Chapter-IV: Conclusion and Recommendations

The Central Government Health Scheme (CGHS) was started in 1954 with the objective of providing comprehensive medical care to the Central Government employees, both serving and pensioners and their dependent family members and other categories of CGHS cardholders as notified by the Government. The facilities and drugs are provided through a large network of wellness centres, polyclinics and labs.

CGHS also reimburses the claims of certain beneficiaries who are eligible for cashless facility in the private Health Care Organizations (HCOs). For processing of claims submitted by the HCOs in a time bound manner, CGHS had engaged M/s. UTI Infrastructure Technology and Services Limited (UTIITSL) as Bill Clearing Agency (BCA) in March 2010. The BCA scrutinizes and processes each bill and deducts the amounts overbilled by the HCOs and submit the bill to CGHS for final approval.

An examination of the procurement and supply chain of drugs by the CGHS revealed various shortcomings and deficiencies in procurement and supply chain management such as non-revision of drug formulary periodically, delays and non-finalisation of rate contracts of drugs which had a cascading effect on the effective supply chain management of drugs. Check of the process of the reimbursement of claims made by Health Care Organisations (HCOs) by the CGHS revealed that, despite the engagement of BCA, there were cases of delay in submission, processing and approval of claims, over-billings by HCOs, and overpayment to HCOs.

Hence, the intended objective of CGHS as envisaged in its Vision Statement '*to be the first choice in providing quality healthcare services and ensuring holistic wellbeing across clients' entire life span*' remained to be fully achieved/fulfilled.

A summary of the focus areas discussed in this report and recommendations made thereon is given below.

Chapter	Conclusion	Recommendations
Chapter II: Procurement and Supply of drugs	Ministry did not ensure that the Drug Formulary was periodically revised as a result CGHS could not buy new drugs. Tenders for rate contract for drugs listed in drug formulary were not processed efficiently and timely by Medical Stores Organization (MSO). In absence of rates of drugs, CGHS could not procure drugs listed in formulary.	Ministry should ensure that the drug formulary is revised on a half yearly basis as prescribed. MSO/CGHS may review the pattern of procurement of drugs so as to identify the drugs brought in large quantities from ALCs and enter into rate contracts in respect of these drugs.
	Ministry did not ensure coordination between CGHS and MSO, and monitor demand and supply chain of drugs to ensure timely and efficient supply of drugs to wellness centres for optimum quantities.	Ministry should ensure proper coordination between its two units viz. CGHS and MSO to ensure an efficient and effective supply chain of drugs so that sufficient drugs are always available in wellness centres.

Chapter	Conclusion	Recommendations
	The deficiencies in supply chain management led to huge procurement of drugs through Authorized Local Chemists (ALC) which is neither convenient for patients nor economical for the government. Further, CGHS also did not monitor delays, short supply, supply of expired/short expiry drugs, and supply of substitute drugs by ALC. As a result patients did not get drugs in time and were inconvenienced due to supply of different brand of drugs by ALC.	Ministry should ensure sufficient stock of drugs in wellness centres so that procurement of drugs through ALC is minimized. Further the CGHS pharma software should be upgraded and adequate checks and validations should be incorporated so that any no expired/short expiry and substitute drugs are supplied by ALC. In order to maintain authenticity and accuracy of data of supply of drugs, it shall be ensured that ALC uploads the data of drugs supplied through bar-code/QR code system only.
Chapter III: Reimbursement of Medical Claims	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.	CGHS may take action against the HCOs, which are repeatedly submitting inflated bills against the terms and conditions of the Memorandum of Agreement (MoA), so that such instances are minimized. Additionally, automatic validation control system should be included in the IT Platform to restrict the item wise claim amount to the CGHS approved rate.
	Excess payments amounting to ₹ 39.32 lakh were made to HCOs in 264 cases. BCA made payment of ₹ 27.79 lakh to HCOs with respect to claims, which were rejected by CGHS. CGHS approved and made payments to HCOs for 1848 claims amounting to ₹ 23.70 lakh pertaining to ineligible serving employees.	Excess, irregular, unauthorized payments may be recovered from the concerned HCOs.
	There were delays in submission of claims by the HCOs upto seven years.	CGHS may prescribe strict deadlines for submission of claims and may also include penalty clause in the MoA with the HCOs so that they submit bills in the prescribed time frame.
	There were also delays in processing of claims by the BCA upto 10 years, delays in settlement of claims by the CGHS upto five years.	CGHS may identify bottlenecks and take remedial action so that processing and settlement of claims at BCA/CGHS level may be done as per the prescribed timeline.
	The 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 is yet to be taken by CGHS.	All such bills may be reconciled and settled.
	The recovery of ₹ 38.70 crore from BCA and ₹ 1.17 crore from HCOs is pending.	Unutilized amount lying with BCA and amount recoverable from HCOs may be reconciled and recovered.
	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 or QCI recommendation.	CGHS may ensure that all the empanelled HCOs must have NABH/NABL certification or QCI recommendation within specified timeline.

Chapter	Conclusion	Recommendations
	Out of 591 empanelled HCOs in Delhi NCR as on March 2021, 305 HCOs did not submit a new Performance Bank Guarantee (PBG) after the validity of the existing PBG was over. Additionally, In 45 cases, CGHS imposed penalty @ 15 *per cent* of PBG as liquidated damages for violation of clause of MoA and amount was recovered from PBG. However, CGHS could not confirm, whether the amount of the PBG will be maintained intact being a revolving guarantee by receiving the bank guarantee for 15 *per cent* amount deducted as penalty.	CGHS should monitor the validity of the existing PBGs so that fresh ones may be obtained if the previous ones had expired. Further, being a revolving guarantee, CGHS should ensure that the amount of the PBG is maintained intact, by receiving the bank guarantee for penalty amount recovered by the CGHS.
	Non-existence of SMS alert system to beneficiaries regarding their treatment/expenses in empanelled HCOs.	SMS alert system may be generated for the beneficiaries availing credit facilities regarding their treatment/expenses at the time of discharge.

In order to improve the system of procurement of drugs and reimbursement of claims, the Ministry may take into consideration the above recommendations and ensure accountability of individuals/units responsible for lapses pointed out in the report.

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