April 20, 2018  
AITPAIHC/NIA/NS/20Feb/2018

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Dear Sir

**Subject: High claim ratio in Bhamashah Swashthya Bima Yojana**

**Reference:** Rajasthan Health Insurance: Frauds get easy as mandatory Aadhaar checks eased, insurers complain  
The Financial Express By: Sunil Jain | New Delhi | Published: April 20, 2018 5:07 AM

It is said that the Health insurance claims in Rajasthan under the government’s Bhamashah Swashthya Bima Yojana have shot up dramatically, from Rs 7.5 crore in the first week — the current scheme began on December 13, 2017 — to Rs 20.3 crore in the 17th week, taking the current claims ratio to around 70% already

**Someone is stealing public funds**

Increasing the Bhamashah Swashthya Bima Yojana Premium is not the answer to cover the losses. The answer lies in weeding out inefficient and incompetent insurance officers. Fraud cannot occur without their involvement which will be revealed only when investigated for disproportionate asset accumulation.

**The inefficiency and incompetence of the Insurer led to high claims ratio & Premium**

The following reasons are the lame excuses given to cover up inefficiency and incompetence
a. The high claims ensured the premium charged per family rose almost 3.5 times, from Rs. 370 in the first two years to Rs. 1,263 now.
b. Premium per family shot up from Rs. 370 in the first two years to Rs. 1,263 now
c. The central government’s National Health Protection Scheme (NHPS), likely to be rolled out soon, is based on the Bhamashah model.
d. But Bhamashah Swashthya Bima Yojana follows Successful SIPF Mediclaim Model

Anyuta Trust Proposal
Now compare Anyuta Trust Proposal submitted to you with Bhamashah Swashthya Bima Yojana and National Health Protection Scheme (NHPS). Your office said it is not feasible!

The SIPF Mediclaim Policy of Rajasthan posted profits in each year of its operation
In the SIPF Mediclaim Model, the CGHS rates are followed where the Insurer and Hospitals generated marginal revenue surplus while providing quality care to the beneficiaries. The TPA saw that there is no Moral Hazard by any players in the Industry. It started with Rs. 1 lakh as cover value and now reached Rs. 3 lakhs and can reach Rs. 5 lakhs breaking even even with less thars. 600 as premium per family per year. Anyuta was the TPA for 5 years.

Blame game
Today, The New India Assurance Company, blames the Hospitals for Fraud resulting in high claims but the Fraud is the result of the inefficiency and incompetence of the Insurer. It is the Insurers who lack of ability, lack skill, lack proficiency, failure to make the best use of time or resources.

NIACL needs a Competent Medical man as the G M Health Care
The fraud will end the day the Health Portfolio of NIACL is headed by a Medical person who has the in-depth knowledge of Medicine, experience in treating patients and billing. It appears as if the NIACL G M Heathempanels TPAs out of the IRDAI licensed TPAs with an agenda and hence the high claim ratio and increase in the Premium. Are there any investigations done on the settled claims to find out the reasons?

Empaneling TPAs is the beginning of Moral Hazard and is suspicious
Today there is no need to empanel TPAs since they all do medical audits and submit the Claim settlement floats to the Insurer. They do not handle finance, hence the Bhamashah Swashthya Bima Yojana work can be allotted to all IRDAI licensed TPAs and judged on performance.
Moral Hazard starts with the Insurer. Like the Insurance Companies, the Banks also put themselves on high pedestrian only to realize that the Top Management of ICICI, AXIS, Punjab National, Canara Bank were investigated for fraud.

Types of fraud that one can visualize is,
- Fraud by the Hospitals that can be stopped with ease by the TPA
- Fraud by the Insurance Staff that is difficult to control but can be investigated by CBI

Reasons given by The New India Assurance Company for high Claim Ratio is,
- Rising incidence of fraudulent claims
- Not using Aadhaar-linked biometrics to identify patients

The New India Assurance Company blames the Hospitals for Fraud in the form of,
- Hospital has charged for a more expensive procedure while conducting a cheaper one
- No treatment was done, but a claim was raised
- Empaneled Hospitals not having the requisite facilities or billing
- In some cases, individuals were paid a fixed amount and claims made in their names despite no procedures being carried out.

If you have detected all the above frauds and put structures in place then how can the hospitals cheat? How can you post losses? Money trail will disclose disproportionate assets if Insurance staff is involved. You have to order an enquiry because you have collected public funds and not managed it efficiently.

Doctor based TPAs can act as the gate keepers of Health care
They can control/stop/ Hospital frauds if any. They can also recover the settled claim amount at any point in time. But when the Insurance Staff initiate Fraud by appointing select their TPAs, it is difficult to control fraud and the loot of public funds with it. Only way to stop this is by investigating for disproportionate wealth accumulation by the management concerned.

The Hospitals are licensed and regulated by the State Government agencies, Doctors by the MCI, Insurer and TPAs by the IRDAI and the Judiciary is there to provide justice to all.

The Aadhaar-linked biometric is one such instrument to identify a patient. This cannot be a reason for fraud since there are multiple checks and balances in built to the system.

Try Anyuta TPA IRDAI 17 and see how the Claim ratio goes down.
Digitization and all financial transactions will bring transparency and very little scope for blame game. The Bhamashah Swashthya Bima Yojana is totally digitized and all financial transactions are through Banks only. It has in-built checks and balances for transparency and accountability. Hence the Insurer can only blame himself for providing window for fraudulent activities.

This is obvious with your statement that in 2015-16, the first year of the scheme, the claims ratio was 90% i.e. claims of Rs 320.7 crore were made against the premium of Rs 357.4 crore. Hence the Insurer cannot project high claim ratio. The SIPF Mediclaim showed profits in each year of its operation in Rajasthan and you have a wider insurance base than SIPF!

Regards,

Dr. Ravi Shetty Orthopedic Surgeon
CEO Anyuta Insurance TPA in Health Care is the TPA – IRDAI – 17
Attachments: Proposal