matters ask me questions that Iâ??ve already addressed in my posts (and then when I highlight this, they usually say â??oops! I saw you posting but didnâ??t read itâ?•). If people can spend hours each day on Instagram or following lifestyle bloggers, I donâ??t see why you canâ??t take 10 minutes to read about a finance matter that WILL eventually affect you (whether you like it or not).



You really have no excuse. Even the government has made it easier for us now to compare the different plans in the market before we decide what to buyâ?¦instead of buying what our insurance agent recommends to us (which typically happens to be the policy that can line their pockets with the most cash).

â??But I thought my policy was supposed toâ?¦â?•
â??But my agent saidâ?¦â?•
â??But everyone I know buys this policyâ?¦â?•
â??But I already paid all these (upgraded) premiumsâ?¦â?•

Whatever your ~~excuse~~ reason is, donâ??t you think it is a little too late to whine only when you end up being unable to claim your bills?

Insurance companies write these terms & conditions to protect their own interests. Shouldnâ??t you at least read them, so you can protect yourself too? Never expect your agent to protect your interests for you (it is a bonus if they do, but that doesnâ??t discount you from doing the work yourself).

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No one else is responsible for your own health (and life) other than yourself. **NO ONE ELSE BUT YOU.** Get it?

Sorry if I sound a bit harsh, but sometimes people really need to be given a hard knock on their heads before they wake up. Mine came when I paid over $3,000 for an insurance policy I stupidly bought without understanding.

Finally, to summarize, what can consumers like us do, in order to ensure that we do not end up in such situations in the future?

1. Do not ever blindly trust what your agent says.

No matter how good your agent is, never trust him 100%. You need to be in the know as well. When in doubt, clarify with the insurance company directly.

2. Always verify claims directly with the insurance company.

If youâ??re about to proceed with treatment based on your agentâ??s words that you can claim for them, verify this with the insurance company directly to double-confirm that it is indeed claimable. Ask for this in writing if possible, so you can have documented proof of their approval (that way, it is harder for them to deny and try to refuse your claim on new groundsâ?¦because to do so would be negligence on their end when you first enquired).

3. Read through the terms and conditions of your policies.

Make sure you understand them, and clarify if you need to. Look out for exclusions and conditions tied to claims or approvals.

4. Pay attention to pre-existing illness coverage.

If you are ever asked to switch or upgrade to a â??betterâ?• policy, remember to flag out whether

coverage is included pre-existing illnesses that have developed after you bought your original policy. (Most of the time they wonâ??t be, which is why you probably shouldnâ??t change your policy!)

With (harsh) love,
Budget Babe

Category

1. Insurance

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