

Debunking medical insurance co-payments

As healthcare expenses continue to rise, managing medical costs without sacrificing quality care has become a top priority for many. In Malaysia, medical inflation surged by 12.6% in 2023, far outpacing the global average of 5.6%. This trend has led many to explore more cost-effective ways to secure health coverage, with medical insurance and Takaful plans featuring co-payments emerging as popular options.

Bank Negara Malaysia recently announced that all Malaysian insurers and Takaful operators must offer Medical and Health Insurance and Takaful (MHIT) products with co-payment features option starting Sept 1, 2024. But what exactly are co-payments, and how can they benefit you?

Understanding medical co-payments

Co-payments are a cost-sharing arrangement between you and your insurer or Takaful provider. Essentially, for each medical bill, you pay a portion, and your

InsureLit Matters

by Sun Life Malaysia



insurer covers the rest. By opting for co-payment features, you can enjoy savings on premiums or contributions, making this option financially attractive, especially for those who don't frequently require medical attention.

Medical products with co-payment features can have premiums or contributions that are 19% to 68% lower than those without co-payments, depending on the co-payment level you choose. This makes it an appealing option for individuals looking to balance healthcare needs with financial considerations.

Who should consider?

Co-payment plans are for everyone, but they can be particularly beneficial for:

- **Healthy individuals:** If you're generally in good health and only visit the doctor occasionally, a co-payment plan can help you save money on premiums/ contributions while still providing coverage when you need it.
- **Budget-conscious families:** For those managing tight budgets, the lower premiums/ contributions of co-payment plans allow you to maintain essential health coverage without straining your finances.

Types of co-payments

There are two primary types of co-payments you might encounter:

- **Deductible:** This is a fixed amount you must pay before your insurance or Takaful coverage kicks in. For example, if your deductible is RM1,000, you'll need to cover the first RM1,000 of your medical costs before your insurer or Takaful provider takes over.
- **Co-Insurance/Co-Takaful:** After meeting your deductible, you're responsible for a percentage of the remaining medical bill. For instance, with a 20% co-insurance

rate, you would pay 20% of the bill, and your insurer or Takaful provider would cover the other 80%.

Each option has its own benefits,

and the right choice depends on your financial situation and how frequently you anticipate needing medical care.

The Fine Print

While co-payments can significantly reduce your premiums or contributions, it's important to know when they do and don't apply. Co-payments are typically waived in certain situations, such as:

- **Emergency treatment:** Including cases resulting from accidents.
- **Outpatient follow-up for critical illnesses:** Such as cancer or kidney dialysis.
- **Treatment at government healthcare facilities:** Where co-payments are generally not required.

Choosing a co-payment plan can be a financially savvy move, allowing you to obtain necessary care without overspending. With the flexibility to select a plan that suits your financial circumstances, medical plans with co-payment features offer a practical solution for managing medical expenses.

For those who already have a plan without co-payment features, there's no need to worry—you can continue with your existing plan upon renewal. However, if you're looking to lower your monthly insurance or Takaful commitments while maintaining coverage, consider exploring co-payment options with your insurer or Takaful operator.

Follow Sun Life Malaysia's InsureLit Campaign to enhance your insurance or Takaful knowledge for a financially fit future for you and your family. Visit www.sunlifemalaysia.com for more information.