

# Catastrophic Medical Expenses: A Comorbidity Requiring Multilevel Intervention

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## ABSTRACT

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Catastrophic medical expenses are a significant yet often overlooked comorbidity, particularly in low- and middle-income countries like India. This article examines the causes, consequences, and potential solutions to mitigate the financial burden of healthcare.

Hospitalisation costs, especially for uninsured individuals, can lead to severe financial distress, pushing families into poverty. High-interest loans, often taken to settle medical bills, further exacerbate the crisis, compromising the nutritional, educational, and healthcare needs of vulnerable family members. This sets off a vicious circle of poverty and ill-health.

Public awareness and sensitisation of healthcare providers are critical, as uncompromising adherence to expensive investigation and treatment protocols may inadvertently contribute to financial ruin among vulnerable patients.

Motor vehicle accidents, a major public health issue, are a leading cause of catastrophic expenses. Young adults are frequent victims. Unfortunately they are often uninsured due to perceived low risk. Human error accounts for over 80% of road injuries, underscoring the need for public education on safe road behaviour. Lifestyle factors like tobacco and alcohol use also contribute to severe health conditions, emphasising the importance of preventive measures such as regular exercise, balanced diets, and early detection through screening.

The dilemma of ICU admissions for patients with poor prognosis highlights the need for ethical and financial sensitisation among healthcare providers. Social pressure often leads to futile ICU admissions and unaffordable treatments. Doctors must balance clinical guidelines with families' financial realities, guiding them toward cost-effective alternatives when appropriate.

Inadequate insurance coverage and frequent claim rejections further compound the issue. Government-sponsored schemes like Ayushman Bharat Yojana aim to provide financial protection, but challenges persist. Strategies to reduce claim rejections include enhancing data accuracy, verifying eligibility, and leveraging technology.

In conclusion, addressing catastrophic medical expenses requires multilevel interventions, including public awareness, provider sensitisation, preventive healthcare, and robust insurance systems, to ensure financial protection and universal health coverage.

**Keywords:** Catastrophic health expenditure, Financial protection, Insurance, ICU admissions, Claim rejections, Preventive healthcare, India

\*See End Note for complete author details

Medical expenses are inevitable during the course of hospitalisation. For those who do not have sufficient insurance coverage, expenses can accumulate quickly and result in financial distress.<sup>1</sup> Regardless of the outcome for the patient, the family's financial stability could be compromised. High-interest loans from local lenders are often taken to settle medical bills.

Many families are pushed into poverty as a result. Indirectly, this affects the nutritional, educational, and

healthcare needs of other family members, some of whom are vulnerable, as is the case with young children or frail elderly individuals.<sup>2</sup> The general public must be made aware of the risk of such catastrophic expenses so that they can take better care of their own health. Doctors need sensitisation mainly because the guideline-based diagnosis and treatment paradigms they recommend in good faith might inadvertently pave the way to financial ruin for the family.<sup>3</sup>

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### Common causes of catastrophic medical expenses

In India, motor vehicle accidents are a major public health issue, resulting in numerous deaths and injuries. Hospitalisation, surgery, and ICU care can result in large medical bills which the patient or the family is often unprepared for. Many victims of road trauma are young adults who might not have taken health or accident insurance, because they assume that they might not need it due to their young age.<sup>4</sup> While roads and infrastructural deficiencies are often blamed, it is known that over 80% of such injuries are the result of human error.<sup>5</sup> Many people assume that getting a driver's license means they have mastered the use of the road. But there are numerous behavioural anomalies that predispose inexperienced road users to accidents. Sustained efforts are required to educate the general public about safe road behaviour.<sup>6</sup> Such efforts reduce injuries not only to themselves but also for other road users.

Lifestyle factors such as tobacco and alcohol use are responsible for a large proportion of severe health conditions, including cancer, myocardial infarction, and stroke.<sup>7</sup> Eliminating these two factors from one's lifestyle can prevent numerous instances of hospitalisation and thus avoid catastrophic expenses. Regular exercise and a balanced diet with attention to routine preventive measures such as vaccination and recommended age-related health evaluations for non-communicable diseases such as hypertension and diabetes mellitus can help prevent hospitalisations, while screening and early detection help detect serious conditions at an early and treatable stage.<sup>8</sup> This is another way to reduce the impact of catastrophic expenses in the general population.

Doctors are often confronted with the dilemma of admitting patients to ICU even when the prognosis is poor. Many doctors recount facing social pressure from relatives who want everything done for their loved one, despite knowing that ICU admission will not make a difference in the outcome. Likewise, expensive treatments for conditions such as advanced cancer can sometimes result in large out-of-pocket expenses which are beyond the reach of families. Lack of medical knowledge leads them to believe that spending large amounts of money will bring their loved one back to health.<sup>9</sup> Although well-versed in diagnostic modalities and the latest treatment guidelines, doctors also need to be sensitised to the financial consequences of the recommendations that are made. Not all families can bear large out-of-pocket expenses, and in such situations, the doctor could guide them in good faith towards less

expensive yet effective alternatives. Futile ICU admissions should be minimised, especially for those individuals who need only comfort care towards the end of their life.<sup>10</sup> Along with discussions about making an accurate diagnosis during ward rounds and case presentations, medical students must receive early insights into the financial consequences of the advice they will eventually provide as doctors in the future.

One of the major issues in this context is the lack of sufficient insurance coverage. Many individuals fail to obtain health insurance. Among those who are insured, claim rejections represent a significant setback. Rejection could occur due to various factors. Some of these are due to failure to disclose pre-existing health conditions at the time of purchase of the health insurance policy. This is the most frequently reported reason for claim rejection.<sup>11</sup>

### HEALTH INSURANCE IN INDIA

In India, several public and private sector companies provide health insurance. In addition, various government-sponsored health insurance schemes have been launched to address the healthcare needs of its diverse population. These schemes aim to provide financial protection, especially to vulnerable and underserved groups.

#### Key government-initiated health insurance schemes in India include:

1. Ayushman Bharat Yojana (ABY): Also known as the Pradhan Mantri Jan Arogya Yojana (PMJAY), this scheme provides health coverage of up to ₹5 lakhs per family per year for secondary and tertiary care to economically weaker sections of society.<sup>12</sup>
2. Pradhan Mantri Suraksha Bima Yojana (PMSBY): This scheme offers annual accident coverage of ₹2 lakhs for accidental death or total disability and ₹1 lakh for partial disability to Indian citizens aged 18 to 70 years.<sup>13</sup>
3. Aam Aadmi Bima Yojana (AABY): A national health insurance scheme targeting rural and landless households, providing coverage for accidental death and disability.<sup>14</sup>
4. Central Government Health Scheme (CGHS): Offers healthcare services to Central Government employees, pensioners, and their dependents.<sup>15</sup>
5. Employees' State Insurance Scheme (ESIC): Provides comprehensive medical coverage to workers in the organized sector, including their families.<sup>15</sup>
6. Rashtriya Swasthya Bima Yojana (RSBY): Offers

coverage of up to ₹30,000 per family per year on a family floater basis for those below the poverty line.<sup>15</sup>

7. Janani Suraksha Yojana (JSY): A safe motherhood initiative promoting institutional deliveries to reduce maternal and neonatal mortality.<sup>15</sup>

In addition, several Indian states have implemented state-specific health insurance schemes to address local health concerns and expand access to healthcare services. These programs collectively contribute to improving health equity and access, particularly for underserved populations.

### **Navigating Medical Claims Rejections: Causes and Solutions**

Medical claims rejection is a persistent challenge in healthcare, causing financial losses for providers and stress for patients. Effective management of this issue is essential.

#### **Understanding Medical Claims Rejections**

Medical claims rejections occur when an insurance company denies a healthcare provider's request for reimbursement. Unlike denials, rejections often stem from errors that can be corrected and resubmitted.<sup>16</sup>

#### **Common Causes of Claims Rejections**

- Policy-related reasons and eligibility issues
- Data entry errors
- Authorization and precertification issues
- Medical-related reasons
- Administrative reasons
- Other reasons such as natural disasters and regulatory barriers.<sup>17</sup>

#### **Strategies to Prevent Medical Claims Rejections**

- Enhancing data accuracy through electronic health records.
- Verifying patient eligibility and coverage at each visit.
- Implementing robust coding practices.<sup>18</sup>
- Streamlining authorization processes and tracking.
- Monitoring timely filing deadlines.

#### **Addressing Rejected Claims**

- Analyzing rejections using denial management software.
- Educating staff on insurance compliance and proper documentation.

- Leveraging technology to pre-empt common errors.<sup>19</sup>

### **CONCLUSION**

Lack of health insurance coverage causes financial distress to a significant number of people while facing catastrophic medical expenses. Among those who have purchased health insurance, medical claims rejection is sometimes encountered, but proactive measures can significantly reduce its impact. By focusing on accuracy, compliance, and technology, providers can streamline their claims processes and improve financial outcomes. Collaborative efforts between providers, payers, and technology partners are crucial for creating a more efficient healthcare reimbursement system.

### **END NOTE**

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