CHAPTER IV

Hospital Empanelment and Management

4. Introduction

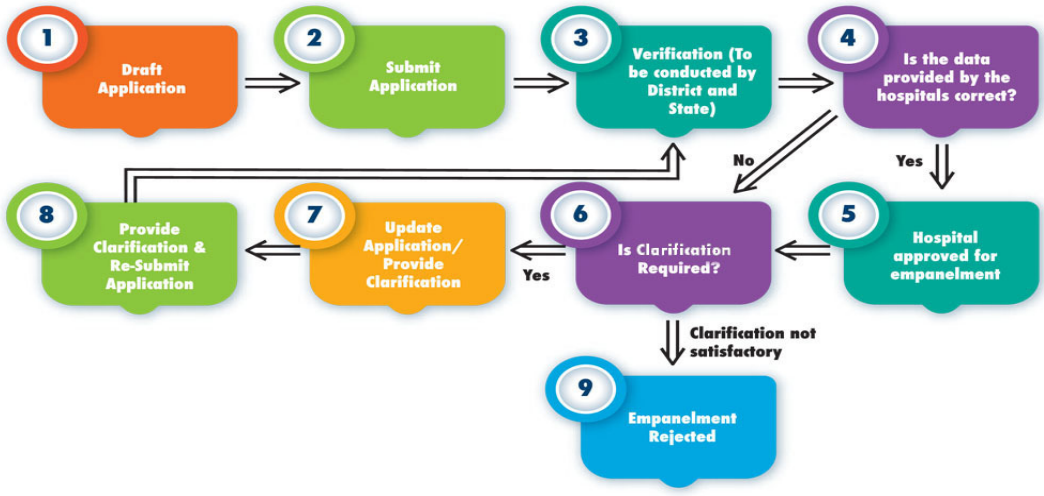
PMJAY covers medical and hospitalisation expenses for almost all secondary and tertiary care procedures covering surgery, medical and day care treatments for economically weaker segment of the population with an aim to bring low-cost quality treatment as well as to provide essential drugs and diagnostic services at affordable prices.

Preventive and quality health care are the core components to achieve Universal health coverage. In order to ensure that quality health care is provided to the beneficiaries under PMJAY, State Health Authorities through State Empanelment Committees (SEC) are empowered to empanel private and public health service providers in their respective State/UTs. The States are free to decide the mode of verification of empanelment applications, conducting the physical verification either through District Empanelment Committee (DEC) or using the selected insurance company (Insurance Mode), under the broad mandate of the instructions provided in the guidelines for hospital empanelment.

4.1 Process of Empanelment

All States/UTs are permitted to empanel Hospitals only in their own State/UT. In case any State/UT wants to empanel Hospitals in another State/UT, they can do so only till the time they are not implementing PMJAY. All public facilities with capability of providing inpatient services (Community Health Centre level and above) are deemed empanelled under PMJAY. The Private Hospitals may apply online through Hospital Empanelment Management (HEM) portal for empanelment. The process of empanelment of private Hospitals is defined in **Flow Chart-4.1**.

Flow Chart-4.1: Process of Empanelment



The State Health Department ensures that the enabling infrastructure and guidelines are put in place to enable all public health facilities to provide services under PMJAY.

4.2 Criteria for Hospital Empanelment

According to para 1.3 of Hospital Empanelment and Management (HEM) guidelines, the criteria for empanelment have been divided into two broad categories *viz.* General and Specialty. The Empanelled Health Care Providers (EHCPs) empanelled under PMJAY for providing general care should meet the minimum requirements of General Criteria. The main features of General criteria for empanelment of EHCPs are as under:

Requirement of round-the-clock facilities	Requirement of Medical staff
• At least 10 in-patient beds. • Round-the-clock support systems required for the services like Pharmacy, Blood Bank, Laboratory, Dialysis unit, Ambulance facilities. • 24 hours emergency services managed by technically qualified staff, wherever emergency services are offered. • Fully equipped Operation Theatre, Waste Management Support services (General and Bio Medical) in compliance with the Bio-medical Waste Management Act. • Appropriate fire-safety measures.	• Adequate and qualified medical and nursing staff. • Round-the-clock availability (or on-call) of a surgeon and Anaesthetist where surgical services/day care treatments are offered. • An Obstetrician, Orthopaedics, ENT, Ophthalmology, Dental, General surgery (including endoscopy).

Under the Specialty Criteria, Hospitals would be empanelled separately for certain tertiary care packages authorized for one or more specialities (*viz.* Cardiology, Oncology and Neurosurgery etc.) and the Hospitals are required to meet the advanced criteria to provide those facilities as specialty packages, over and above the general criteria.

As of November 2022, total 26209 (11,930 private and 14,279 public) Hospitals were empanelled across the States/UTs. The details are given in **Annexure-4.1**.

Audit noted instances of non-compliance with the general criteria for empanelment as detailed below:

4.2.1 Criteria regarding support system and infrastructure

As per Annexure-1 of HEM guidelines, a hospital should have adequate arrangements for round-the-clock support systems required for the services like pharmacy, blood bank, laboratory, dialysis unit, post op ICU care etc.

Audit noted that in 12 States/UTs namely **Andaman and Nicobar Islands, Assam, Bihar, Chandigarh, Gujarat, Himachal Pradesh, Jammu & Kashmir, Manipur, Nagaland, Puducherry, Tripura** and **Uttar Pradesh**, the minimum criteria of empanelment was not

met by some of the EHCPs. There were deficiencies such as medical equipment being out of order, lack of basic infrastructure such as IPD Beds, Operation Theatres, ICU care with ventilator support systems, Pharmacy, Dialysis Unit, Blood banks, Round-the clock Ambulance Services etc. Details are given in **Annexure-4.2**.

4.2.2 Non-compliance of safety measures

As per Annexure-1 of HEM guidelines, appropriate fire-safety measures, adherence to Standard treatment guidelines/Clinical Pathways for procedures as mandated by NHA from time to time, Waste Management Support Services (General and Bio Medical) – in compliance with the Biomedical Waste Management Act should be followed.

Audit noted that in seven States namely **Bihar, Himachal Pradesh, Jharkhand, Karnataka, Meghalaya, Puducherry** and **Uttarakhand**, some of the EHCPs were empanelled without fulfilling the above criteria. Details are given in **Annexure-4.3**.

This is indicative of the fact that EHCPs did not conform to the prescribed quality standards and mandatory conditions for empanelment.

NHA stated (August 2022) that safety measures like fire, bio-waste management etc. are not mandatory.

NHA's reply that the guidelines are not mandatory is not appropriate as SHAs are required to ensure that the EHCPs follow all the norms and safety measures.

4.3 Awareness Generation and Facilitation for Empanelment of EHCPs

According to para 1.4 of HEM guidelines, the State Government is to ensure that maximum number of eligible Hospitals participate in the PMJAY and this needs to be achieved through Information, Education and Communication (IEC) campaigns, collaboration with District, Sub-District and Block level workshops. The State and District administration are to encourage all eligible Hospitals in their respective jurisdictions to apply for empanelment under PMJAY. The SHA is to organize a District workshop to discuss the details of the Scheme (including empanelment criteria, packages and processes) with the Hospitals and address any query that they may have about the Scheme. Representatives of both public and private Hospitals (both managerial and operational persons) including officials from Insurance Companies are to be invited to participate in this workshop.

Audit noted that as of November 2022, total 26,209 (11,930 private and 14,279 public) Hospitals have been empanelled across the States/UTs. The EHCPs availability per one lakh beneficiary ranged from 1.8 EHCPs in **Bihar** to 26.6 EHCPs in **Goa.** In UT of

Lakshadweep, this availability ratio was 90.8 EHCPs per lakh beneficiaries. Details are given in **Annexure-4.1**.

The availability of EHCPs is very less in the States/UTs of **Assam** (3.4), **Dadra Nagar Haveli-Daman Diu** (3.6), **Maharashtra** (3) and **Rajasthan** (3.8). Audit noted that though beneficiaries in **Bihar** and **Uttar Pradesh** are numerous at 5.56 crore and 6.47 crore, availability of EHCPs was very low in comparison at 1.8 and five EHCPs respectively to a lakh of population.

The objective of the Scheme is to provide benefits to a poor and vulnerable population. In view of this, the State authorities should make concerted efforts through IEC activities to empanel more Hospitals.

While accepting the observation, NHA stated (August 2022) that continuous efforts are being made to empanel more number of hospitals.

4.4 Physical verification not conducted by District Empanelment Committee

According to para 1.6 of HEM guidelines, District Empanelment Committees (DEC) are responsible for hospital empanelment related activities at the district level and also to assist the State Empanelment Committee (SEC) in empanelment. After the empanelment request by a hospital is filed, the application is scrutinized by the DEC and processed completely within 15 days of receipt of application. After the verification of documents, the DECs physically inspect the premises of the hospital and verify the physical presence of the details entered in the empanelment application and submit a report to the SEC in a prescribed format through the portal along with supporting pictures/videos/document scans. Further, the SEC considers the reports submitted by the DEC and approves or denies or returns the empanelment request back to the hospital.

Audit noted that physical verification was not conducted in 163 EHCPs in **Manipur** (17), **Tripura** (103) and **Uttarakhand** (43).

Empanelment without conduct of physical verification has the risk of empanelment of EHCPs which do not fulfil minimum criteria of empanelment.

While accepting the observation, NHA stated (August 2022) that physical verification could not be completed because of pandemic issues and some hospitals were empanelled on the recommendation of CMO etc.

Audit is of the view that physical verification process should be mandatory for the empanelment of hospitals so that only those hospitals can be empanelled that fulfil requisite criteria are empanelled.

4.5 Non-empanelment of all available and eligible Specialities of EHCPs by SHA

According to HEM guidelines, DECs correlate the documents uploaded by the EHCPs with physical verification of original documents produced by the hospital. In case during inspection, it is found that a hospital has not applied for one or more specialties, but the same facilities are available, then the hospital will be instructed to apply for the missing specialties within a stipulated timeline (*i.e.* seven days from the inspection date). If the hospital does not apply for the other specialties in the stipulated time, it will be disqualified from the empanelment process.

Audit noted that:

In **Assam,** out of 35 test checked EHCPs, 13 EHCPs were providing four to 80 *per cent* of available specialties to PMJAY beneficiaries. Details are given in **Annexure-4.4**.

In **Jharkhand,** two private EHCPs were not providing three specialities each under the PMJAY, which were otherwise available for the general public. Details are given in **Annexure-4.5**.

Failure to provide all available specialities by EHCPs reduces the availability of such services to beneficiaries, thus denying them benefits envisaged under the PMJAY.

4.5.1 Lack of Specialties

PMJAY aims to provide the poorest households with equitable access to a comprehensive package of patient-centred quality services. The development of comprehensive service packages is an important step towards this goal. However, the lack of the envisaged facilities/services in many States defeated the very purpose behind introduction of these packages.

In **Andaman and Nicobar Islands,** super speciality facilities were not available, neither at the referral hospital (545 bedded GB Pant Hospital, Port Blair) nor at two other District EHCPs. As a result, out of 316 hospitalization cases under PMJAY, 34 patients were referred by GB Pant Hospital, Port Blair to private EHCPs in Chennai, Kanchipuram, Kolkata, Madurai etc. at a distance of nearly 1,500 km from Port Blair.

In **Haryana,** 14 specialties were not available in various Districts of State. Hence, 1,178 PMJAY beneficiaries had to travel to another District/State to avail the treatment.

In **Maharashtra**, audit noted that 1,113 types of treatment were not provided in the hospitals located in Nandurbar, Washim, Osmanabad, Gadchiroli and Palghar Districts, where beneficiaries had to travel to other Districts for treatment.

In **Meghalaya,** due to lack of services in three Districts, 2,750 patients of West Jaintia Hills, West Garo Hills and Southwest Garo Hills took treatment in East Khasi Hills, while 884 patients from Southwest Garo Hills took treatment at West Garo Hills.

In many States, lack of speciality services necessitated the beneficiaries to move far off places which causes hardship and great amount of inconvenience to the beneficiaries and may lead to out-of-pocket expenditure. There is a strong need to upgrade the speciality services of EHCPs so as to fulfil the objective of the scheme.

4.5.2 EHCPs treated patients prior to up-gradation of specialties

In **Jharkhand,** 3 EHCPs in Ranchi treated 795 patients against certain specialities which are yet to be upgraded/empanelled in SHA and got payment of ₹ 0.63 crore. Details are given in **Annexure-4.6**.

Further, in **Jharkhand**, the Insurance Company informed (26 December 2019) SHA that Lifeline Nursing Home, Godda had performed 92 Phaco[20] procedures without having Phaco Machine in the hospital. SHA asked (March 2020) the Insurance Company to submit Beneficiary Audit report of all 92 Phaco procedures done by the hospital and details of claim payment made to the hospital. Although, the Insurance Company did not provide the details of beneficiary audit and claim amount, the SHA had not taken action against the Insurance Company or the hospital. Audit, however, noted that as per TMS data, hospital performed 72 Phaco procedures till 26 December 2019 and got payment of ₹ 5.98 lakh. NHA accepted the observation and quoted (August 2022) different reasons including laying responsibility on the SHA and absence of specialist doctors etc.

4.6 Treatment done by EHCPs for non-empanelled specialities

As per Guidelines on Processes for Hospital Transactions, PMJAY, Empanelled EHCPs are allowed to provide treatment to the beneficiaries only for those specialties for which they are empanelled.

Further, according to para 1.6 (g) of HEM Guidelines on procedure of empanelment of EHCPs for PMJAY, only that specialty which conforms to minimum requirements will be empanelled in a hospital even though the hospital may have applied for multiple specialties.

In **Assam**, 18 EHCPs provided treatments for non-empanelled specialities to 1,149 beneficiaries for which total claims amounting to ₹ 1.27 crore were paid to the hospitals.

[20] A small incision is made on the side of the cornea, the clear, dome-shaped surface that covers the front of the eye.

In **Chhattisgarh**, 65 EHCPs claimed packages amounting to ₹ 0.29 crore for which the hospital was not empanelled.

In **Gujarat,** out of 26 EHCPs, 20 EHCPs provided treatments for non-empanelled specialities for an amount of ₹ 38.38 crore.

In **Jharkhand,** 8 EHCPs[21] of six test checked Districts provided treatment to patients in a speciality for which the hospital was not empanelled, resulting in irregular payment of ₹ 0.46 crore in 358 cases.

In **Manipur,** 15 EHCPs treated patients under packages/specialties not empanelled in the respective EHCPs in 2,153 cases for an amount of ₹ 2.69 crore.

NHA stated (August 2022) that there may be some issues related to mapping of HEM portal and TMS portal but no supporting documents have been provided by the NHA.

4.7 Performance under PMJAY

Audit noted instances of either zero or low performance in the following States:

PHCs are generally empanelled for Gynaecology and CHCs are empanelled for the Gynaecology, Paediatrics and General medicine specialties by the SHA.

In **Andhra Pradesh**, out of 1,421 empanelled EHCPs, 524[22] EHCPs submitted zero claims while 81 EHCPs submitted one to five claims. This indicates that the EHCPs are not fully functional.

In **Jharkhand,** 59 empanelled EHCPs[23] were not treating patients since empanelment or from the year 2019-20 and 2020-21. SHA directed (January 2021) the Civil Surgeons (CS) of the concerned Districts to investigate the matter. However, the CSs did not submit any reply as of December 2021. Further, Mahatma Gandhi Memorial Medical College and Hospital, Jamshedpur did not provide treatment for 761 days during the three years period from 23 September 2018 to 22 September 2021 (1,096 days).

In **Punjab,** five selected EHCPs in five test-checked districts did not provide any treatment up to March 2021 despite being empanelled between October 2019 and July 2020.

In **Tamil Nadu**, none of the 19 Government of India EHCPs empanelled in September 2020 were entertaining patients under the scheme as of 31st March 2021. The SHA replied that the

[21] **Dhanbad**-Seven EHCPs-333 cases, ₹ 0.38 crore, **East Singhbhum**-One EHCP-25 cases, ₹ 0.08 crore.

[22] Public EHCPs-461 and Private EHCPs-63.

[23] Private EHCPs-51 and Public EHCPs-8.

EHCPs were empanelled based on the directions of NHA. However, they were not willing to participate in the State Insurance Scheme.

In **Uttar Pradesh**, out of 416 (160 public and 256 private) EHCPs in seven Districts, 27 public and 13 private EHCPs did not provide any treatment.

The zero/low performance of EHCPs may lead to denial/delay of intended benefit to the beneficiaries.

While accepting the observation, NHA stated (August 2022) that due to the pandemic, EHCPs were reluctant to provide the services to PMJAY beneficiaries.

4.8 Hospitals empanelled with delay and under process for empanelment

According to para 1.7 (i) of HEM guidelines, the final decision on request of a Hospital for empanelment under PMJAY, shall be completed within 30 days of receiving such an application.

i) In 14 States/UTs, **Andhra Pradesh, Assam, Bihar, Chandigarh, Chhattisgarh, Jammu and Kashmir, Jharkhand, Madhya Pradesh, Manipur, Puducherry, Punjab, Rajasthan, Uttar Pradesh** and **Uttarakhand**, 2,733 Hospitals were empanelled with delays ranging from (beyond 30 days) 1 day to 44 months as detailed in **Table-4.1**.

Table-4.1: Number of Hospitals empanelled with delay

Sl. No.	State/UT	Number of hospitals empanelled with delay	Delay in number of days
1	Andhra Pradesh	247	32-1315
2	Assam	61	30-365
3	Bihar	269	1-898
4	Chandigarh	12	3-51
5	Chhattisgarh	7	30-180
6	Jammu and Kashmir	15	32-524
7	Jharkhand	169	2-379
8	Madhya Pradesh	378	1- 823
9	Manipur	18	1-180
10	Puducherry	20	1-365
11	Punjab	717	1-953
12	Rajasthan	214	1-156
13	Uttarakhand	60	1-365
14	Uttar Pradesh	546	30-365
Total		**2733**	

ii) In six States, **Bihar, Gujarat, Jharkhand, Punjab, Rajasthan** and **Uttar Pradesh**, empanelment of 418 Hospitals was under process with delays from two days to 873 days with

reasons like non-submission of replies of required documents, details of manpower, hospital infrastructure etc. from hospitals as required by DEC. Details are given in **Table-4.2**.

Table-4.2: Number of Hospitals under process for empanelment

Sl. No.	State	No. of hospitals	Delay in number of days
1.	Bihar	55	2- 873
2.	Gujarat	224	30-408
3.	Jharkhand	60	30-690
4.	Punjab	10	28-53
5.	Rajasthan	47	219-400
6.	Uttar Pradesh	22	5- 845
Total		**418**	

While accepting the observation, NHA replied (August 2022) that delay is mostly because of procedural issues like delay in uploading of documents, incomplete documentation and technical issues.

4.9 Money paid by beneficiaries for treatment under PMJAY

PMJAY intends to provide cashless access to health care services for the beneficiary at the point of service, that is, the hospital.

The agreement signed by the SHA and the empanelled private EHCPs states that 'the treatment/interventions to PMJAY beneficiaries should be provided in a completely cashless manner. After admission of a patient in hospital, expenditure for all diagnostic tests, medicines, implants, etc. is to be borne by the hospital since the costs for the same have been included in the cumulative package amount**.** However, audit noticed instances where patients had to pay as part of their treatment under the PMJAY.

In **Himachal Pradesh,** 50 beneficiaries of five EHCPs had to manage their diagnostic tests from other hospital/diagnostic centre and cost of tests was borne by the beneficiaries. The amount of expenses was not available with the SHA.

In **Jammu and Kashmir**, in 10 public EHCPs, 459 patients paid ₹ 43.27 lakh initially out of their own pocket for which reimbursement was made to the patients after verifying the bills. Reimbursement is yet to be made to 75 patients amounting to ₹ 6.70 lakh.

In **Jharkhand,** the Insurance Company observed that 36 patients of Life Care Hospital, Godda paid varying amounts for purchase of medicines, injections, blood, etc. The details of expenses were not available with the SHA. On the basis of the Insurance Company's observation, SHA asked (28 August 2020) the hospital to submit its explanation within five days to avoid a penalty, failing which the hospital would be suspended. However, the hospital neither submitted any explanation, nor did the SHA initiate any action against the hospital.

In **Meghalaya,** out of 19,459 beneficiaries who availed treatment in five private EHCPs from February 2019 to March 2021, 13,418 (69 *per cent*) had to pay an additional amount of ₹ 12.34 crore at the time of discharge.

NHA replied (August 2022) that the out-of-pocket expenditure may be due to non-availability of health facilities, upgradation to private ward.

Audit is of the opinion that the hospitals should collaborate with various interrelated service providers to provide free facilities to the beneficiaries.

4.10 De-Empanelment of EHCPs

De-empanelment process can be initiated by the Insurance Company/SHA after conducting proper disciplinary proceedings against empanelled hospitals on misrepresentation of claims, fraudulent billing, wrongful beneficiary identification, overcharging, unnecessary procedures, false/misdiagnosis, referral misuse and other frauds that impact delivery of care to eligible beneficiaries. During audit, following instances of de-empanelment were noticed:

In **Bihar**, empanelment of Ananya Memorial Hospital was suspended on 30 August 2019, as the treatment provided by the hospital was not as per the MoU and guidelines. After necessary field investigations, SEC de-empanelled (December 2020) the hospital. Though payment of 12 claims amounting to ₹ 67,900 had been settled during 2018-20 to the hospital, SHA did not conduct necessary investigation of the same.

In **Jharkhand,** five EHCPs of Palamu District which were de-empanelled in 2019 had treated 1,777 cases and got claim amount of ₹ 1.37 crore **(Annexure-4.7)**.

i) SHA de-empanelled a hospital in Palamu in December 2018, but the hospital changed its name to Aashirbad Hospital (HOSP20P92995), and again applied and was empanelled on 2 May 2019. However, due to lack of infrastructure, the hospital was again de-empanelled on 31 January 2020. Thus, a blacklisted hospital had been re-empanelled and treated 130 patients between June 2019 to September 2019 and got payment of ₹ 1.72 lakh in 25 cases.

ii) DEC, Ranchi recommended (June 2020) de-empanelment of Om Sai Chirayu Hospital, Shalini Hospital Narayan, Soso Suyog Hospital and Sri Sai Shirdi Hospital. However, except Sri Sai Shirdi Hospital, SHA de-empanelled three EHCPs only on 25 November 2020 *i.e.* after a delay of five months of recommendations of DEC as against the prescribed time limit of two months.

In 11 States, 241 hospitals were de-empanelled from PMJAY either voluntarily or due to low performance and mal-practices adopted by EHCPs. Details are given in **Annexure-4.8**.

This shows that the SHA had not initiated the process of de-empanelment of EHCPs in timely manner. It is also clear that SHA needs to have an appropriate mechanism to prevent the empanelment of a de-empanelled hospital once again.

NHA stated (August 2022) that in respect of Bihar, the recovery has been made. However, NHA did not furnish any documentary evidence in support of recovery made. As regards Jharkhand, NHA stated that the State Audit Office referred to the wrong letter while framing the audit observation. But NHA did not furnish any document in support of their claim. Further, NHA's reply was silent about other SHAs.

4.11 Allotment of more than one Unique ID

As per Para 1.7 (D) of empanelment guidelines, a hospital is intimated as soon as a decision is taken regarding its empanelment and the same is updated on the PMJAY web portal. The hospital is notified of the final decision through SMS/email. If the application is approved, the hospital is assigned a unique national hospital registration number under PMJAY.

- In **Jharkhand,** one EHCP in Dhanbad and seven EHCPs in Ranchi were empanelled twice by SHA with different identification, though locations of the EHCPs were same.
- In **Tamil Nādu**, data analysis of empanelled Government/private network EHCPs revealed that 57 EHCPs were allotted two or more unique ID.

Allotment of more than one ID by SHA may lead to delay in timely processing and admitting the claims.

While accepting the observation, NHA stated (August 2022) that in the EHCP every specialty is tagged against a unique ID in the same hospital once empanelled for PMJAY. NHA's reply is not acceptable as one EHCP should have only one unique id.