

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4415

ANSWERED ON:20.08.2010

CASHLESS TREATMENT FACILITY

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Will the Minister of FINANCE be pleased to state:

- (a) whether the cashless treatment facility in various hospitals has been modified after objections were raised by the insurance companies;
- (b) if so, the details thereof alongwith the reasons therefor; and
- (c) the action taken to ensure that the patients are not denied the treatment?

Answer

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

(a) to (c): The Public Sector General Insurance Companies have been incurring health insurance claims in excess of premium received and after factoring in acquisition costs, which are around 10%, and the management expenses which are over 25%, the Combined Ratio i.e. the total expenses for health portfolio exceed 140% of the premium income. In an effort to rationalize the health insurance portfolio and provide health care at an affordable cost and at the same time help the insurer to control ever increasing cost of health care, the Public Sector General Insurance Companies have initiated the process to create a Preferred Provider network (PPN) of hospitals in four cities i.e. Delhi, Mumbai, Chennai and Bangalore. At present the PPN includes a network of 449 hospitals (Delhi-163, Mumbai-121, Chennai-84 and Bangalore-81) and more number of hospitals are joining the network. These hospitals provide cashless facility to the insured and package rates for 41 common surgical procedures have been fixed. These package rates would stabilize the hospitalisation cost and would benefit the insured by lowering the cost of every hospitalisation leaving a larger balance in the sum insured for future hospitalisation. In order to minimize inconvenience to the insured persons, effort has been made to have a geographical spread of the network hospitals. In addition, the cashless facility is also available in non-PPN hospitals for emergency and trauma cases and the settlement of claim on reimbursement basis continues to be available for all hospitals, in these cities. In rest of the country, the earlier process of rendering cashless facility is still continuing.