

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:978

ANSWERED ON:30.07.2010

CASHLESS TREATMENT FACILITY UNDER HEALTH INSURANCE

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Will the Minister of FINANCE be pleased to state:

- (a) whether the insurance companies have discontinued the facility of cashless treatment in major hospitals for exorbitant fees being charged by them for the treatment of patients;
- (b) if so, the details thereof alongwith the names of such hospitals which have been taken out from list by the Insurance Companies, State-wise;
- (c) whether the Insurance Regulatory and Development Authority (IRDA) has received complaints in this regard during the years 2009 and 2010;
- (d) if so, the details thereof;
- (e) whether such discontinuation of cashless facility of treatment is violation of the consumer rights;
- (f) if so, the details thereof; and
- (g) the remedial measures taken by the Government/IRDA in the matter?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): The Insurance Regulatory and Development Authority (IRDA) has informed that the Insurance Companies have neither stopped nor discontinued the cashless treatment facility, but only modified the list of network hospitals to control healthcare costs in the interest of policy holders.

(c) to (g): IRDA has received some representations from policy holders and also hospitals in the matter. The Authority has taken up the matter with the four Public Sector Insurance Companies who have informed the IRDA that the adoption of the "Preferred Provider Network"(PPN) system with the package rates would benefit the insured by lowering the cost of every hospitalization leaving a larger balance in the sum insured in the policy for future hospitalization. Further, the lower cost will also reduce loading on policy premium at the time of renewal. Thus, this PPN system is in the interest of all health insurance policy holders.

It was further confirmed by insurers that in case of emergency and trauma cases, cashless facility will be provided at all hospitals irrespective of the fact that they are part of the Preferred Provider Network or not.