

Why is there a row over Ayushman Bharat rates?

A young patient receiving treatment under the Tamil Nadu Chief Minister's Comprehensive Health Insurance Scheme at the Rajiv Gandhi Government General Hospital in Chennai. File | Photo Credit: [B. Jothi Ramalingam](#)

Ayushman Bharat, the world's largest health insurance scheme aimed at covering 50 crore Indians, is facing teething troubles. In May, the government published the rates that insurance companies would pay hospitals for the 1,350 procedures covered under the scheme. These rates have become a sticking point for hospitals, which have criticised them as arbitrary and low. For example, the price of Caesarean section, at 9,000 for five days of hospital stay, food and consultation, is "laughable," says Girdhar Gyani, director-general of the Association for Healthcare Providers India (AHPI). Even government hospitals incur 7,000 a day just to maintain a bed, he adds. Doctors have also criticised the clustering of medical conditions in the rate list. For example, treatment for tuberculosis and HIV with complications will be reimbursed at the same rate of 2,000 a day. Anupam Singh, assistant professor, medicine, at Ghaziabad's Santhosh Medical College, says this is irrational. "HIV complications can be pretty serious. Cryptococcal meningitis requires costly anti-fungals," he points out. This means both illnesses must be compensated differently, he says. The fundamental problem, according to doctors and hospitals, is that the reimbursement rates were not calculated in a scientific manner.

Ayushman Bharat did rely on a study of over 100 hospitals in 60 cities, according to Dinesh Arora, director of the scheme. But these were mostly hospitals with under 50 beds in tier-2 and tier-3 cities. The cost structure of these hospitals is substantially different from tertiary-care hospitals in tier-1 cities for multiple reasons. Tertiary-care hospitals have super-specialists, a greater nurse/bed ratio, and hi-tech facilities such as catheterization labs, all of which cost more. Mr. Gyani says almost all neurosurgical procedures, and several cardio procedures, have to be carried out in such facilities, because few smaller hospitals can do so. But the Ayushman Bharat rates don't account for these differences.

For now, the government is committed to the launch date of August 15. But officials have acknowledged that the rates will be revised. Ayushman Bharat has asked the AHPI to submit a list of 100 key procedures, for which a detailed cost study will be done. The results may come out around January 2019, says Mr. Arora. Until then, Ayushman Bharat has asked hospitals to cooperate, and the AHPI has agreed. "We have more or less agreed to support the scheme until then," says Mr. Gyani.

In 2016, the Karnataka Knowledge Commission, a body under the State government, did a small study comparing the costs of 20 frequent medical procedures with reimbursement rates under the Vajpayee Arogyashree, Yeshaswini and CGHS insurance schemes. The study found rates to be lower than costs for almost all procedures under all schemes. For example, if a surgery to repair an atrial septal defect (a hole in the wall between heart chambers) cost hospitals 1,59,438, they received between 29% and 34% of this amount under the CGHS. The problem was that this study covered only four private hospitals in Bengaluru, and was not representative of Indian variations. But it showed that hospitals could be subsidising medical procedures greatly.

One reason reimbursement rates are low under the CGHS is that they are decided through a tender system, which picks the lower quotes from hospitals. Further, even these rates are not paid on time. A 2010 paper from the Indian Council for Research on International Economic Relations calculated that the average delay in paying hospitals under the CGHS was four months. Furthermore, the AHPI claims the CGHS still owes hospitals 400 crore in back payments.

Mr. Arora says the problems plaguing the CGHS will not affect Ayushman Bharat. "We are committed to this. If you see our guidelines, we say the payments will be made within 15 days." A memorandum of understanding to this effect will be signed with the States.

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