

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1776
ANSWERED ON:22.08.2012
PPN SCHEME IN HEALTH INSURANCE
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Will the Minister of FINANCE be pleased to state:

- (a) whether the public sector insurance companies have introduced a Preferred Provider Network (PPN) scheme in health insurance and removed a number of hospitals from their empanelled list for health insurance coverage;
- (b) if so, the reasons therefor; and
- (c) the details of the impact of this move, State-wise and company-wise?

Answer

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

(a) to (c): With a view to provide quality health care at an affordable cost and at the same time help the insurers to control the ever increasing cost of health care, the Public Sector General Insurance Companies (PSGICs) had initiated the process to create a Preferred Provider Network (PPN) of hospitals in the year 2010. Initially the PPN was launched in four cities viz., Mumbai, Delhi, Bangalore and Chennai w.e.f. 1st July, 2010. In selection of the hospitals care was taken to ensure geographical spread of the hospitals for the convenience of the insured. Initially the number of hospitals which agreed to join the Network was 328 (Delhi-131, Mumbai-74, Chennai-65 and Bangalore-58). As the initiative aimed at rationalization of empanelment of hospitals and standardization of rates and specified procedures followed by the hospitals, there was some resistance from some of the hospitals in joining the PPN. The issue was also raised in the Parliament by way of a Calling Attention Motion which was debated in the Rajya Sabha on 17.08.2010. However with passage of time many hospitals who had been on a wait and watch approach started joining the network

On the basis of experience gained in the above named four cities, the PSGICs extended the initiative to Ahmedabad, Hyderabad, Chandigarh (including Jalandhar, Ambala & Mohali) in May, 2011 and subsequently to Kolkata in January, 2012. The number of Hospitals in PPN at the various cities at present is given in the following table:

CITY	NUMBER OF HOSPITALS IN PPN
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DELHI	188
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MUMBAI	165
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BANGALORE	122
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CHENNAI	125
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AHMEDABAD	91
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HYDERABAD 87

CHANDIGARH, JALLANDAR, 87
AMBALA & MOHALI

KOLKATA 63

TOTAL 928

The adoption of the above said PPN system with the package rates and stabilizing the hospitalization costs will benefit the insured in a number of ways Firstly, lowering the cost of hospitalization will leave a larger balance in the sum insured in the policy for future hospitalization, if any, within the policy period and secondly, the lower cost may also reduce loading on policy premium at the time of renewal. Thus, this system is in the interest of all stakeholders.