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CIRCULATION NOTE

File.No.3640/TNHSP/Ins/2016

Sub: Tamil Nadu Health Systems Project – Chief Minister's Comprehensive Health Insurance Scheme – Continuation of the scheme from 11.01.2017 - floating of tender to select the Public Sector Insurance Company – Tender document submitted for State Empowered Committee(tender accepting authority) approval- Reg.

- Ref:** 1.G.O.Ms No.169/H&FW Dept. Dt.11.07.2011.
2.G.O.Ms No.189/H&FW Dept. Dt.29.07.2011.
3.G.O.Ms No.4/H&FW Dept. Dt.06.01.2016.
4.G.O.MS No. 268/H&FW (EAP I/1) Dept. Dt:17.11.16.
5.Govt. letter No.42914/EAP1/1/2016-1 Health and Family Welfare Dept. dt:18.11.2016.
6.United India Insurance Company Limited letter dated:03.01.2017.

It is submitted that based on Government orders 1st and 2nd cited Chief Minister's Comprehensive Health Insurance Scheme (CMCHIS) is implemented by Tamil Nadu Health system project through the United India Insurance Company Ltd (a Public Sector undertaking). The current scheme covers members of any family whose annual family income is less than Rs.72,000 and the sum assured is Rs.1 lakh per year per family along with a provision to pay up to Rs.1.5 lakh for certain specified 77

procedures. Hence up to Rs.4 lakh coverage is being provided to each family in 4 years. The scheme covers 1,016 procedures which include 23 important diagnostic procedures and 113 follow up procedures. So far, 1.58 crore smart cards have been distributed in the districts. Insurance company is paid premium of Rs.497/- per family per year. This is one of the flagship schemes of the Government of Tamil Nadu launched with the objective of ensuring Universal Health Coverage and providing state of art treatment facilities in the Government and Private sector to the needy. The scheme was inaugurated with effect from 11.01.2012. Vide the G.O. 3rd cited Govt. issued orders for the extension of the scheme for one more year , as per existing tender terms and conditions , which provides for extension for one year on mutual consent. The Government had announced in the Governors Address on 16th June 2016 that the Scheme will be continued. Since the extension period ends on January 10th 2017, the Govt. have issued administrative sanction for the continuance of Chief Minister's Comprehensive Health Insurance Scheme is with effect from 11.01.2017 in the G.O. 4th^t cited, and the Project Director, Tamil Nadu Health Systems Project has been permitted to float tender to select the Public Sector Insurance Company with the approval of State Improved Committee to implement the scheme from 11.01.2017.

With the approval of the SEC in the note dated 18.11.2016 tender notification was published in the dailies on 19.11.2016 with 15 days duration after incorporating theb conditions as

approved in the SEC note. The date of opening the tender has been fixed on 05.12.2016 at 3.30 P.M. For the purpose of evaluation of tender proposals tender scrutiny committee has been formed with the officials of TNHSP.

The salient conditions in the existing scheme and the proposed improved conditions approved by the SEC in the new tender are as follows -

Sl. No.	Existing conditions	New conditions
1	Sum insured - The coverage will be 1 Lakh / 1.5 Lakhs for specialized procedures	Sum insured - The coverage will be 1 Lakh / 2 Lakhs for specialized procedures
2	Payment of premium- Quarterly premium payment method was followed.	The premium will be paid as per the Government employees tender. 95% of the annual premium will be paid at the commencement of that year may bring down the premium
3.	<u>Procedures:</u> 1016_ medical & surgical treatment procedures, 77 specialized procedures, 113 follow up procedures, 23 standalone diagnostic procedures.	<u>Procedures:</u> 312 new procedures have been added and 250 existing procedures have been merged and 459 low utilization procedures have been removed making the scheme qualitatively better with 1027 medical & surgical treatment procedures,

	<p>56 procedures reserved for Govt. Health Facilities.</p> <p>5 high end procedures. Those cases will be approved after the committee approval in TNHSP. Unlisted procedures are not covered as a norm.</p>	<p>154 specialized procedures, 154 follow up procedures, 38 standalone diagnostic procedures.</p> <p>158 procedures reserved for Govt. Health Facilities</p> <p>8 high end procedures. Will be approved on specific government/committee approval where insurance company liability is restricted to 2 lakh only and preauth/claim processing. Unlisted procedures are not covered as a norm.</p>
4	Migrants were not included	Migrants who resided for more than six months in the state as certified by suitable authority will be included after the payment of premium for migrants /employees by Labor department.
5	Orphans were proposed to be issued a single card, but not covered so far.	Orphans as defined by the state government will be given single card.

6	Refund - Only refund clause was applicable if the ICR is less than 80%. No compensation clause.	Refund -Refund clause will be applicable if the ICR is less than 90%. Compensation clause will be applicable if the ICR is more than 110% <i>(Restricted to 50% / Restricted to 50%)</i>
7	The Health Insurance Identity card (Smart card)cost of Rs.50	Existing health insurance card shall be continued. However provision to download and print electronic cards can be qoted seperately.
8	New enrollments done only in the district kiosks	In addition to the district kiosks, Community service centers may be used
9	Beneficiary not linked with Aadhaar.	A mechanism will be developed in consultation with TNeGA to link with Aadhaar
10	De duplication was not mandated in the tender	De-duplication is not mandated as data base is <i>aligned</i> with Aadhaar.
11	EDC committee will decide on empanelment of the hospitals.	EDC will continue. All the eligible hospitals will be considered for empanelment. There is no restriction on the number of hospitals to be empaneled

12	Except for minimal requirement for empanelment there is no specific quality parameters	The Quality assurance standard of Government Of India / NABH entry-level accreditation of hospitals is going to be insisted for all the hospitals including the Government hospitals. The process to be completed within 12 months time.
13	TAT is applicable only to the insurers	TAT will be applicable to both the insurers and the empaneled hospitals in replying the queries.
14	The health records of the patients cannot be seen in the website	Minimal access to his/her health records will be provided
15	Penalty clause more generalized	Penalty up to 5 times the package amount on violation for each occasion to the hospitals/ Insurance company
16	General Grievance redressal mechanism was existing	All grievances should be acknowledged immediately and updated within 3-7 working days. Individual grievance tracking to be made available in the website including the complaints against the empaneled hospitals.
17	Provision to implement other schemes was not available	Provision to implement other schemes like Government Of India will be available.

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18	Eligible person's name was not listed transparently in the public domain	The details will be uploaded in the website for transparency.
19	The beneficiary is ineligible if the income exceeds Rs.72,000/- per year Removal of " Ineligible" names from the scheme was not practiced.	" Ineligible " persons will not be included in the scheme
20	Coverage 1.58 crores families	For the first year premium amount will be eligible for 1.34 crore families and the enrolled beneficiaries have to uploaded in the website after the linkage with Aadhaar and it is anticipated that the coverage would go upto 1.44 crores. Eligible new beneficiaries can also be enrolled as per the conditions of the scheme. Details are listed in clause 12 page 46 and 47 of the tender document.

Based on the response to the Open tender from the Public Sector Insurance companies, as per the report of the tender scrutiny committee, the technical bids of the following four

Insurance companies are found to meet the requirements of the tender and technically eligible.

1. National Insurance Company Limited.
2. The New India Assurance Company Limited
3. The Oriental Insurance Company Limited.
4. United India Insurance Company Limited.

With approval of tender inviting authority and informing all the technically eligible Insurance Companies the financial bids for the Chief Minister's Comprehensive Health Insurance Scheme was opened on 05.12.2016 at 4.30 p.m in the presence of the Project Director,(i/c) Tamil Nadu Health Systems Project. The rates quoted in the financial bids by the insurance companies were read and are as follows:

S.No	Name of the Bidder	Rate quoted in figures without service Tax	Rate quoted in words without service Tax
1	National Insurance Company Limited	Rs.1077/-	Rupees One thousand and seventy seven only
2	The New India Assurance Company Limited	Rs.1085/-	Rupees One thousand and eighty five only
3	The Oriental Insurance Company Limited	Rs.1093/-	Rupees One thousand and ninety three

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			only
4	United India Insurance Company Limited	Rs.1056/-	Rupees One thousand and fifty Six only

As per the rates quoted by the insurance companies, M/s. United India Insurance Company Limited have quoted the lowest rate i.e. Rs.1056/- (Rupees One thousand and fifty Six only). The rate quoted above was considered as high and negotiation was held with United India Insurance Company Limited as per the instruction of the Government. The final negotiation with United India Insurance Company Limited was held on 03.01.2017 by the Project Director TNHSP (in charge) and the Principal Secretary to Government, Health and Family Welfare Department at Secretariat during which the United India Insurance Company Limited have quoted their final rate as Rs.699/- (Rupees Six Hundred and Ninety Nine Only) per annum / per family in their letter dated :03.01.2017. Considering the fact that against the 1.58 crore families covered under the scheme initially pending Aadhaar seeding the premium is proposed to be given with a base of 1.34 crore families and the fact that for specialized procedures amount of coverage has been increased to 2 lakhs from the current amount of Rs 1.5 lakhs and the introduction of in the amount and taking note of the other improvements in the scheme by way of introduction of 312 new procedures which have been added and 250 existing procedures which have been merged and 45 low utilization procedures which

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have been removed making the scheme qualitatively better it is felt that the rates quoted can be accepted. As per the tender terms, the expenditure for the scheme initially for the 1.34 crore families would be Rs 936.66 crores plus service tax applicable of 15 % i.e., 1077.16 crores. As per the tender terms for the first year 50 % of the premium has to be paid at the time of signing the agreement and 25 percent on commencement which would require an amount of Rs 807.87 crores. After Aadhar seeding of the current beneficiary list of 1.58 crore families it is expected to stabilize at about 1.44 crore families.

As per G.O 4th cited, the State Empowered Committee is the Tender Finalizing Authority. Hence the proposal in this note is submitted for -

- i. approving the lowest rate of Rs.699 per annum per family quoted by United India Insurance Company Limited and
- ii. the Project Director, (i/c) Tamil Nadu Health Systems Project may be permitted to issue letter of award of tender to the above insurance company @ Rs.699/- (Rupees Six Hundred and Ninety Nine Only) per annum / per family to implement Chief Minister's Comprehensive Health Insurance Scheme with effect from 11.01.2017 as per terms and conditions issued in tender document.



iii. To move the Government to obtain necessary Government orders seeking budgetary provision annually to implement the scheme.

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Project Director (i/c) TNHSP & Mission Director, SHS., (Dr.J.Radhakrishnan,I.A.S.)

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Principal Secretary, H & FW Dept., (Dr.J.Radhakrishnan, I.A.S.,)

for

DME *[Handwritten signature]* (Dr.Narayana Babu,M.D.,)

DMS *[Handwritten signature]* (Dr.K.Senguttuvan, M.D.,)

[Handwritten signature]
DPH & PM (Dr.K. Kolandaisamy)

[Handwritten signature]
CMA (Thiru.G.Prakash, I.A.S.,)

Secretary Revenue (Dr B.Chandramohan,I.A.S.,)

[Handwritten signature]
Secretary L&E, (Tmt P. Amudha, IAS.,)

[Handwritten signature]
Principal Secretary, MA&WS (Thiru. Phanindra Reddy, I.A.S.,)

[Handwritten signature]
Principal Secretary / Commissioner of RA (Dr K.Satyagopal, IAS,)

[Handwritten signature]
Additional Chief Secretary, Finance (Thiru.K.Shanmugam, I.A.S.,)

[Handwritten signature]
Chief Secretary to Government