

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4906
ANSWERED ON:02.09.2011
CASHLESS HEALTH INSURANCE SCHEME
Punia Shri P.L.

Will the Minister of FINANCE be pleased to state:

- (a) whether the cashless health insurance facility is being misused by the hospitals;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the insurance companies are turning their back on policy holders due to the said misuse;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the remedial measures taken/being taken by the Government in this regard?

Answer

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

(a) & (b): Insurance Regulatory and Development Authority (IRDA) has informed that as per the study conducted by Insurance Information Bureau of IRDA for 2008-09 and 2009-10, it was found that the Claims severity for 'cashless' basis of settlement is 83% more than the 'reimbursement' and that the cashless basis of settlement is costing more for all types of diseases.

(c) & (d): The insurers offer cashless facility in their Partner Network of hospitals as a form of claim settlement procedure under the contract. This Network is dynamic and subject to change from time to time. Based on their claims experience, and after examining the costs of different medical procedures as evidenced by the Claims settled, the insurance companies negotiate rates for certain medical procedures and normally include in the Network only those hospitals who have agreed to the rates. The cashless facility will remain available in all hospitals in the Partner network listed by the insurers.

(e): In order to ensure that the interests of the policyholders are not adversely affected, at times when a change in Network is effected by insurer, it has directed all the insurers offering cashless facilities under medical insurance to inform the policyholders at all times, the nearest possible alternative hospitals where the cashless facility is available and the conditions thereof.