Chapter-III: Reimbursement of Medical Claims

3.1 System of reimbursement of medical claims of Health Care Organizations (HCOs) by CGHS

The Ministry provides comprehensive health care facilities through CGHS to eligible beneficiaries enrolled under the scheme. These services include outpatient/inpatient treatment, medical investigations and specialist consultations etc. CGHS also reimburses the cost of health care provided to CGHS beneficiaries by private Health Care Organizations (HCOs)[39]. CGHS beneficiaries[40] obtain permission from wellness centres before seeking admission/treatment/diagnosis in the HCOs. In emergency cases, a CGHS beneficiary may be admitted directly to the Hospital. After providing treatment/diagnosis, the HCOs submit the medical claims to the Bill Clearing Agency (BCA), which scrutinizes the bills and forwards to the CGHS for final approval. Thereafter, CGHS scrutinizes 10 *per cent* of bills upto ₹ 10,000, 25 *per cent* of bills upto ₹ 25,000 and 100 *per cent* bills above ₹ 25,000. After approval of bills, CGHS forwards them to the Pay and Accounts Office (PAO) for payment of approved amount to BCA. The PAO makes the payment to BCA, which finally makes payment to HCOs.

3.1.1 Engagement of Bill Clearing Agency

CGHS engaged M/s. UTI Infrastructure Technology and Services Limited (UTIITSL) as BCA on 4 March 2010 for the processing of claims submitted by the HCOs in a time bound manner. The agreement executed with the firm was initially for three years and was further extended from time to time. The BCA scrutinizes and processes each bill and deducts the amounts overbilled by the HCOs and submits the bill to CGHS for final approval.

Office of the Additional/ Joint Director, CGHS of the concerned city again examines certain *per cent* of bills and deducts overbilling, if any, which were overlooked by BCA.

3.1.2 Empanelment of private HCOs by CGHS

With a view to ensuring comprehensive health care to CGHS beneficiaries, apart from Government Hospitals, CGHS has been also, empanelling private HCOs by floating tenders/inviting applications periodically. The scrutiny of the applications and finalisation of the lists of eligible HCOs of a particular city shall be done by a committee under the chairmanship of Additional Director/Joint Director (AD/JD), CGHS of concerned city with two senior most Chief Medical Officers (CMO) of that city as members. AD/JD of concerned

[39] Private Hospitals, exclusive eye hospitals/centres, exclusive dental clinics, cancer hospitals/units, Diagnostic laboratories and Imaging centres.

[40] These includes Central Govt. pensioners and their dependents, Ex-Members of Parliament, Freedom Fighters and Such other categories of CGHS cardholders as notified by the Government.

CGHS city would inform the eligible HCOs to submit the letters of acceptance of the terms and conditions of the empanelment process.

ADs/JDs shall send the details of eligible HCOs to Director, CGHS after signing Memorandum of Agreement (MoA) with eligible HCOs and obtaining Performance Bank Guarantee (PBG) so that the eligible HCOs shall be notified by the Ministry as empanelled HCOs under CGHS. The empanelment shall be for a period of two years from the date of notification or till a new empanelment process, whichever is earlier. All the HCOs shall however, have to participate in the new empanelment process, as and when initiated in order to continue their empanelment under CGHS. Provisionally HCOs are empanelled for two years and are required to get inspected/recommended by Quality Council of India (QCI) within one year of their empanelment.

CGHS has empanelled approximately 2,008 HCOs in 74 cities all over India as on 2 May 2022.

3.1.3 Process of Reimbursement of Claims

Upto September 2015, BCA made provisional payments to HCOs on the basis of admitted claims by the BCA which was modified in October 2015. The process of reimbursement of medical claims up to September 2015 and since October 2015 to 31 March 2021 is given in **Table-3.1:**

Table-3.1

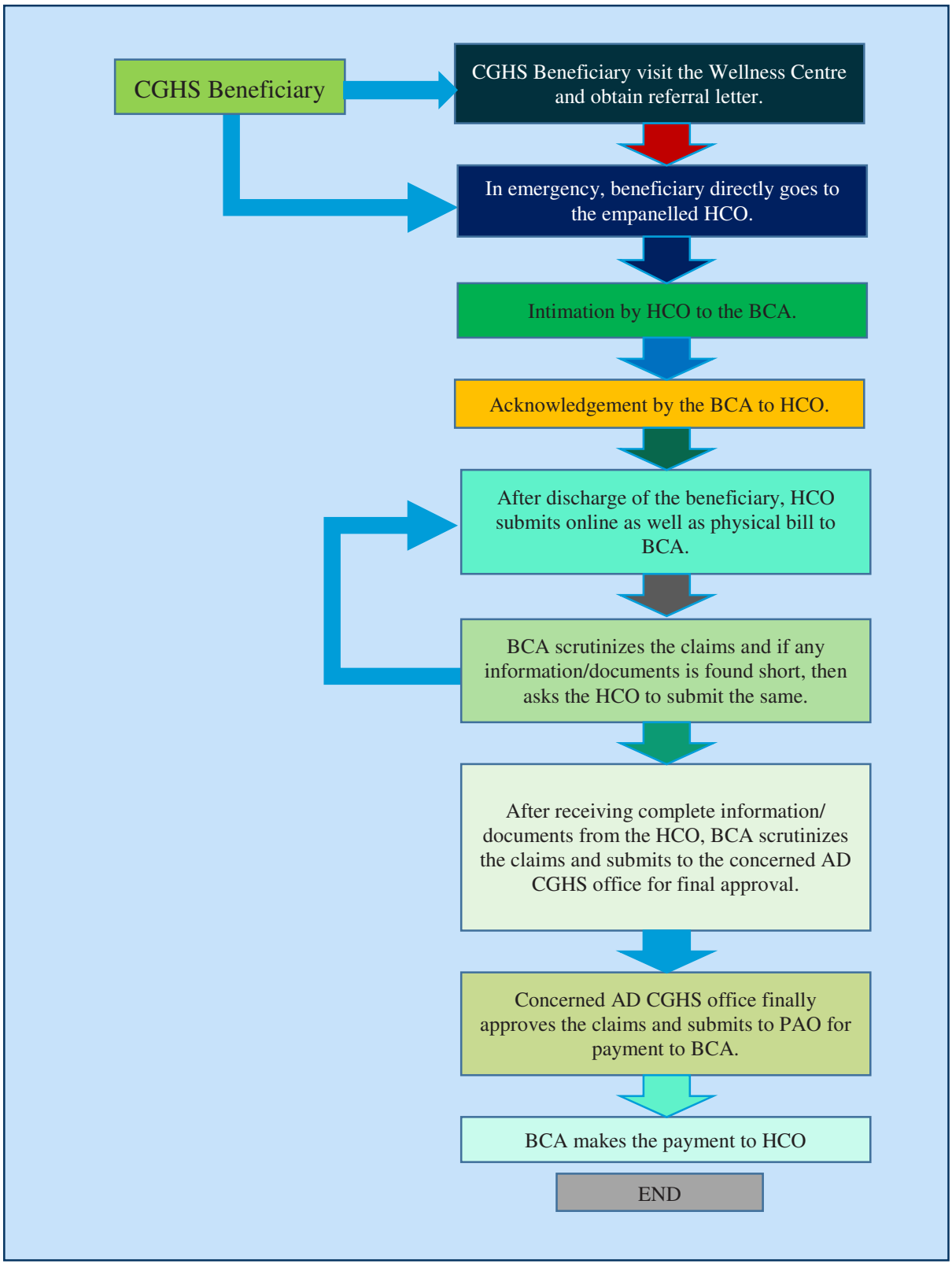
Process	Method of reimbursement of medical claims till 30 September 2015	Method of reimbursement of medical claims from 1 October 2015 to March 2021
Provisional Payment	❖ On receipt of claims from the HCOs, BCA made the payment to HCOs, which was called "provisional payment"[41]. ❖ After prescribed checks, the BCA thereafter, on a weekly basis, forward to the AD (CGHS) of the concerned State, separate claim for each beneficiary duly supported by vouchers along with summary sheet indicating the beneficiaries' wise details and certificate to the effect that the amount included in the claim have been actually paid by BCA to the respective HCOs.	BCA processes the bills, but does not make provisional payment to the HCOs and submit the bills to CGHS for further examination and approval.

[41] For the purpose of "provisional payment", CGHS made advance payment of ₹ 70 crore to the BCA in June 2010.

Scrutiny and finalisation of Claim by CGHS for payment	❖ After that claims were scrutinized by CGHS and sanctions issued to the PAO and any excess payment subsequently noticed during scrutiny of bills by CGHS, intimated to the PAO. ❖ PAO made the payment to the BCA for the amount sanctioned by CGHS towards the recoupment of advance.	❖ The bills received from BCA are processed by CGHS and submitted to PAO for payment of approved amount to BCA. ❖ PAO makes the payment to BCA of amount approved by the CGHS.
Responsibility of BCA in case of excess billing by HCO	❖ It was the responsibility of the BCA to recover the excess payment from the HCOs concerned.	❖ BCA makes the payment to empanelled HCOs. ❖ Excess payment if any noticed by CGHS to HCOs during later date are to be adjusted in subsequent bills of the HCOs.
The Ministry notified (June 2021) that processing of HCOs claims shall be on board at the IT Platform managed by National Health Authority (NHA) as discussed in detail at para no. 3.7.		

The process of reimbursement of medical claims to Hospitals/diagnostic centres is also depicted in **Chart-3.1**:

Chart-3.1 Process of reimbursement of medical claims to HCOs during 2016-17 to 2020-21



3.1.4 Timeline for settlement of claims of HCOs by CGHS

The timelines specified in the Agreement (March 2010) entered with BCA and MoAs entered with HCOs from submission of claims by HCO to approval by CGHS are given in **Chart-3.2**:

Chart-3.2

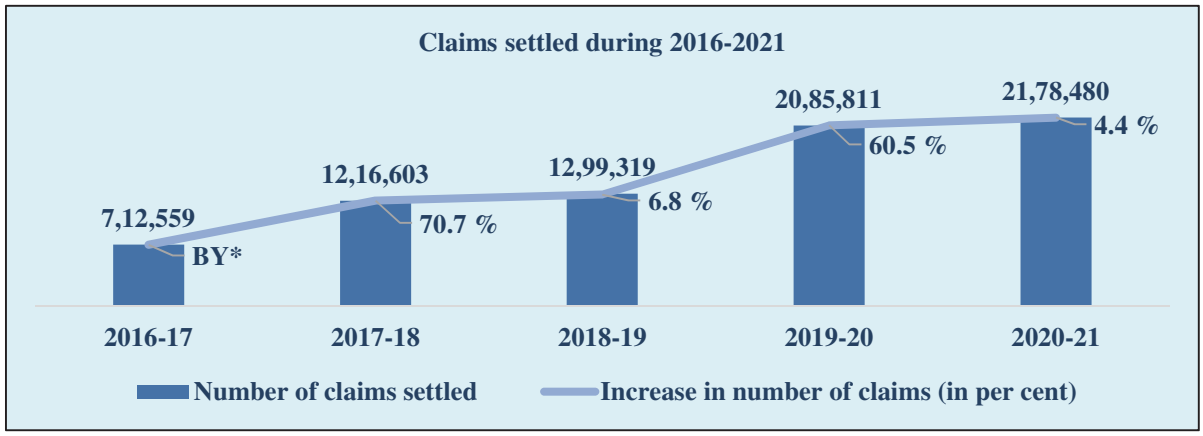
Timeline for settlement of claims

HCOs	• Submission of claim by HCOs to BCA within seven working days after the discharge of patient since 20.02.2015.
BCA	• BCA approves the claims within four working days from the date of receipt of Physical folders from HCOs.
CGHS	• CGHS approves the claim within seven working days after receiving the claim from BCA

3.2 Data Analysis

CGHS provided (April 2021) the data relating to Medical Reimbursement Claims (MRCs) of empanelled HCOs submitted on e-claim system for 2016-17 to 2020-21 in five Excel files. These files contain claims settlement details viz. Claim ID, Name of Hospital, CGHS Region, Admission / OPD Date, Discharge Date, Card Id of Patient, Beneficiary Name, Claimed Amount (by HCOs), Approved Amount (by BCA) and Recouped Amount (by CGHS) etc. The following chart depicts the year-wise claims settled during 2016-17 to 2020-21 (**Chart-3.3**):

Chart-3.3



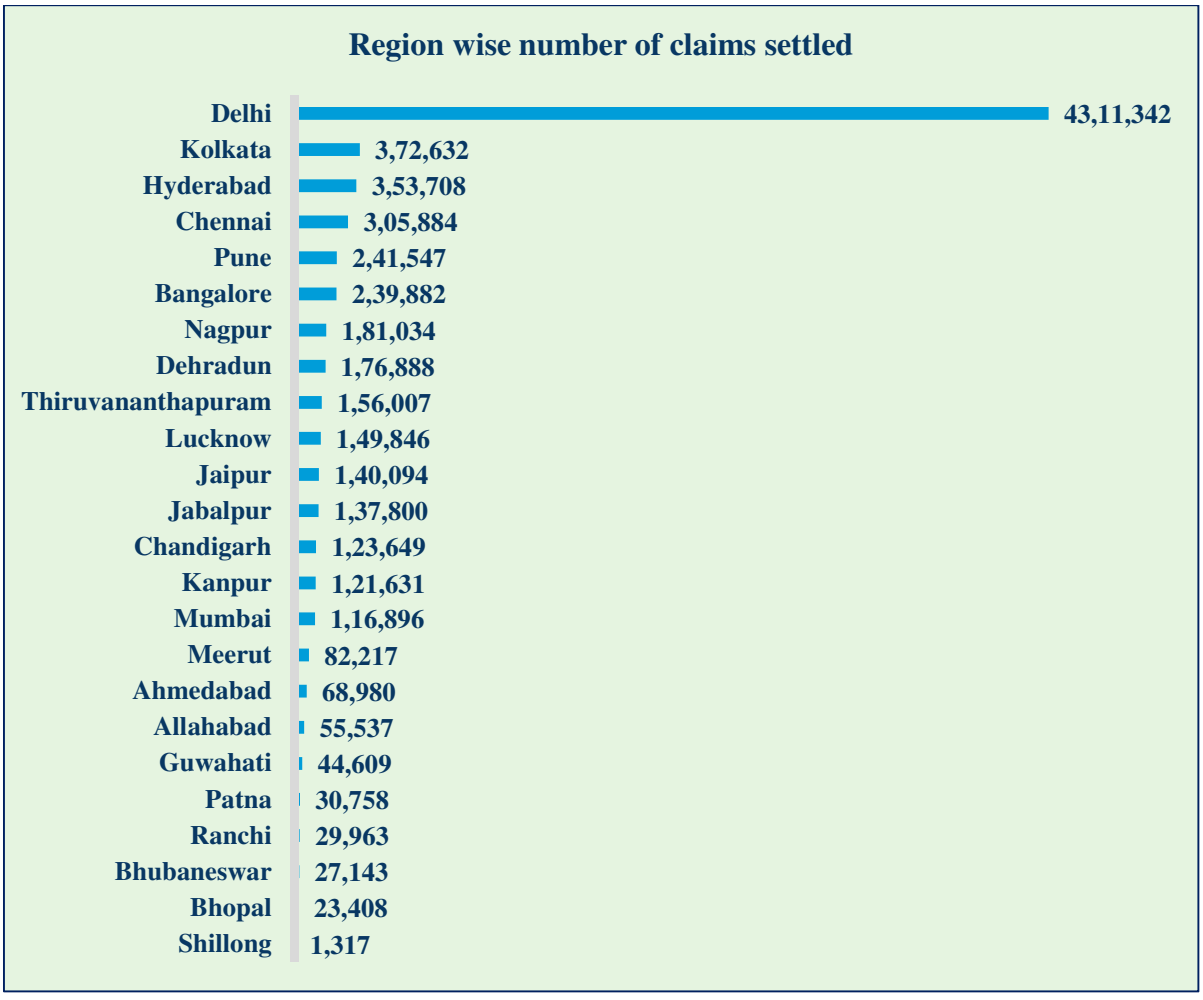
Source: CGHS Database (e-claims system)

*2016-17 is taken as base year for the purpose of calculating the annual growth rate of number of claims settled by CGHS

Number of claims settled in 2017-18 increased by 70.7 *per cent* from 2016-17, in 2018-19, 6.8 *per cent* from 2017-18, in 2019-20 increased by 60.5 *per cent* from 2018-19 and in 2020-21 increased by 4.4 *per cent* from 2019-20 respectively.

Data analysis revealed that out of total 74.93 lakh claims settled by CGHS during 2016 to 2021, 43.11 lakh claims pertain to Delhi NCR Region which is 57.54 *per cent* of total claims. Moreover, apart from Delhi NCR, Kolkata, Hyderabad, Chennai and Pune were top cities with respect to Hospital claims. Details of region wise claims settled during 2016 to 2021 are given in **Chart-3.4**:

Chart-3.4



Source: CGHS Database (e-claims system)

Further, Year-wise and Region-wise analysis of the claims settled during 2016 to 2021 is given in **Annex-3.1**.

3.2.1 In-patient/out patient

Data analysis revealed that out of 74.93 lakh claims settled by CGHS during 2016 to 2021, 9.43 lakh claims (12.59 *per cent*) pertained to inpatient treatment while the remaining

65.50 lakh claims (87.41 *per cent*) were for OPD treatment. Year-wise positions of inpatient and outpatient claims settled during 2016 to 2021 are given in **Table-3.2**:

Table-3.2

(₹ in crore)

Year	In-patient		Out-patient	
	Number	Claim amount	Number	Claim amount
2016-17	1,26,585	578.22	5,85,974	79.01
2017-18	1,84,956	915.19	10,31,647	145.15
2018-19	1,77,491	846.29	11,21,828	141.81
2019-20	2,29,616	1,299.06	18,56,195	259.48
2020-21	2,24,667	1,428.99	19,53,813	293.39
Total	**9,43,315**	**5,067.75**	**65,49,457**	**918.84**

Source: CGHS Database (e-claims system)

From the above it is evident that out of total claims of ₹ 5,986.59 crore settled by CGHS, ₹ 5,067.75 crore were for inpatient treatment (84.65 *per cent*) and ₹ 918.84 crore were for OPD treatment (15.35 *per cent*).

The findings of data analysis are discussed in the succeeding paragraphs.

3.2.2 Over-billing from approved rates of procedures/packages by Health Care Organizations

According to clause 18 (4) and 19 (C) of MoA between CGHS and HCOs, in case of over-billing from the approved rates for a particular procedure/package[42] deal as prescribed by the CGHS, bank guarantee shall be forfeited and the CGHS shall have the right to derecognize the HCOs.

Data analysis revealed that out of 74.93 lakh claims settled during 2016 to 2021, HCOs submitted 15.37 lakh claims amounting to ₹ 4,146.14 crore which were reduced by the CGHS to ₹ 3,575.11 crore detailed in **Table-3.3**:

[42] "CGHS "Package Rate" shall mean all inclusive – including lump sum cost of inpatient treatment / day care / diagnostic procedure for which a CGHS beneficiary has been permitted by the competent authority or for treatment under emergency from the time of admission to the time of discharge.

Table-3.3

(₹ in crore)

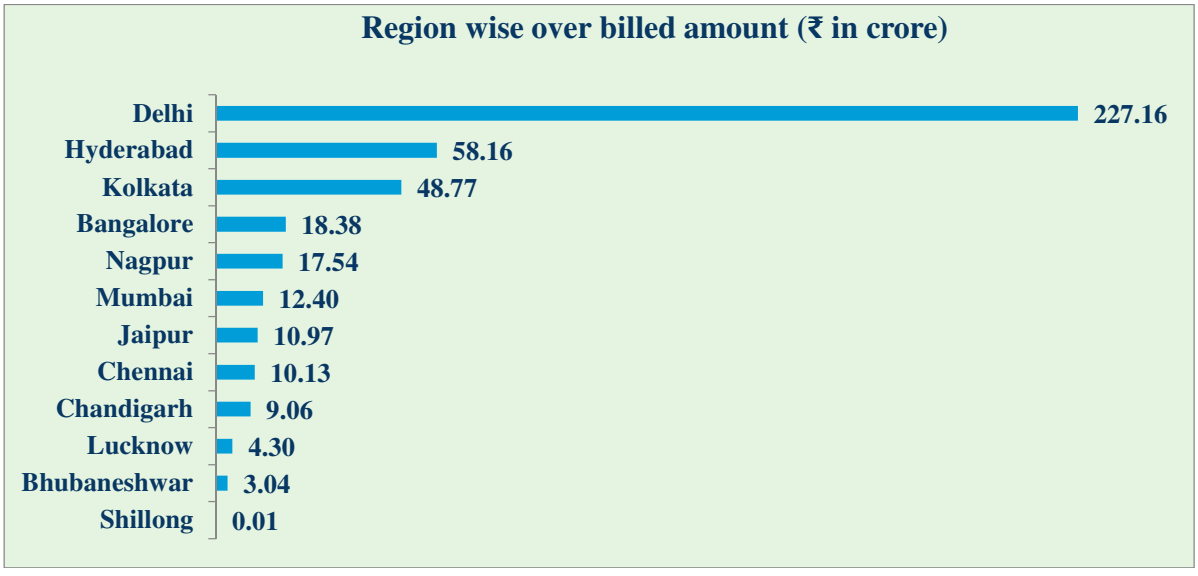
Year (1)	Total Number of claims (2)	Total amount of claims (3)	Difference in claim amount by HCOs and CGHS approved amount				
			Number of claims (4)	HCOs claim amount (5)	CGHS approved amount (6)	Difference in Amount (7) (5-6)	Percentage of claim amount overbilled (7/3*100)
2016-17	7,12,559	657.23	1,63,917	475.94	404.79	71.15	10.83
2017-18	12,16,603	1,060.34	2,79,835	775.43	654.31	121.12	11.42
2018-19	12,99,319	988.10	2,45,512	681.79	589.13	92.66	9.38
2019-20	20,85,811	1,558.54	4,08,923	1,031.76	897.72	134.04	8.60
2020-21	21,78,480	1,722.38	4,38,466	1,181.22	1,029.16	152.06	8.83
Total:	**74,92,772**	**5,986.59**	**15,36,653**	**4,146.14**	**3,575.11**	**571.03**	**9.54**

Source: CGHS Database (e-claims system)

It is evident from the table above that HCOs had over-billed amounting to ₹ 571.03 crore. The amount of overbilling had increased from ₹ 71.15 crore in 2016-17 to ₹ 152.06 crore in 2020-21.

Further, in 12 selected AD offices, (Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Nagpur and Shillong) HCOs over-billed ₹ 419.92 crore, which is given in **Chart-3.5**:

Chart-3.5



Source: CGHS Database (e-claims system)

Audit observed that 1709 HCOs submitted inflated/overbilled claims. The frequency of overbilling by various HCOs ranged from 1 to 33,364 times during the period of review. The reasons attributed to overbilling were as under;

i. HCOs separately claimed for items which were included in package/ procedures *viz.* ECG included in ICU charges, medical consumables included in packaged rate of any procedures and MRI screening charges included in MRI Brain charges, etc.

ii. HCOs made claim for items which are inadmissible *viz.* mouthwash, bed bath, etc.

iii. HCOs made claim for items at the rate which was more than CGHS approved rate.

CGHS replied (April 2022) that whenever HCOs made claim for mouth-wash, bed bath etc. it was disallowed. Difference is seen only where conservative management is billed where discretion and wisdom of the person checking the claim comes into play, largely for items outside the rate list and consumables. These are not instances of overbilling.

Reply is not acceptable as HCOs claimed separately for items which were already included in package/ procedures, items which were inadmissible and for items at the rate which was more than CGHS approved rate.

Further, audit observed that there were instances of overbilling by the HCOs by claiming higher rates, which were overlooked and paid by the CGHS to HCOs as detailed in para 3.2.5.

3.2.3 Claims amounting to ₹ 527.62 crore pending for settlement

CGHS hired the BCA to settle claims submitted by HCOs in a time bound manner. Further, as per agreement with BCA and CGHS (Office memorandum dated 14 January 2015), later shall settle the claims within 11 working days from the date of receiving physical folder of bills from HCOs (four working days by the BCA to process the claims and seven working days by CGHS for final settlement of the claims). However, audit noted that 6.32 lakh claims amounting to ₹ 527.62 crore were outstanding as on 31 March 2021. CGHS replied (April 2022) that due to budget deficit, amounts remained outstanding.

3.2.4 Non-recovery of ₹ 39.87 crore from BCA/HCOs

After engaging the BCA on 4 March 2010 for the process and settlement of claims submitted by the empanelled HCOs in a time bound manner, CGHS released ₹ 70 crore to BCA in June 2010 for making payments to HCOs towards the reimbursement of medical claims. The provisional payment to HCOs was discontinued in October 2015. However, ₹ 38.70 crore was still lying with BCA as on 31 March 2021. Further, an amount of ₹ 1.17 crore (recovery pointed out by CGHS after the provisional payment made by the BCA to HCOs till September 2015) was recoverable from 78[43] HCOs. Out of these HCOs, 72 HCOs had already been de-empanelled and an amount of ₹ 1.01 crore was recoverable from them as of 31 March 2021. CGHS neither recovered ₹ 38.70 crore from BCA nor ₹ 1.17 crore from 78 HCOs.

[43] HCOs from which, less than ₹ 100 were recoverable are not included.

In reply, CGHS (January 2022) stated that final settlement will take place when CGHS closes all dealings with the BCA. Further with regards to recovery of ₹ 1.17 crore from 78 HCOs, CGHS intimated (April 2022) that recovery had been marked by CGHS but could not be affected by UTI-ITSL as the HCOs were de-empanelled. Verification is under process and if found correct it is proposed to send notices to the HCOs.

3.2.5 Excess payment amounting to ₹ 39.32 lakh made to HCOs

As per the agreement[44] executed between CGHS and the HCOs, the empanelled HCOs shall raise claims as per rates prescribed by the CGHS for a particular procedure/package deal. Audit noted during detailed scrutiny of medical claims submitted by the HCOs to CGHS, that in 264 cases, CGHS paid ₹ 39.32 lakh in excess to the rates prescribed to HCOs during 2016-17 to 2020-21 as given in **Table-3.4**:

Table-3.4

(₹ in lakh)

Sl. No.	Item/Procedures	Number of HCOs involved	Number of cases	Amount of overpayment
1.	Covid related payment for excess room rent/ package rate viz. NABH rate to Non-NABH HCOs & payment for number of days more than the number of days patient was actually in hospital (Extra day)	12	84	22.40
2.	Covid related excess payment for item which were included in package rate viz. investigation/lab charges (except Covid test & IL-6 test), and medicines (except experimental therapies-e.g. Ramdesivir etc.)	28	107	8.22
3.	Excess payment for Optical Coherence Tomography (OCT)	3	25	2.36
4.	Payment for metal crown on missing/ extracted tooth	1	10	0.40
5.	Excess rate for removable partial denture	1	29	2.42
6.	Implant charges for knee replacement in excess	3	4	1.18
7.	Other charges which were not admissible *viz.* hospital income	5	5	2.34
		Total	**264**	**39.32**

Source: CGHS Claims Vouchers

[44] Clause 6 and clause 12 (e) of the agreement.

Audit observed that overcharging was due to various reasons *viz.* metal crown fitted on missing/extracted tooth, excess rate, inadmissible covid room charge, medicines/ lab charges included in package for a particular procedure. Hospital wise details of over payment are given in **Annex-3.2**.

CGHS replied (April 2022) that the cases would be verified and amounts recovered if claim of overpayment was found to be correct.

3.2.6 Irregular payment of ₹ 23.70 lakh to HCOs pertaining to serving CGHS beneficiaries

As per the agreement[45] executed with the HCOs, for serving employees (other than CGHS/DGHS/Ministry of Health and Family Welfare), the payment will be made by the patient for treatment/procedures/services to the HCOs and he/she will claim reimbursement from his/her office subject to the approved rates as prescribed by CGHS under clause 6 of MoA. In respect of the following categories of beneficiaries, treatment/procedures/services shall be undertaken/ provided on credit and no payment shall be sought from them by the HCOs.

1. Pensioners,
2. Ex-Members of Parliament,
3. Sitting Members of Parliament,
4. Freedom Fighters,
5. Serving CGHS/DGHS/Ministry of Health and Family Welfare employees,
6. Such other categories of CGHS cardholders as notified by the Government.

For category number 1, 2, 4 and 6, bills shall be submitted to the BCA and for sitting Members of Parliament and serving CGHS beneficiary mentioned at category number 3 and 5 respectively, HCOs renders bills directly to the concerned Ministry/Department. Thus, in no case serving employee bills should be forwarded to the BCA by HCOs. Audit noted that CGHS approved and made payments to HCOs for 1848 claims amounting to ₹ 23.70 lakh pertaining to serving employees as detailed in **Table 3.5**:

Table-3.5: Payment pertaining to serving employees

(₹ in lakh)

Year	Number of claims	Amount
2016-17	218	2.50
2017-18	325	4.10
2018-19	647	8.09
2019-20	397	4.53
2020-21	261	4.48
Total	**1,848**	**23.70**

Source: CGHS Database (e-claims system)

[45] Terms and condition No.7 of the agreement.

Test check of scanned/hard copies of certain bills revealed that these bills pertains to the employees of the offices of Supreme Court, MoH&FW, Central Public Works Department (CPWD), Central Industrial Security Force (CISF), Defense Secretariat and Department of Post etc.

Audit is of the view that in the above-mentioned cases possibility of simultaneous claims raised by serving employee from their respective departments, could not be ruled out. Further, the main reasons for admitting the serving employee's claims by BCA from HCOs are attributed to non-integration of e-Claim system with master database.

Accepting the facts CGHS stated (April 2022) that the beneficiary ID was not integrated with the UTI-ITSL bill clearing system and thus the serving bills could not be identified and rejected. The data will be verified and recovery from concerned department to be initiated if found to be correct.

Since the unauthorized payments were made to the HCOs, recovery should be made from the concerned HCOs.

3.2.7 Unreliable checks exercised by the BCA before settling the claims

As per clause 4.2 (a) of the agreement, BCA shall check the following aspects during processing of claims:

(a) Appropriateness of treatment including screening of patients records to identify unnecessary admission and unwarranted treatment;

(b) Whether a planned treatment has been shown as emergency treatment;

(c) Whether the diagnostic, medical or surgical procedures were shown in the bill, which were not required;

(d) Whether the treatment/services have been provided as per the approved rates, package rates best suited to the beneficiary;

(e) Whether the patient was kept admitted for a period which was not necessary.

Data analysis revealed that after the amount approved by the BCA for HCOs, recovery of ₹ 123.06 crore was pointed out by CGHS during 2016-2021 detailed in **Table-3.6:**

Table-3.6

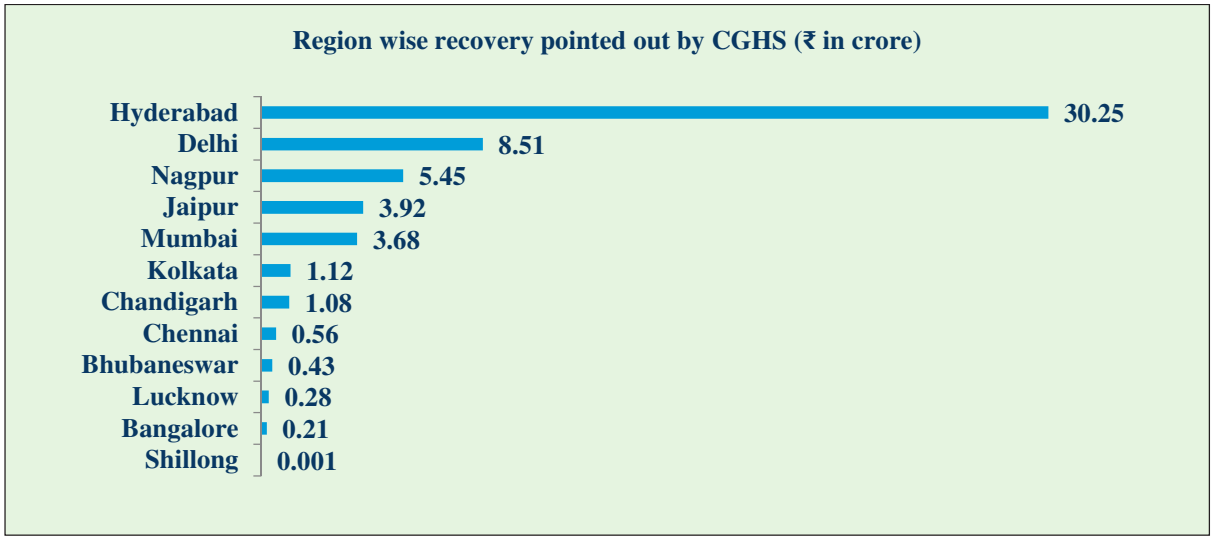
(₹ in crore)

Year	Claims where CGHS pointed recovery	Difference in amount approved by BCA and amount approved by CGHS		
		BCA approved amount (1)	CGHS approved amount (2)	Difference (1-2)
2016-17	25,344	91.73	78.38	13.35
2017-18	34,458	132.83	110.76	22.07
2018-19	35,600	145.43	126.26	19.17
2019-20	47,526	215.16	185.39	29.77
2020-21	40,756	249.30	210.60	38.70
Total:	**1,83,684**	**834.45**	**711.39**	**123.06**

Source: CGHS Database (e-claims system)

Further, in all selected AD offices (Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Nagpur and Shillong) after the amount processed for approval by the BCA for HCOs, recovery of ₹ 55.50 crore was pointed out by CGHS during 2016-2021 as detailed in **Chart-3.6**:

Chart-3.6



Source: CGHS Database (e-claims system)

Audit noted that the excess amount of the claim processed by BCA for approval was due to items which were otherwise inadmissible were admitted by BCA. It is evident from the above that this was a regular phenomenon in each year that BCA approved the claims in excess to CGHS approved rates. However, no action as per Agreement has been taken by the CGHS against the BCA.

CGHS replied (April 2022) that CGHS exercises medical audit over these checks as such the discrepancy between BCA approved and CGHS approved amount is therefore expected.

The reply is not satisfactory as the BCA was processing the claims since 2010 and also had the CGHS approved rate list for each procedure/package, a strict application of which should have prevented the large number of excess payment. However, CGHS did not take adequate steps from time to time to monitor and control such cases and as a result the discrepancies have persisted. It is pertinent to mention that BCA was engaged specifically to avoid the need for CGHS to scrutinize each and every claim and to ensure that no claim should be overrated or inflated to safeguard the Government's money.

3.2.8 Unauthorized payment of ₹ 27.79 lakh to HCOs despite rejection of claims by CGHS

During data analysis, audit observed that 301 claims submitted by HCOs were approved by the BCA which were subsequently rejected[46]by CGHS during scrutiny. However, payments of ₹ 27.79 lakh were made to HCOs by the BCA on these 301 rejected claims. Details of such cases are given in **Table-3.7:**

Table-3.7

(₹ in lakh)

Year	Number of Claims approved by BCA but rejected by CGHS	HCOs claim amount	BCA approved amount
2016-17	12	6.56	5.44
2017-18	244	22.93	18.87
2018-19	7	1.80	1.52
2020-21	38	1.99	1.96
Total	**301**	**33.28**	**27.79**

Source: CGHS Database (e-claims system)

CGHS replied (April 2022) that the cases are to be verified and recovery will be initiated if found correct.

3.2.9 Delay in Submission of claims by HCOs

In case of beneficiaries (pensioners and others as defined in Para No. 3.1), where credit bills are sent to CGHS, the empanelled HCOs shall submit the physical bill as well as electronic bill to the BCA for processing of claims. Further, CGHS Office Memorandum (OM) dated 20.02.2015 stipulates that HCOs should submit the online bills to BCA within seven working days after the discharge of patient. Moreover, as per clause 18 of MoA, in case of any violation of any provision of the MoA by the empanelled HCOs, CGHS shall have right to forfeit the performance bank guarantee as well as de-empanel the HCO.

Data analysis revealed that during 2016 to 2021, CGHS settled 74.93 lakh claims of ₹ 5,986.59 crore, out of which 14.91 lakh claims amounting to ₹ 1,800.73 crore were

[46] CGHS approved amount was zero.

submitted by the HCOs with a delay of 1 to 2,841[47] days. These delays are shown in periods of months/years in **Table-3.8:**

Table-3.8

(Number of claims)

Delay in submission	Delay in submission of claims by HCOs					
	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Upto 1 month	2,41,357	1,95,381	1,40,709	1,79,105	2,89,923	10,46,475
1 month to 1 Year	73,837	80,605	65,919	74,289	1,28,030	4,22,680
1-2 Year	1,957	1,351	2,042	3,762	6,793	15,905
2-3 Year	269	302	704	738	1,486	3,499
3-4 Year	47	67	482	251	1,025	1,872
4-5 Year	8	83	119	47	317	574
Above 5 Years	0	67	226	37	38	368
Total:	**3,17,475**	**2,77,856**	**2,10,201**	**2,58,229**	**4,27,612**	**14,91,373**

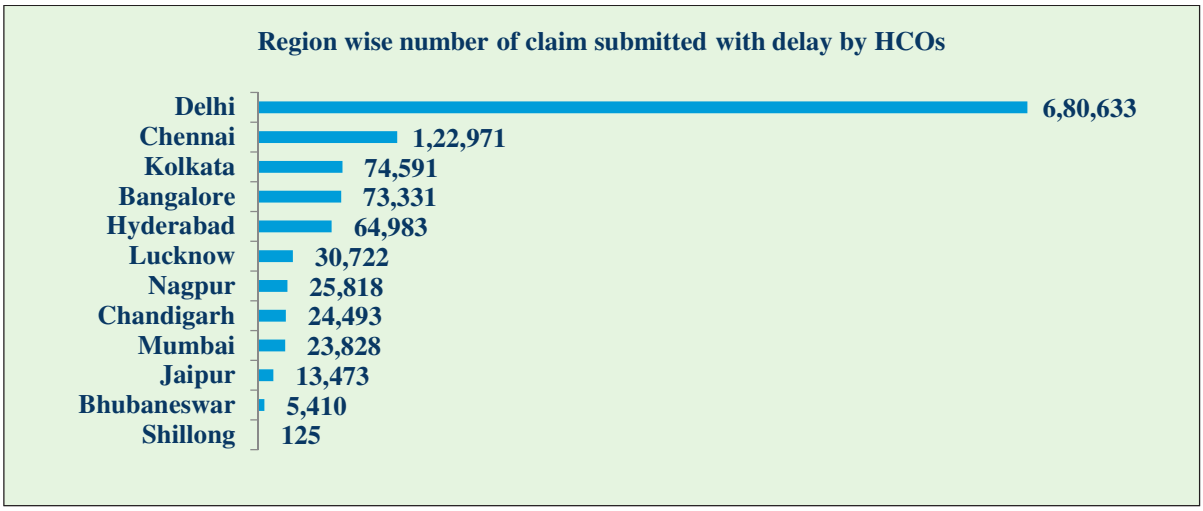
Source: CGHS Database (e-claims system)

The above Table reveals that HCOs delayed in submission of claims in 10,46,475 cases for upto one month, in 4,22,680 cases for more than one month to one year, in 15,905 cases for more than one to two years, in 3,499 cases for more than two to three years, in 1,872 cases for more than three to four years, in 574 cases for more than four to five years and in 368 cases for above five years. Detailed analysis of the above is given in **Annex-3.3**.

The trend of delays in submission of claims was noticed in the test checked AD offices (Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Nagpur and Shillong), where 11.40 lakh claims were submitted by the HCOs with a delay of 1 to 2,595 days is shown in **Chart-3.7**:

[47] The audit calculated the delay beyond the time of 10 days after giving due consideration for in between holidays.

Chart-3.7



Source: CGHS Database (e-claims system)

Audit noted that these claims were regularized by CGHS by accepting affidavit from HCOs which cited the reason for delay as shortage of dealing hand/staff and non-availability of network.

CGHS replied (January 2022) that in all the cases delays are accepted with proper reasons and Indemnity Bond. Reply is not satisfactory as reasons given in the Indemnity Bond were invariably of similar nature, viz. shortage of dealing hand and non-availability of network. Audit is of the view that merely on these reasons the delay of upto seven years cannot be justified. Further, CGHS clarified (in April 2022) that there is no distinction in the OM regarding justifiable and unjustifiable reason. All delays were condoned by indemnity bond submitted by HCOs as per CGHS OM/Guidelines. It was ascertained that services were provided.

Reply is not satisfactory as the non-prudent approach of CGHS allows HCOs to submit the claims as per their convenience by simply submitting an affidavit /indemnity bond.

3.2.10 Delay in settlement of claims by the BCA

As per agreement, BCA shall approve the claims within four working days from the date of the receipt of physical folders from HCOs. Audit calculated the delay beyond the time of 10 days given to BCA for approval of claims.

Data analysis revealed that during 2016 to 2021 BCA approved 74.93 lakh claims amounting to ₹ 5,986.59 crore, out of which 25.54 lakh claims amounting to ₹ 2,695.06 crore, were approved with delay of 1 to 3,664 days. These delays are shown in periods of months/years in **Table-3.9**:

Table-3.9

(Number of Claims)

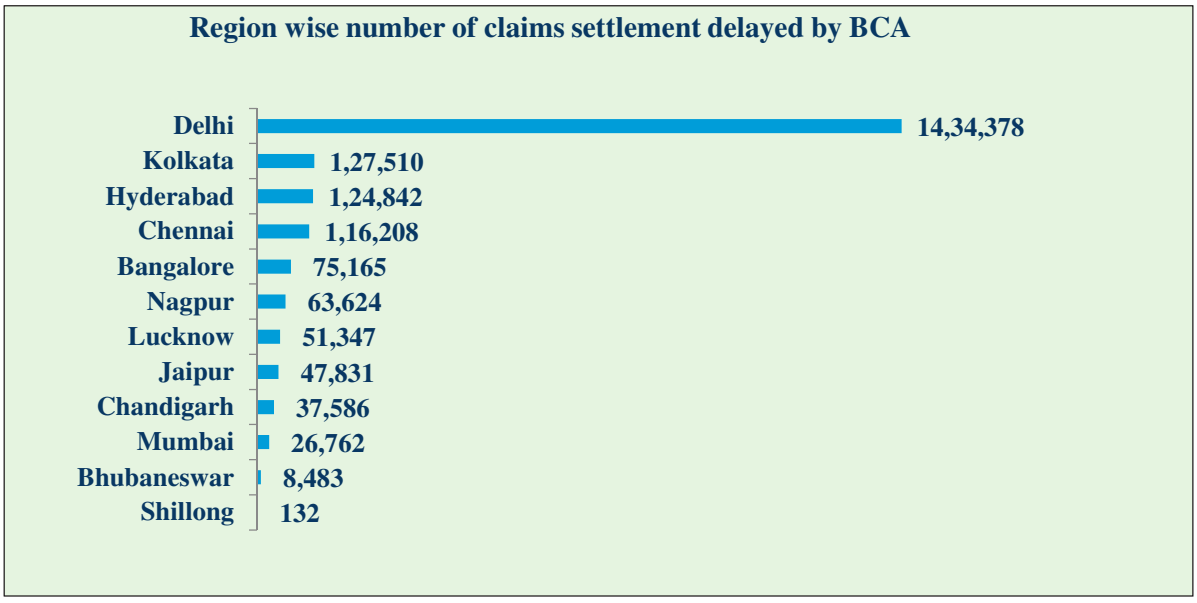
Delay in process	Delay in processing the HCOs claim by BCA					
	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Upto 1 month	2,43,905	3,55,160	4,60,222	3,20,572	1,55,144	15,35,003
1 month to 1 Years	1,63,278	5,574	6,69,863	1,25,149	29,453	9,93,317
1-2 Years	1	232	0	4,340	5,591	10,164
2-3 Years	0	273	0	2,277	2,290	4,840
3-4 Years	1	74	16	1,747	2,017	3,855
4-5 Years	0	105	0	1,609	1,165	2,879
Above 5 Years	0	51	0	1,690	2,323	4,064
Total	**4,07,185**	**3,61,469**	**1,13,0101**	**4,57,384**	**1,97,983**	**25,54,122**

Source: CGHS Database (e-claims system)

Further analysis for the delay during 2016 to 2021, audit noted that BCA delayed in processing of claims in 15,35,003 cases for upto one month, in 9,93,317 case for more than one month to one year, in 10,164 cases for more than one to two years, in 4,840 cases for more than two to three years, in 3,855 cases for more than three to four years, in 2,879 cases for more than four to five years and in 4,064 for above five years. Detailed analysis of above given in **Annex-3.4**.

The trend of delays in the 12 test checked AD offices (Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Nagpur and Shillong), where 21.14 lakh claims amounting to ₹ 1,939.70 crore, were approved by BCA with a delay of 1 to 3,476 days, is given in **Chart-3.8:**

Chart-3.8



Source: CGHS Database (e-claims system)

Delay in processing of HCOs claims may result in unwillingness of hospitals to provide services to CGHS beneficiaries.

CGHS replied (January 2022) that delay was mostly from hospital side either in providing intimation, submission of fresh or more information. However, in few instances delay from BCA side was due to unforeseen circumstances.

Reply submitted by CGHS is not convincing as the audit has calculated the delay from the date of acquiring all the information required for processing of the claim and the date of final approval by BCA.

3.2.11 Delay in finalisation of claims by the CGHS

As per arrangement between CGHS and BCA, on receipt of claims[48] from the HCOs, BCA processes the claims and submits to CGHS. Thereafter, CGHS shall approve the payments of these claims. Further, as per an internal decision, from 14 January 2015, CGHS shall approve the claims within seven working days after receiving the claims from BCA.

Data analysis in respect of the claims approved during 2016 to 2021, showed that delay in processing the claims by CGHS to give the final approval, ranges between one to 60 months. Year-wise details of delay by CGHS for processing the claims are given in**Table-3.10.**Audit calculated the delay beyond the time of 10 days from receipt of claims.

Table-3.10

(Number of Claims)

Delay in process	Delay by CGHS to process the claim approved by BCA					
	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Upto 1 month	1,18,230	4,41,282	5,57,694	4,85,309	7,98,284	24,00,799
1 month to 1 Year	5,85,243	6,51,103	6,88,209	15,37,819	13,10,816	47,73,190
1-2 Year	3202	11,458	2,239	5,743	1,835	24,477
2-3 Year	161	2	4	127	35	329
3-4 Year	4	0	1	1	35	41
4-5 Year	0	1	0	0	7	8
Total:	**7,06,840**	**11,03,846**	**12,48,147**	**20,28,999**	**21,11,012**	**71,98,844**

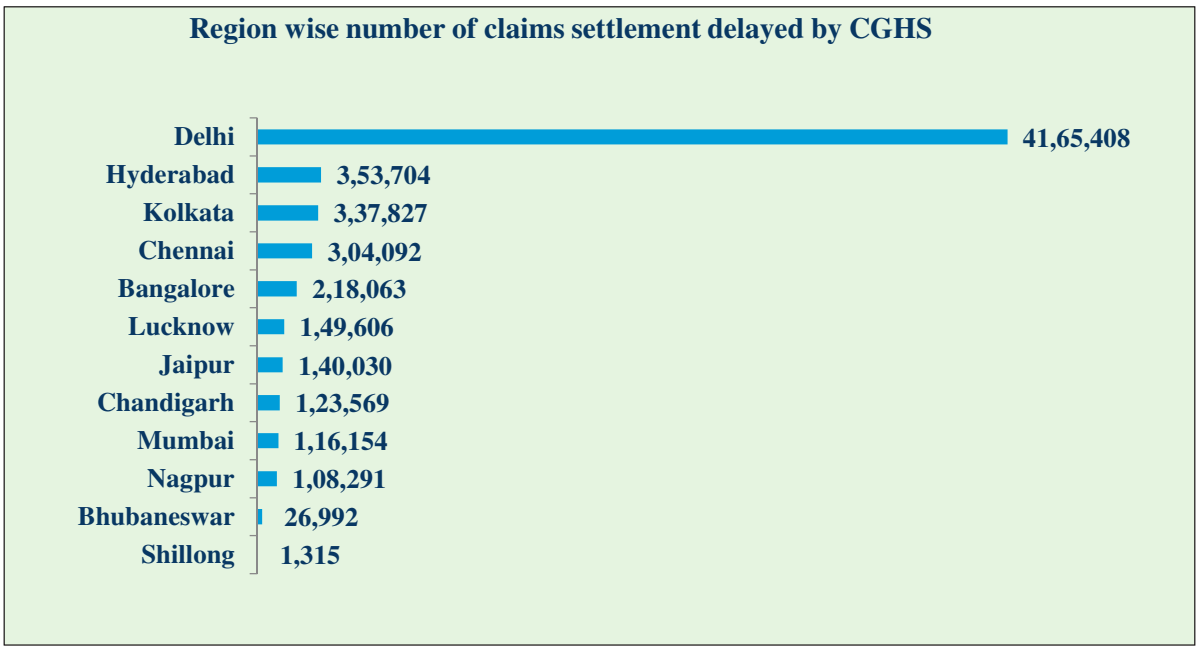
Source: CGHS Database (e-claims system)

Further, analysis revealed that CGHS delayed in processing of claims in 24,00,799 cases for upto one month, in 47,73,190 cases for one month to one year, in 24,477 cases for more than one to two years, in 329 cases for more than two to three years, in 41 cases for more than three to four years and in eight cases for more than four to five years. Detailed analysis of above given in **Annex-3.5**.

[48] Claims with effect from 1 October 2015 to March 2021.

Further, in 12 test checked AD offices (Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Nagpur and Shillong) 60.45 lakh claims amounting to ₹ 4,157.04 crore, were approved by CGHS with a delay ranging 1 to 1,735 days detailed in **Chart-3.9:**

Chart-3.9



Source: CGHS Database (e-claims system)

Delay in payment of bills may result in unwillingness of hospitals to provide services to CGHS beneficiaries.

CGHS accepted (April 2022) the above facts and intimated that, the heavy work load and limited staff led to delay.

3.2.12 Approval of Hospital Claims without receiving intimation of treatment

As per clause 10 of MoA between CGHS and empanelled HCOs, in case of emergency admission of CGHS beneficiary, the concerned hospital needs to intimate the BCA and CGHS within two hours of such admission and the BCA is to respond with due authorization in four hours. Further, where the CGHS beneficiary visits the hospital with proper referrals, the hospital shall submit information of admission to BCA and CGHS.

During data analysis, audit observed that hospital claims (In Patient) were approved and made payments by CGHS to the HCOs without receiving intimation from HCOs. Details of claims settled without receiving intimation from concerned HCO with respect to in-door treatment are given in **Table-3.11:**

Table-3.11

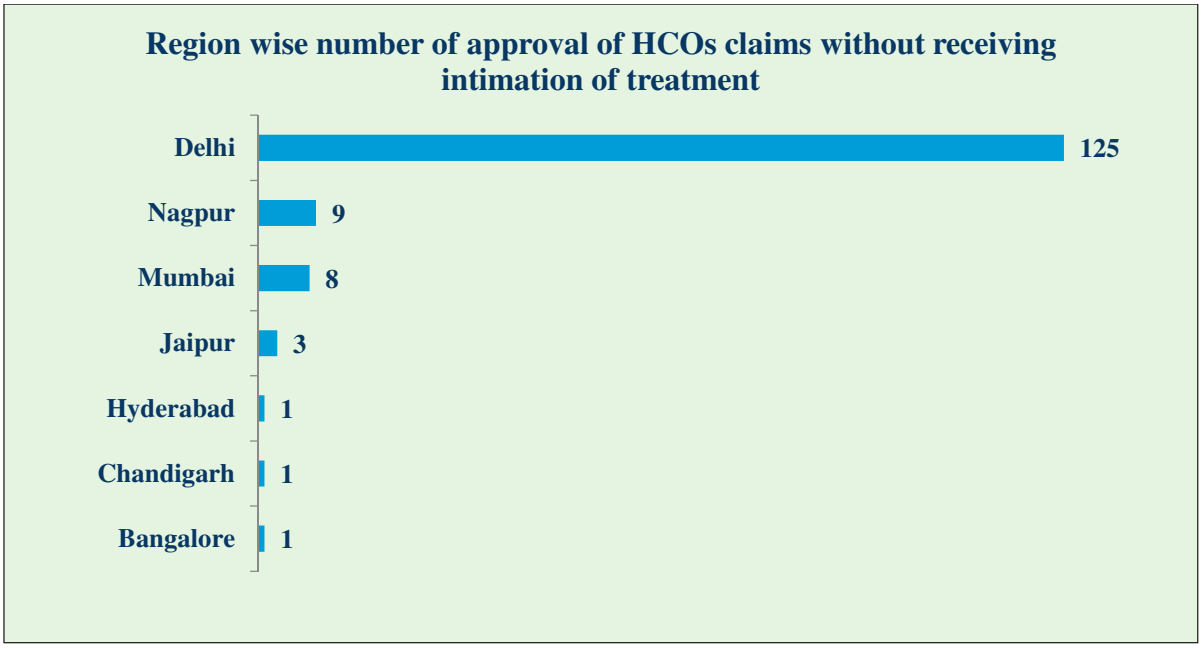
(₹ in lakh)

Year	Number of claims without intimation	Hospital claim amount	BCA approved amount	CGHS approved amount
2016-17	6	12.14	4.08	4.08
2017-18	2	0.31	0.31	0.31
2018-19	103	17.24	16.71	15.91
2019-20	36	20.53	18.42	18.42
2020-21	40	34.44	33.04	31.25
Total	**187**	**84.67**	**72.56**	**69.97**

Source: CGHS Database (e-claims system)

Further, in seven selected AD offices (Bangalore, Chandigarh, Delhi, Hyderabad, Jaipur, Mumbai and Nagpur) payment of ₹ 46.90 lakh for 148 claims were made without receiving intimation as detailed in **Chart-3.10**:

Chart-3.10



Source: CGHS Database (e-claims system)

Audit noted that though the empanelled HCOs did not follow the terms and conditions of the MoA and failed to intimate about the admission of beneficiaries, BCA still processed these claims and CGHS approved the payments. This clearly indicates the violation of terms and conditions of MoA and a weak system of checks and balances.

Accepting the fact CGHS stated (April 2022) that only random checks are made by CGHS. The CGHS card and documents uploaded which include the case sheet are used to ensure genuineness of claims. The system is now changed to National Health Authority (NHA) to overcome this deficiency.

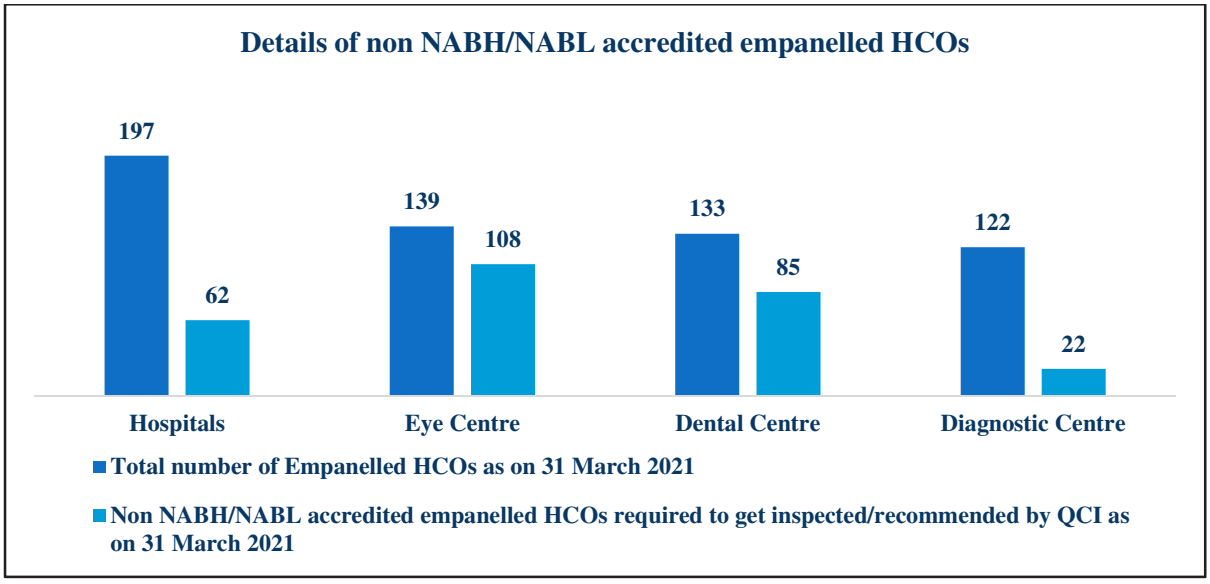
3.2.13 Non-Accreditation of National Accreditation Board for Hospital (NABH) and National Accreditation Board for Laboratory (NABL)

CGHS aspires to provide to all its beneficiaries high quality medical care services that are affordable. With this objective, CGHS has prescribed vide Office Memorandum dated 17 February 2015, that all HCOs provisionally empanelled under CGHS and not accredited with NABH/NABL are required to get inspected/ recommended by Quality Council of India (QCI) within one year. The HCOs which fail to get inspected/ recommended by QCI within prescribed timeline shall be liable to be removed from the panel of CGHS and 50 *per cent* of their Performance Bank Guarantees (PBG) would be forfeited.

As on 31 March 2021, 591 private HCOs were under CGHS empanelment in Delhi NCR regions. Out of these197 (33 *per cent*) are Hospitals, 139 (34 *per cent*) are Eye centres, 133 (22 *per cent*) are Dental centres and 122 (21 *per cent*) are Diagnostic centres.

Audit observed that out of total 591 HCOs empanelled in Delhi NCR, 277 HCOs, which were empanelled for more than one year were not accredited with NABH/NABL as on 31 March 2021 as given in **Chart-3.11**:

Chart-3.11



Source: CGHS

CGHS replied (January 2022) that Non- NABH/Non-NABL accredited HCOs are required to obtain either NABH/NABL accreditation or QCI recommendation.

Audit noted that CGHS did not take any action to remove these HCOs from empanelment or for forfeiting the PBG and no record of QCI recommendations was maintained by Hospital Empanelment Cell (HEC), CGHS. On being pointed out by audit, CGHS asked QCI (January 2022) to provide details of HCOs inspected and recommended by QCI.

In reply CGHS stated (April 2022) that verification was under way to stream line the system. Thus, CGHS compromised on its aim to provide high quality medical care services to its beneficiaries by not ensuring that all the HCOs empanelled must have NABH/NABL/QCI recommendation within specified timeline.

3.3 Monitoring

The successful implementation of a scheme depends on effective monitoring from apex to field level to ensure that the objectives of the scheme are fully achieved. Observations regarding the ineffectiveness of the monitoring mechanism are discussed in the succeeding paragraphs.

3.3.1 Monitoring and Reconciliation of advance given to BCA

According to the arrangements upto September 2015, on receipt of claims from the HCOs, BCA made the payment to HCOs, which was called "provisional payment". In this regard CGHS released (June 2010) advance of ₹ 70 crore to BCA for making provisional payments to HCOs towards the medical claims. Further, as per arrangement between BCA and CGHS, after making provisional payments to HCOs, BCA shall recoup the above amount from CGHS. In this regard, following instances of inadequate monitoring and non-reconciliation of advances were noticed:

i. Pending decision at the CGHS end with respect to bills destroyed by fire of ₹ 17.03 crore

On 11 August 2013, 45,154 bills amounting to ₹ 34.91 crore were lost due to fire at the premises of BCA at New Delhi. Out of these BCA had already approved 13,777 claims (HCOs claim amount ₹ 22.14 crore) and released ₹ 17.03 crore to HCOs (approved amount ₹ 19.05 crore less discount ₹ 2.02 crore).

Audit noted that due to fire, these 13,777 claims amounting to ₹ 17.03 crore could not be forwarded to CGHS and is pending for approval from CGHS since August 2013.

The remaining 31,377 claims amounting to ₹ 12.77 crore (₹ 34.91 crore minus ₹ 22.14 crore) were neither approved nor forwarded to CGHS and were lying outstanding since August 2013. Audit noted that though BCA has been continuously approaching CGHS for settlement of these outstanding claims, no decision had been taken by the CGHS. It was also observed that CGHS had not raised this matter with the higher authority nor had the Ministry conducted any investigation in the matter so far.

ii Claims submitted to CGHS for recoupment are not traceable.

During 27 December 2010 to 2 May 2014, claims amounting to ₹ 4.86 crore which were forwarded by the BCA to CGHS for approval were lost and are not traceable at CGHS.

iii Claims pending for want of expert opinion

Claims pertaining to the period before June 2017, amounting to ₹ 3.30 crore were forwarded by the BCA to CGHS for approval. However, these claims were withheld by CGHS for further review/expert opinion, which are still pending for final disposal.

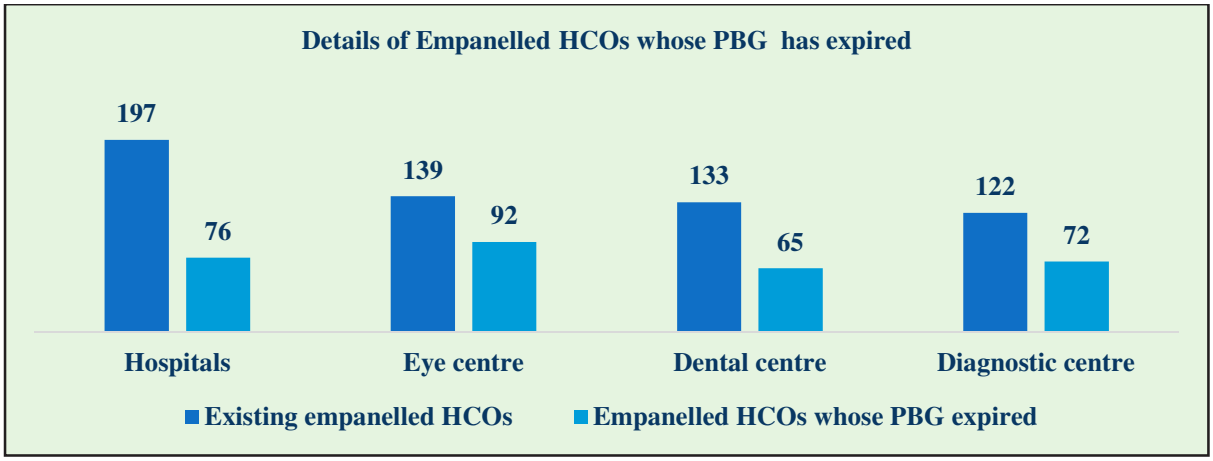
Accepting the fact, CGHS intimated (April 2022) that the matter will be decided at the earliest.

3.3.2 Non submission of Performance Bank Guarantee (PBG) by HCOs

As per clause 17 of MoA between HCOs and CGHS, HCOs that are recommended for empanelment after the initial assessment shall have to furnish a PBG valid for 30 months, six months beyond empanelment period to ensure efficient service and to safe guard against default. HCOs already empanelled under CGHS are to submit a new PBG after the validity of the existing PBG is over.

Audit noted that 591 HCOs were on the CGHS empanelled list for Delhi NCR as on 31 March, 2021. However, 305 HCOs which were already empanelled did not submit a new PBG after the validity of the existing PBG was over as detailed in **Chart-3.12**:

Chart-3.12



Source: CGHS

Further, as per clause 19 of the MoA, in case of violation of any clause, an amount equivalent to 15 *per cent* of the amount of PBG will be charged as liquidated damages by the CGHS. However, the total amount of the PBG will be maintained intact being a revolving[49] guarantee.

Audit noted that in 45 cases, CGHS imposed penalty at the rate of 15 *per cent* of PBG as liquidated damages for violation of clause of MoA and amount was recovered from PBG.

[49] Revolving bank guarantee is like an open ended credit account that can be used and paid down repeatedly as long as account remains open.

However, CGHS could not confirm, whether the amount of the PBGs were maintained intact being a revolving guarantee by receiving the bank guarantee for 15 *per cent* amount recovered by the CGHS.

CGHS AD (Headquarter), Delhi accepted (January 2022) these facts and intimated that records of PBGs of HCOs had been scrutinized and it was noticed that the validity of a number of PBGs had expired. Further, an order was issued to HCOs in May 2021 to submit fresh PBG and in response most of the HCOs had submitted the same. An order was again issued to the remaining HCOs in December 2021 to submit PBGs.

CGHS further intimated (April 2022) that a system was being created to keep a check on expired PBGs and to update it on time. This process is under development to stream line the system.

CGHS accepted (January 2022) the audit observations and added that integration of beneficiary database will eliminate these errors and observations raised by the audit will be taken up for strengthening the system.

3.3.3 Meetings with HCOs

As per clause 3 (I) of MoA with HCOs, Authorized signatory/representative of the empanelled HCOs shall attend the periodic meetings held by AD/JD/Department/Establishment of CGHS required in connection with improvement of working conditions and for redressal of grievances. Audit noted that no meeting was held with the HCOs by the CGHS Regional offices (Chandigarh, Delhi NCR, Jaipur and Shillong) during 2016-17 to 2020-21.

CGHS replied (April 2022) that these are to be initiated.

3.3.4 Submission of Annual Report by HCOs

As per clause 3(F) of MoA with HCOs, HCOs were required to submit an Annual Report inter-alia indicating the number of referrals received, admitted CGHS beneficiaries, bills submitted to the CGHS and payment received etc. to the Additional Directors/Joint Directors of CGHS of concerned City.

Audit noted that Annual Reports were not submitted by the HCOs in the CGHS Regional office (Bangalore, Bhubaneswar, Chandigarh, Delhi NCR, Hyderabad, Jaipur, Kolkata, Lucknow and Shillong) during 2016 to 2021.

In CGHS Regional office, Mumbai and Nagpur no Annual Report was submitted by the HCOs during 2016 to 2019. However, 43 out of 92 HCOs (46.73 *per cent*) in 2019-20 and 86 out of 96 HCOs (89.58 *per cent*) in 2020-21 had submitted Annual Reports.

CGHS replied (April 2022) that it is to be initiated.

3.4 Grievances

CGHS beneficiaries may lodge their grievances if any *viz.* misdemeanors, negligence, misconduct by HCOs staff or deficiency in services/ overbilling by HCOs via "Centralized Public Grievance Redress and Monitoring System (CPGRAMS)" portal or through offline mode. Further, as per the time limit prescribed by the CGHS, grievances cases should be disposed within four months from the date of receipt.

During the period 2016 to 2021, CGHS received 850 complaints against HCOs (online through CPGRAMS) out of which 838 complaints were settled and remaining 12 complaints (received in the month of March 2021) were pending as on 31 March 2021.

In addition to above, Grievance Cell of AD CGHS Delhi NCR received 592 complaints in offline mode. Year-wise position of offline grievances cases received during 2016 to 2021 is given in the **Table-3.12**:

Table-3.12

	2016-17	2017-18	2018-19	2019-20	2020-21
Total number of grievance cases received	149	90	116	160	77
Cases where no action required	38	28	45	47	23
Cases in which liquidated damage charged	11	09	02	19	04
Cases in which instructions /warning were issued to HCOs	18	04	28	35	24
Cases in which recovery from the HCOs were made for excess amount charged by HCOs.	35	17	11	18	7
Cases in which Hospital Cell, CGHS was directed to recover the overcharged amount from the concerned HCO's future claim and refund the same to the concerned beneficiaries.	17	23	23	31	14
Cases in which CGHS directed the concerned beneficiaries to get the refund amount from the concerned HCO's (which agreed to refund)	7	7	1	10	3
No further progress due to non-providing of document by the complainant.	23	02	06	00	02

Source: CGHS

Audit noticed that in 45 cases, CGHS penalized and recovered an amount of ₹ 71.60 lakh as liquidated damage from the PBG of HCOs. In 88 cases, an amount of ₹ 25.61 lakh was recovered from the HCOs on account of over billing and refunded to the concerned beneficiaries.

Audit noted that the grievance system of CGHS was largely effective. However, CGHS is not maintaining the record in the proper format containing the details such as the date of receipt, date of disposal and the time taken to dispose the grievance. Thus, CGHS should maintain the proper records relating to grievance cases.

CGHS replied (April 2022) that this had been initiated and would be implemented.

3.5 Deficiencies in e-Claims System

BCA used e-CLAIM GENERIC SYSTEM (e-Claim) for the processing and settlement of claims submitted by the empanelled HCOs. With respect to e-Claim System following shortcomings/irregularities observed by audit.

i. Non integration of the e-Claims System with the master database containing beneficiary's details

The BCA was engaged to facilitate the CGHS in processing of claims of beneficiaries. For this, BCA was authorized to scrutinize the authenticity/ correctness of amount charged in each and every claim during claims processing. Thereafter the BCA forwards the claims to CGHS for its final approval. CGHS with the help of NIC maintains a list of all CGHS beneficiaries known as 'Master List of beneficiaries'. Further, CGHS periodically updates the list to reflect any addition or deletion of beneficiary.

Audit noted that 'e-Claim system' has not been integrated with the master database containing beneficiary details. As a result, BCA was not able to verify whether the claim submitted by empanelled HCOs pertains to valid beneficiaries.

CGHS replied (April 2022) that this had been addressed in the NHA system for pensioner beneficiaries.

ii. Non-existence of SMS alert system to beneficiaries regarding their treatment/expenses in empanelled HCOs

With a view to exercise an effective check on the possibility of misuse of CGHS cards by non- Card holders and pilferage of medicines from the CGHS wellness centres, an 'SMS-Alert' system has been introduced in July, 2012 by CGHS. Under this system, whenever a CGHS card is used for issue of medicines from the CGHS dispensary, a system generated message is sent to the CGHS beneficiary indicating that medicines had been issued in the beneficiary's name from the CGHS dispensary.

Audit noted that there is no similar SMS based alert system for beneficiaries who are eligible for treatment on credit facility regarding their treatment/ expenses/follow up on post hospitalization in empanelled HCOs. SMS alert on the claim raised against the treatment of particular beneficiary may prevent the false/inflated claim amount by HCOs.

CGHS replied (April 2022) that these provisions will be included in the NHA system to overcome these deficiencies.

iii. Non-existence of red-flag/ alarm system for suspicious claims

During 2016 to 2021, CGHS settled 74.93 lakh claims. With such large numbers of claims, it is practically impossible to scrutinize each and every claim manually. Hence, there was an enormous risk of fraudulent or suspicious claims which may remained unnoticed by CGHS. Therefore, in view of risk involved, a system for putting up red flags in the e-Claim system may control suspicious claims by identifying claims involving multiple claims by the same beneficiary ID, age of dependent son being greater than 25 year etc. In the absence of a red-flag/alarm system, payments against such irregular/unauthorized claims cannot be ruled out.

iv. Non-integration of e-Claims system with PAO (Public Financial Management System-PFMS) system

As the e-Claims system is not integrated with the PAO (PFMS) system, the dates on which the PAO made payments to the BCA and the dates on which BCA made payment to the concerned hospitals were not forthcoming from the data furnished by the BCA. In the absence of an integrated system, transparency in payments received by BCA from PAO and timely paid to the concerned HCOs is not being maintained.

v. No pre-validation of data captured through e-Claim System

For speedy settlement of hospital claims, e-Claim System provides an online form which needs to be filled by the empanelled HCOs. The above form contains fields such as Hospital ID, Hospital Name, Region, Admission No, Admission OPD Date, Discharge Date, Card ID, Beneficiary Name, Patient Name, Age and Relation etc. along with attachment option for scanned copy of discharge bill/summary.

A robust system should not accept data in any particular field which is logically not possible or which is beyond the CGHS defined criteria. For example: Card ID field should only accept numeric value as defined by CGHS or name field should only accept alphabets or age should range between 0 to 150 years, etc.

However, during analysis of claim settlement data for the period 2016-17 to 2020-21, following deficiencies were observed:

a. **Null Data:** Data fields such as Card ID, Beneficiary name and other should not be Null. However, in certain cases, claims settled, Card ID fields were Null. This was a significant shortcoming of the e-Claim. Details of all such other fields containing Null data are given in **Annex-3.6**.

b. **Age of Patients more than 150 years:** Age of pensioners /patients should be limited to a reasonable possible range. However, it was observed that 'Age' field/column of

e-Claim system had accepted data which is logically not possible such as age greater than 150 years. A few cases are highlighted in **Table-3.13:**

Table-3.13

Period	Claim ID	Name of the patient	Age (years)
2016-17	4144196	DAMINI RAMESH CHANDRA SHAH	636
2016-17	3041930	REWA DEVI AGRAWAL	830
2020-21	9691966	NIRMAL KUMARI AROAR	848
2020-21	8117438	ARJUN DASS GROVER	995

Source: CGHS Database (e-claims system)

Details of such cases where age of patients greater than 150 years are given in **Table-3.14:**

Table-3.14

Sl. No.	Period	Number of claims settled where patient's age greater than 150 years
1	2016-17	264
2	2017-18	518
3	2018-19	711
4	2019-20	1,024
5	2020-21	842

Source: CGHS Database (e-claims system)

c. **Invalid Card ID:** e-Claim System should accept only valid Card ID allotted by CGHS. Audit observed that e-Claim System has no pre-validation system in place for verification of genuineness of Card ID, which resulted in accepting claims with invalid Card ID. A few cases are highlighted in **Table-3.15:**

Table-3.15

(Claims settled with In-valid Card ID)

Period	Claim ID	In-valid Card ID number
2016-17	3560863	'GirjaBai'
2016-17	3395253	'INVESTIGAT'
2017-18	4408213	'AMITAPAUL'
2017-18	4313671	'P51762java'
2018-19	5426597	'KRKOSTA'
2018-19	6287533	'A K S RAO'
2019-20	6131630	'DASARATHA'
2019-20	9041405	'AMBIKA BAG'
2020-21	302197	'BLANK'
2020-21	10714518	'SAROJ'

Source: CGHS Database (e-claims system)

d. Card ID/ Beneficiary ID: In e-Claim system in the field in which Card ID was to be filled, the e-Claim system accepted both IDs *viz.* Card ID as well as Beneficiary ID.

Inadequate pre-validation checks and absence of mandatory filling of essential fields resulted in poor record/data quality. Therefore, audit could not derive assurance about accuracy, completeness, and reliability of data in the e-Claim system.

CGHS accepted (January 2022) the audit observations and added that integration of beneficiary database will eliminate these errors and observations raised by the audit will be taken up for strengthening the system.

3.6 Short deduction of TDS of ₹ 14.30 crore

As per Central Board of Direct Taxes (CBDT)'s Circular[50] read with Section 194J of the Income-tax Act, 1961, Tax deduction at source (TDS) of 10 *per cent* (7.5 *per cent* for the period 14 May 2020 to 31 March 2021) has to be effected from HCOs on reimbursement of medical claims.

Audit noted that there was short deduction of TDS amounting to ₹ 14.30 crore in 1,48,099 claims/bills of HCOs settled by CGHS, as detailed in **Table-3.16:**

Table-3.16

(₹ in crore)

Year	No of claims where short deduction of TDS made	Claim amount approved by CGHS	TDS to be deducted as per 194 J	TDS deducted	Short deduction
2016-17	13,237	12.21	1.22	0.12	1.10
2017-18	18,067	14.57	1.46	0.07	1.39
2018-19	26,433	29.88	2.99	0.15	2.84
2019-20	43,312	58.10	5.81	0.78	5.03
2020-21	455*	1.29	0.13	0.01	0.12
	46,595**	59.21	4.44	0.62	3.82
Total	**1,48,099**	**175.26**	**16.05**	**1.75**	**14.30**

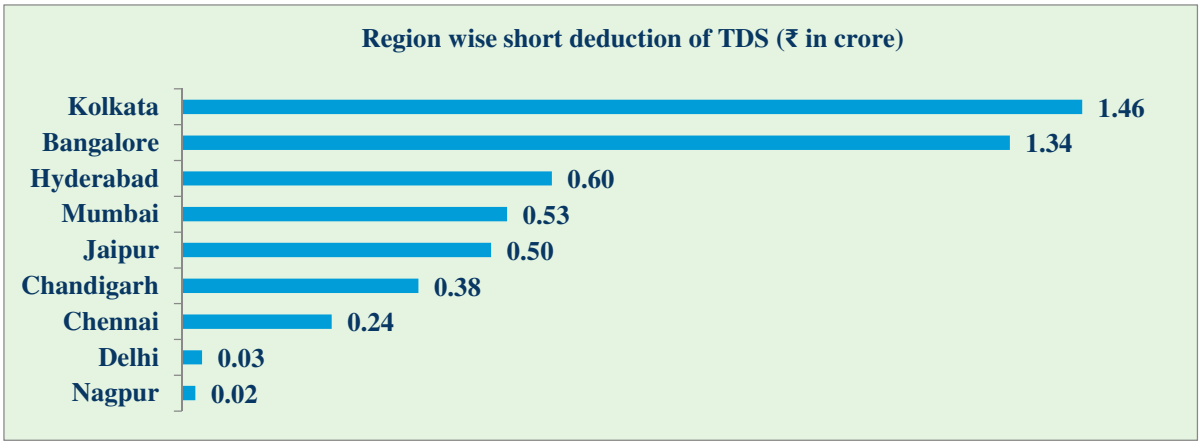
Source: CGHS Database (e-claims system)

*Under Section 194J of income Tax Act, Upto 13 May 2020 TDS rate was 10 *per cent.*
**As per CBDT circular dated May 13, 2020, from 14 May 2020 to 31st March 2021 TDS rate was 7.5 *per cent.*

Further, in nine selected AD offices for test check, (Bangalore, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Mumbai and Nagpur) short deduction of TDS of ₹ 5.10 crore was noticed as detailed in **Chart-3.13:**

[50] No. 8/2009 [F.NO. 385/08/2009-IT(B)], Dated 24-11-2009.

Chart-3.13



Source: CGHS Database (e-claims system)

CGHS replied (April 2022) that the Hospitals are submitting TDS exemption certificate issued by Income Tax office for availing exemption in TDS. However, no documentary proof was provided by the CGHS to establish this fact.

3.7 Processing of Hospital Bills of HCOs empanelled under CGHS on NHA IT Platform for paperless Hospital Billing

As per orders of the MoH&FW of 16 June 2021, the CGHS bill processing system shall be on board the National Health Authority (NHA) platform w.e.f. 25 June 2021 and HCOs empanelled under CGHS shall utilize this platform for uploading the bills pertaining to CGHS beneficiaries in a paperless environment.

CGHS has initiated the process of transitioning of Hospital Bills from UTI-ITSL to NHA IT platform to make the entire process smooth and paperless. As an extension of the existing system for issue of permissions and referral from CGHS Wellness Centres for OPD consultations, listed investigations, listed procedures follow-up, the system has now been made online and shall be accessed through the Transaction Management System (TMS), by the HCO where the beneficiary wishes to avail services. To achieve the above, all currently empanelled HCOs are required to register themselves with the NHA.

Each OPD consultations/investigations/ procedure /follow-up issued to beneficiary would be tagged to a system generated unique referral ID. On entering the referral ID in the TMS, the HCO would be able to access the components of the referral ID and accompanying remarks entered by the doctor in the CGHS Wellness Centre.

HCOs shall submit the claim on the NHA's Transaction Management system (TMS) online system and same will be processed by a panel of claim processing doctors at NHA and approved for payment by CGHS sanctioning authority through TMS. Public finance Management System (PFMS) system has been integrated with NHA's TMS system for processing the payment directly into bank account of HCOs, upon sanction by competent authority.

Since CGHS on boarded its claim processing on the TMS system from June 2021, which is beyond the purview of the current audit period, audit could not ascertain the functioning of the new system. Ministry may ensure that the deficiencies pointed out in this Report are addressed for smooth and error free functioning of the claim processing system.

3.8 Conclusion

Regarding reimbursement of medical claims by CGHS the Performance Audit revealed that:

- The empanelled hospitals over-billed an amount of ₹ 571.03 crore in 15.37 lakh cases during 2016 to 2021. The amount of overbilling had increased from ₹ 71.15 crore (10.83 *per cent* of total claim amount) in 2016-17 to ₹ 152.06 crore (8.83 *per cent* of total claim amount) in 2020-21.
- In spite of the amount approved by the BCA, recovery of ₹ 123.06 crore was pointed out by CGHS, which indicates improper scrutiny by BCA. BCA made payment of ₹ 27.79 lakh to HCOs despite the claims being rejected by CGHS. Audit also noticed excess payment amounting to ₹ 39.32 lakh made to HCOs in 264 cases.
- There were delays in submission of claims by the HCOs ranging upto seven years, delays in processing of claims by the BCA ranging upto 10 years and delays in settlement of claims by the CGHS ranging upto five years.
- CGHS is yet to take any decision in respect of the bills destroyed by fire of ₹ 17.03 crore and lost/untraceable bills amounting to ₹ 4.86 crore which were forwarded by BCA for approval. Claims amounting to ₹ 527.62 crore were pending in 6.32 lakh cases for settlement (March 2021). The recovery of ₹ 38.70 crore from BCA and ₹ 1.17 crore from HCOs is pending.
- Out of 591 HCOs empanelled in Delhi, 277 HCOs which were empanelled for more than one year had still not got Accreditation from NABH/NABL. There was non-submission of Performance Bank Guarantee (PBG) by 305 HCOs.

From the above, it is evident that despite the engagement of BCA, there were cases of delays in submission, processing and approval of Claims. Over-billings by HCOs and overpayment to HCOs were also noted during the course of Performance audit.