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GOVERNMENT OF KERALA

HEALTH & FAMILY WELFARE (M) DEPARTMENT

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Thiruvananthapuram,  
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**CIRCULAR**

Sub: Guidelines on management of RSBY, CHIS and other Insurance  
Receipts -

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Government is increasingly resorting to pre-paid schemes (insurance schemes) to reduce financial risks faced by patients who are unable to bear the cost of health care. This includes, RSBY, CHIS +, ECHS (for ex-service men), Swavalamban for physically challenged, Niramaya for persons with cognitive disabilities, Rashtriya Arogya Nidhi, Arogya Kiranam for child health etc. The money received from reimbursement schemes are to be used for improving quality of hospital services.

The following guidelines are issued for the accounting and receipts of insurance schemes.

**1. Accounting for claims:**

Insurance companies have an incentive not to pay all claims to reduce their financial outflow, especially when they have under quoted as is the situation in RSBY this year. It is the responsibility of the hospital superintendents to upload claims for all the procedures they have done for insured persons and ensure that payment is received. If claims are rejected they must find out the reason, rectify the defects and if claims have been unjustly rejected they must take it up with the District Grievance Redressal Committee and follow it up to state level if it is rejected at the district level. All the claims would be examined as part of the audit and not pursuing all channels to obtain a valid claim will not be accepted.

**2. Accurate accounting:**

Receipts from insurance reimbursements are subject to audit and must be properly accounted for and deposited in a separate bank account operated by the Supdt./RMO and the LS or any other administrative officer. These are not to be deposited in the HDC account. Additional incentives can be given to office staff entrusted with the job or where the receipts are sufficiently high an accountant may be engaged for the purpose.

**3. Insurance funds not to be wasted on branded drugs**

Patients from the reimbursement schemes have to be treated using generic drugs provided by KMSCL. Insurance reimbursements are for the hospital in general and not for purchasing branded drugs for treating individual cases. Where a drug that is not in the list

of essential medicines are to be purchased the treating doctor must prepare a request stating the reason why the specific drug is needed. This has to be approved by a committee consisting of the Supdt/RMO, treating doctor and pharmacist, which should approve the reason stated by the doctor. Records of these decisions must be stored separately and will be periodically audited.

If there is a shortage of drugs supplied by KMSCL insurance funds can be used for purchasing generic drugs from the essential drug list. That is to say the RSBY funds are to be used not for purchasing drugs for specific patients covered by RSBY but for all patients of the hospitals. These may be purchased from HMC, Karunya or Neethi medical stores of that or any other hospital after purchasing usual procedures for local purchase. If the indent has not been provided by KMSCL or the annual quota has been exhausted NAC may be waived. There shall be no cases of time expiry for drugs purchased under this scheme as drugs are to be purchased only on need to use basis.

### 3. Investigations.

Insurance funds are not to be used for unnecessary investigations from outside sources but to augment diagnostic and therapeutic facilities inside hospitals. HMC/HDC may use the funds for purchase of new equipment, improve capacity or features of existing equipment, extent AMC, carry out maintenance not covered by AMC or any other contract, purchase consumables, reagents or spare parts for them, carry out infrastructural modifications for proper use of these equipment, hire technical personnel to operate them or carry out any other expenditure deemed necessary by the technical committee for providing patient care.

### 4. Construction and hiring

Except as mentioned above, original construction is not to be taken up under RSBY. Similarly hiring of personnel is to be limited to service provision areas such as ward assistants, nursing assistants, nurses and technicians. Personnel can also be engaged as part of a project proposal to provide specific services such as specialist doctors, dialysis centres, cath labs, neuro surgery, knee or hip replacement surgery at secondary hospitals and IVF services. These are indicative only and any feasible project can be funded from insurance funds. Where adequate staff is not available cleaning services can be outsourced to an agency but individual cleaning staff are not to be engaged. If the volume of transactions is high an accountant may be hired for managing insurance funds or incentive to existing staff that help manage these funds may be paid of the funds.

Any other hiring can be done only with government permission.

**In order to ensure equitable distribution of funds not more than 40% can be used for hiring persons and not more than 20% for purchase of drugs. There is no limit on purchase of equipment.**

### 5. Executive committee for insurance funds.

Since expeditious decision-making is needed for use of insurance funds to improve quality of care all decisions on expenditure on these funds are to be taken by the following committee:

Hospital Superintendent : Chairman

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Deputy Superintendent/RMO: Vice chairman (Will function as chairman in the absence of chairman)  
Administrative officer/Lay Secretary: Treasurer  
HODs of all departments  
Matron/Nursing superintendent  
Store Superintendent/ PSK  
Any other technical person deemed necessary by the Superintendent

**6. Tracking of finances:**

It is important to monitor the receipt and expenditure of insurance funds. A monthly statement shall be forwarded to DMOs and DME by the hospitals and they shall review it in their monthly meetings.

Name of the scheme	Funds outstanding at the beginning of the month	Claims made during the month	Amount received during the month	Total funds available till this month	Expenditure during the year	% of expenditure

If the hospital does not spend 60% of the funds received during the year the difference between the amount spent and 60% shall be transferred to an account to be opened by DHS and DMO. This would be a challenge fund other hospitals can bid for by preparing a project proposal which will be approved by government. They will be funded from the corpus generated by transferring unspent amounts from hospitals.

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To

The Director of Medical Education, Thiruvananthapuram.  
The Director of Health Services, Thiruvananthapuram.  
The Executive Director, CHIAK, Thiruvananthapuram  
Labour & Skills Department.  
Information & Public Relations (Web & New Media) Department.  
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Forwarded/By order,



Section Officer.