Brainstorming for NHPS scheme

What is the issue?

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- The union government in its budget had announced the massive “National Health Protection Scheme” (NHPS).
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- Brainstorming with state governments that already have comprehensive Health Insurance Schemes has highlighted the many challenges.
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What are the challenges?

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- NHPS was touted as the “world’s largest health protection plan”, but concerns of expenditure and infrastructural support sprouted almost immediately.
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- States like Kerala, Tamil Nadu and Andra Pradesh already have some form of mass health insurance program and their experience is now being analysed.
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- Niti Aayog and the Union Health Ministry organised a consultation with these states, where several serious challenges were flagged by them.
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- **Moral hazard -** refers to the tendency of insured people to buy or be sold additional healthcare interventions irrespective of their actual needs.
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- This leading to expenses that do not necessarily add to the health and well-being of the insured but necessarily bleeds the insurer (the government here).
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- Typical moral hazard procedures include Caesarean sections, hysterectomies, and procedures for inserting orthopaedic implants.
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- National Family Health Survey had in fact noted a disproportionately higher

number of C-sections for childbirths if government insurance was available.
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- While the ideal rate for C-sections is 10%-15%, India’s private sector record a whopping 40%, which is in stark contrast with the public hospitals (11.5%).
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- To plug this loophole, Kerala has made it mandatory to get all non-emergency surgical and medical packages pre-authorised.
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- In Tamil Nadu’s case, 138 of the 686 eligible procedures under the insurance scheme are covered only if they are carried out in government hospitals.
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- **Eligibility criteria -** It has been said that eligibility for NHPS scheme will be determined based on data from the socio-economic caste census (SECC).
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- The number of poor and vulnerable beneficiary families eligible for the scheme is proposed to be based on deprivation and occupational criteria.
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- The scheme will be open to all States/UTs and the proposed target population would comprise of:
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(a) Families that belong to any of the 7 deprivation criteria

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(b) Automatically included families as per SECC database for rural areas
(c) defined occupational criteria for urban areas

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- Several states argued that depending on the SECC would limit the reach of the scheme as the SECC data covers only a smaller target group.
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- Some have vouched that the “National Food Security Act” entitlement list be used as the basis of NHPS, which might substantially increase NPHS coverage.
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- **Costs -** During initial meetings with general insurers, NITI Aayog had calculated the annual premium per family to be Rs 1,082.
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- However, insurers have pegged the actuarial premium at Rs 2,500, citing the sustainability of the scheme.
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- If the government agrees to the premium amount put forth by the insurers, the cost will more than double from the present estimate of Rs 10,000 crore.
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- **Procedures -** The Directorate General of Health Services (DGHS) has been asked to prepare a list of procedures/diseases to be covered under NHPS.
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- Once finalised, the list will be circulated to states that opt for the scheme, with a provision to make marginal changes in the package rates.
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- Packages are important because the coverage amount is limited, and no ceiling has been proposed on family size.
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- In addition, a balance will have to be struck between prevalent need (by analysing the disease burden) and procedures that are value for money.
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- For example, whether organ transplant will be covered is a tricky question, as the money paid as premium is meagre and only a few government hospitals have the capability of carrying out such procedures.
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- **Identification -** The document for identification has also been a contentious issue as many states have opposed the usage of Aadhaar for the same.
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What are the aspects under consideration?

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- Parliament enacted the Clinical Establishments (Registration and Regulation) Act in 2010, and a regulatory framework for private hospitals is in the pipeline.
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- The executive action for laying down standard treatment guidelines as specified in the law is hence awaited along with 3rd party audit.
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- The option for pre-authorisation for non-emergency procedures like the kerala’s model is also being considered.
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Source: The Indian Express

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