

Ayushman Bharat – National Health Protection Mission Guidelines for Release of Premium

Target Beneficiaries for whom Premium will be released for:

Under Ayushman Bharat - National Health Protection Mission (herein referred as AB-NHPM) a defined annual benefit cover of Rs. 5.00 lakh per family (on a family floater basis) to over 10 crore poor, deprived rural families and identified occupational categories of urban workers' families as per the latest Socio Economic Caste Census (SECC) data, both rural and urban (~50 crore beneficiaries) and existing RSBY Beneficiary Families, which does not figure in the SECC database. However, for the sake of clarity the higher number of beneficiary families appearing in either SECC Database or Existing RSBY Beneficiary Families will be considered for deciding the eligible beneficiary families. The aforesaid benefit cover will be able to take care of almost all secondary care and most of tertiary care procedure. Upon launch of AB-NHPM, the existing Rashtriya Swasthya Bima Yojana (RSBY) and Senior Citizen Health Insurance Scheme (SCHIS) being implemented by States will be subsumed in AB-NHPM.

1. Sharing Pattern Ratio – For Premium and Administrative Expenses

- The actual premium discovered through open tendering process or the maximum ceiling of the estimated premium decided by Government of India for the implementation of AB-NHPM, whichever is less and this would be shared between Central Government and States / UTs in the ratio as per the extant directives issued by Ministry of Finance in vogue, from time to time. The existing sharing pattern ratio is 60:40 between the Central Government and the States Government / Union Territories, for States and Union Territories which are other than North-Eastern & Three Himalayan States and Union Territories, which does have Legislation; and
- For North-Eastern and Three Himalayan States (viz. Jammu and Kashmir, Himachal Pradesh and Uttarakhand), the sharing pattern ratio between the Central and State Governments will be 90:10; and
- For Union Territories, without Legislation, the Central Government may provide upto 100% on a case to case basis.

2. Opening of Escrow Account:

- The Central & State Government / UT shall have to open a separate designated escrow account viz. for Premium and Administrative Expense, with any of the banks as permissible by Ministry of Finance, through which the payment of premium i.e. States / UTs and Central Government's Share of Premium will be released.

- The Ministry of Finance has vide O.M. No. S-11012/3(1)/Bank/Ref.Case/2010 /RBD/1688-1772 dated 10.11.2016, has issued instructions relating to Banking arrangement of the State/District level implementing Agencies handling Central Sector/Centrally sponsored schemes of various Ministries of Government of India. It has been stated that the categories of banks operating in India and regulated under Banking Regulation Act, 1949, which have been notified as Scheduled Commercial Banks can handle accounts of Implementing Agencies / Autonomous Bodies / Societies and accordingly, all the Ministries / Departments are therefore can make necessary changes, if required, so that all the Scheduled Commercial banks (except Foreign Banks) are able to participate fully in the implementation of their schemes. The names of the banks are as under:
 - (i) State Bank of India and its Associates;
 - (ii) Nationalised Banks (PSU Banks);
 - (iii) Regional Rural Banks;
 - (iv) Other Scheduled Commercial Banks (Private Sector Banks)
- The SHA will need to share the details of the escrow accounts with NHA within 7 days of opening the designated escrow account. The process of funds release shall be as follows:
 - The State / UT shall upfront release its share, depending upon category of State/UT along with its administrative expense share into the separate designated escrow account of SHA opened by the States / UTs for implementation of AB-NHPM.
 - The Central Government shall then release its share of premium through the designated escrow account of NHA into the designated Escrow Accounts of the SHA of respective State / UT within 21 working days from the receipt of duly completed proposal from the State Government.
 - Thereafter, upon receipt of Central Government's Share of Premium, the State / UT shall release the aforesaid installment of premium within 7 working days from the SHA Premium Escrow Account to the Insurance Company/ Implementation Support Agency.
- The complete Fund flow of the scheme requires regular flow of information & triggers/intimation to Central Govt./NHA/SHA for timely release/ monitoring of funds at all levels. Each installment of fund release should happen as per the stipulated timelines only. At center level NHA & at state/UT level SHA would ensure the timely disbursement of funds to downward agency.
- Since enabling of such fund monitoring mechanism would need real time data updation in AB-NHPM portal by banks handling AB-NHPM transactions, SHA to ensure selection of such bank which has robust technology solutions with experience of handling government transactions including providing escrow arrangement services for government schemes/projects as the banking solution shall be critical to ensure timely release and tracking of funds along with parallel

information flow to various stakeholders. The solution so provided by SHA's banker would also need to facilitate:

- Multi-Level Fund monitoring through Single account system.
- Authorization based payment mechanism (in the form of Maker and Checker)
- Component head wise Payment & Tracking – received funds can be categorized in the form of expenditure heads.
- Real Time balance Report to monitor all expenditure head wise transaction summary
- View access of transactions across hierarchy
- Customized MIS /Reports to ensure smooth Reconciliations
- Capability of integration with accounting system for easy book keeping

3. Maximum Ceiling Payable by Government of India

- The maximum premium payable to the States / Union Territories shall be the respective Central Government's Share of Grant-in-Aid based on the sharing pattern ratio for the premium discovered through open tendering or the maximum ceiling amount decided by Government of India, whichever is less.

4. Implementation under Insurance Mode

4.1. Release of Premium (Grant-in-Aid)

- a. A flat premium per family, irrespective of the number of members under AB-NHPM in that family, will be determined through open tendering process.
- b. The State Government / Union Territories shall upfront release their respective share of premium for the eligible beneficiary families considered for the implementation of AB-NHPM into a separate designated escrow account opened for this purpose, from where it shall be paid to the Insurance Company on a per family basis. Upon releasing of States' / UT's share, the States / UTs shall send the proposal to the Central Government for release of respective Central Government's Share of Premium along with the prescribed documents.
- c. The modalities that will be adhered for release of premium for the implementation of AB-NHPM will be as under:

I – Number of Eligible Beneficiary Families

The targeted beneficiary families as per the eligibility criteria of AB-NHPM based on the SECC Database or the number of beneficiary families mapped with the SECC Database (in case a different database, other than SECC Database is used by the States / UTs), as the case may be, shall be considered for the purpose of release of premium by the Central Government.

II – Stage of Release of Premium:

State Health Agency (SHA) will, on behalf of the Beneficiary Family Units that are targeted / identified by the SHA and covered by the Insurer, shall pay its due share of the Premium for the benefit cover to the Insurer in accordance with the following schedule:

[i] First instalment of Premium for all States and UTs: The Insurer, upon the issue of policy, shall raise an invoice for the first instalment of the Premium payable for the Beneficiary Family Units that are targeted or identified by the SHA. Thereupon, the State / UT shall upfront release 45% of their respective share viz. (out of 10% / 40%) of premium within 15 working days from the receipt of invoice from insurance company, depending upon category of State/UT based on the number of eligible families that have been targeted / identified by the SHA and the data for whom has been shared with Insurance Company along with their respective administrative expense share into a separate designated escrow account opened by the States / UTs for the implementation of AB-NHPM.

Thereafter, within 15 working days from the release of their respective share, the State / UT shall raise the proposal for release of proportionate share of Central Government's Share of Premium along with the proposal, documentary proof for release of State's / UT's Share of Premium and requisite documentary evidences & compliance of applicable financial provisions. The Central Government will release 45% of its respective share depending upon category of State/UT based on the number of eligible families that have been targeted / identified by the SHA within 21 working days from the receipt of duly completed proposal from the State / UT.

However, in case of Union Territories without legislation, where the Central Government has to bear 100% premium, the Central Government shall pay 45% of its respective share of premium (viz. out of 100%) through the designated escrow account into the designated Escrow Account of the State / UT within 21 working days from the receipt of duly completed proposal (including and not limited to all information / clarifications demanded by Central Government).

Illustration: Rs. 500/- Annual Premium / Family decided in open tendering process. The calculation of premium per family for 1st Installment shall be done as under:

A. In case of North Eastern and 3 Himalayan States

1st Instalment of State Government's Share of Premium:

Rs. 500/- X 45% (Out of total 10% Share i.e. Rs. 50.00) = Rs. 22.50

1st Instalment of Central Government's Share of Premium:

Rs. 500/- X 45% (Out of total 90% Share i.e. Rs. 450.00) = Rs. 202.50

Total 1st instalment = Rs. 22.50 + Rs. 202.50 = Rs. 225.00 (paid through State's / UT's Escrow Account to the Insurance Company)

B. In case of Other States and Union Territories with Legislation

1st Instalment of State Government's / UT's Share of Premium:
Rs. 500/- X 45% (Out of total 40% Share i.e. Rs. 200.00) = Rs. 90.00

1st Instalment of Central Government's Share of Premium:
Rs. 500/- X 45% (Out of total 60% Share i.e. Rs. 300.00) = Rs. 135.00

Total 1st instalment = Rs. 90.00 + Rs. 135.00 = Rs. 225.00 (paid through State's / UT's Escrow Account to the Insurance Company)

C. In case of Union Territories without Legislation (#)

1st Instalment of Central Government's Share of Premium:
Rs. 500/- X 45% (Out of total 100% Share i.e. Rs. 500.00) = Rs. 225.00
(Paid through UT's Escrow Account to the Insurance Company)

(#) 100% of Premium and Administrative Cost is borne by Central Government.

Thereafter, upon the receipt of Central Government's Share of Premium, the State / UT shall release the aforesaid instalment of premium within 7 working days through the designated Escrow Account to the Insurance Company under intimation to the Central Government.

[ii] Second instalment for all States and UTs: The Insurer upon the completion of 2nd quarter shall raise an invoice for the second instalment of the Premium payable for the Beneficiary Family Units for which first instalment was released earlier. The State / UT (with Legislature), within 15 working days upon the receipt of invoice from the insurance company, shall release their 2nd instalment of premium i.e. 45% of their respective share viz. (out of 10% / 40%) into the designated escrow account. Thereafter, within 15 working days from the release of their respective share, the State / UT shall raise the proposal for release of proportionate share of Central Government's Share of Premium along with the proposal, documentary proof for release of State's / UT's Share of Premium (Grant-in-Aid) and requisite documentary evidences & compliance of applicable financial provisions. The Central Government will release 45% of its respective share depending upon category of State/UT based on the number of eligible families that have been targeted / identified by the SHA within 21 working days from the receipt of duly completed proposal from the State / UT.

Illustration: Rs. 500/- Annual Premium / Family decided in open tendering process. The calculation of premium per family for 2nd Instalment shall be done as under:

A. In case of North Eastern and 3 Himalayan States

2nd Instalment of State Government's Share of Premium:

Rs. 500/- X 45% (Out of total 10% Share i.e. Rs. 50.00) = Rs. 22.50

2nd Instalment of Central Government's Share of Premium:

B. In case of Other States and Union Territories with Legislation

2nd Instalment of State Government's / UT's Share of Premium:

Rs. 500/- X 45% (Out of total 40% Share i.e. Rs. 200.00) = Rs. 90.00

2nd Instalment of Central Government's Share of Premium:

Rs. 500/- X 45% (Out of total 60% Share i.e. Rs. 300.00) = Rs. 135.00

Total 2nd instalment = Rs. 90.00 + Rs. 135.00 = Rs. 225.00 (paid through State's / UT's Escrow Account to the Insurance Company)

C. In case of Union Territories without Legislation (#)

2nd Instalment of Central Government's Share of Premium:

Rs. 500/- X 45% (Out of total 100% Share i.e. Rs. 500.00) = Rs. 225.00
(paid through UT's Escrow Account to the Insurance Company)

(#) 100% of Premium and Administrative Cost is borne by Central Government.

Thereupon, the receipt of Central Government's Share of Premium, the State / UT shall release the second instalment of premium within 7 working days through the designated Escrow Account to the Insurance Company under intimation to the Central Government.

[iii] Third Instalment for all States and UTs: Upon completion of 10 Months of Policy, the Insurer shall submit the Claim Settlement Report along with the invoice for the last instalment of the Premium payable for the Beneficiary Family Units for which the first and second instalment was released earlier. The State / UT (with Legislative) Government shall, upon receipt of the Claim Settlement report from the Insurance Company / Real Time Data available with States / UTs and upon due satisfaction of permissible claim settlement ratio, release the remaining due premium of 10% or demand for the refund of premium from the insurance company or release the proportionate States / UTs Share of premium based upon the claim settlement scenario, as the case may be, within 15 working days into the escrow account. Thereupon, within 15 working days of their release of premium, shall raise the proposal to the Central Government for the release of 10% of Premium or the proportionate

premium based upon the claim settlement scenario, as the case may be into the escrow account as last tranche of premium to the Insurance Company.

The Central Government will release the due proportionate respective share of premium depending upon category of State/UT based on the number of eligible families that have been targeted / identified by the SHA within 21 working days from the receipt of duly completed proposal from the State / UT.

Illustration: Rs. 500/- Annual Premium / Family decided in open tendering process. The calculation of premium per family for 3rd Instalment shall be done as under:

A. In case of North Eastern and 3 Himalayan States

3rd Instalment of State Government's Share of Premium:

Rs. 500/- X 10% (Out of total 10% Share i.e. Rs. 50.00) = Rs. 5.00

3rd Instalment of Central Government's Share of Premium:

Rs. 500/- X 10% (Out of total 90% Share i.e. Rs. 450.00) = Rs. 45.00

Total 3rd instalment = Rs. 5.00 + Rs. 45.00 = Rs. 50.00 (paid through State's / UT's Escrow Account to the Insurance Company)

B. In case of Other States and Union Territories with Legislation

3rd Instalment of State Government's / UT's Share of Premium:

Rs. 500/- X 10% (Out of total 40% Share i.e. Rs. 200.00) = Rs. 20.00

3rd Instalment of Central Government's Share of Premium:

Rs. 500/- X 10% (Out of total 60% Share i.e. Rs. 300.00) = Rs. 30.00

Total 3rd instalment = Rs. 20.00 + Rs. 30.00 = Rs. 50.00 (paid through State's / UT's Escrow Account to the Insurance Company)

C. In case of Union Territories without Legislation (#)

3rd Instalment of Central Government's Share of Premium:

Rs. 500/- X 10% (Out of total 100% Share i.e. Rs. 500.00) = Rs. 50.00
(paid through UT's Escrow Account to the Insurance Company)

(#) 100% of Premium and Administrative Cost is borne by Central Government.

Thereafter, upon the receipt of Central Government's Share of Premium, the State / UT shall release the last instalment of premium within 7 working days

through the designated Escrow Account to the Insurance Company under intimation to the Central Government.

5. Interest and Penal Interest Provisions:

- If in case, the State / UT has not deposited its due share of premium into the escrow account, then a penal interest would be levied @ 1% per week for the number of week delay and part thereof on the State / UT. Similarly, penal interest provision shall also be applicable on the Central Government. The counter Government viz. State or Central / UT shall have the right to own such penal interest amount for adjusting in their future payable respective share of premium.
- If in case, if any interest is earned by SHA on Central Government's Share of Premium released into the Escrow account, the Central Government shall have the first right of claim on such interest earned amount and shall has to be transferred back to the Central Government / adjusted in future payment of the Central Government, as the case may be. Similarly, interest provision shall also be applicable for the State Government too.
- The State Health Agency shall send the proposal to the Central Government for the release of Central Government's Share of Premium within 15 (Fifteen) working days of receipt of the Insurer's invoice along & release of their share of premium, along with requisite documents (viz. Details of Eligible Identified Beneficiary Families, Documentary Proof for release of State Government's Share, etc] and compliance of Applicable Financial Rules.
- In case the insurance company is not paid the premium from the escrow account within the stipulated time of 7 (seven) Business Days, then for such unwarranted delay, the States / UTs shall be solely liable to pay a penal interest of 1% per week to the Insurance Company starting from after 15 days from its due date.

6. Refund of Premium

The Insurer will be required to refund premium as stipulated below if they fail to reach the claim ratio specified in comparison with the premium paid (excluding GST & Other taxes / Duties) below in the full period of insurance policy period. The premium refund shall be as per the formula below:

- a. The SHA shall issue a letter to the Insurer stating the Insurer's average Claim Ratio for all 24/36 months of Policy Cover Period (depending on renewal for third year) for the State/UT. In the letter, the SHA shall indicate the amount of premium that the Insurer shall be obliged to

refund. The amount of premium to be refunded shall be calculated based on the provisions as mentioned below.

- b. After adjusting a defined percent for expenses of management (including all costs excluding only service tax and any cess, if applicable) and after settling all claims, if there is surplus: 100 percent of leftover surplus should be refunded by the Insurer to the SHA within 30 days. The percentage that will be need to be refunded will be as per the following:
- In category A States:
 - i. Administrative cost allowed 10% if claim ratio less than 60%.
 - ii. Administrative cost allowed 15% if claim ratio between 60-70%.
 - iii. Administrative cost allowed 20% if claim ratio between 70-80%.
 - In Category B States:
 - i. Administrative cost allowed 10% if claim ratio less than 60%.
 - ii. Administrative cost allowed 12% if claim ratio between 60-70%.
 - iii. Administrative cost allowed 15% if claim ratio between 70-85%.
- c. The entire surplus as determined through formula mentioned above should be refunded by the insurer to the SHA within 30 days.
- d. If the Insurer delays payment of or fails to pay the refund amount within 30 days from the date of communication by SHA, then the Insurer shall be liable to pay interest at the rate of one percent of the refund amount payable to the SHA for every 7 days of delay beyond such 30 day period.
- e. If the Insurer fails to refund the Premium within such 90-day period and/ or the default interest thereon, the SHA shall be entitled to recover such amount as a debt due from the Insurer through legal remedial procedures.

Note: List of Category A and Category B:

Category A States/ UTs	Arunachal Pradesh, Goa, Himachal Pradesh, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, NCT Delhi, Sikkim, Tripura, Uttarakhand and 6 Union Territories (Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, Lakshadweep and Puducherry)
Category B States	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal

7. Sharing of Excess Claim Settlement Amount

This Clause shall be applicable only in case the claim settlement ratio exceeds 120%, in case of category A States (115% in case of Category B States) in any policy period. Under such instance, the excess amount over and above 120% (or 115%) shall be initially shared in equal proportion between the insurance company and State Government / Union Territory.

Thereupon, out of the excess burden amount, which the State Government / Union Territory has borne, the Central Government shall share the burden in line with the sharing pattern ratio. However, the total contribution of the Central Government along with the premium share and excess burden amount of claim shall not exceed the maximum ceiling amount of Share of Central Government, applicable for that particular States / UTs, respectively.

Any amount over and above the Central and State Government's contribution amount shall have to be borne by the Insurance Company, respectively.

8. Submission and Approval of Proposal

Before the start of implementation of AB-NHPM, the States / UTs will have to send their proposal to the Central Government and execute the Memorandum of Understanding with the Central Government indicating their modus operandi for the implementation of AB-NHPM. Further, for States / UTs, who are implementing through Insurance Mode, shall also upon the completion of the tendering process, send their proposal for the approval of Central Government in order to enable them to execute the insurance contract with the selected insurance company.

9. No Separate Fees, Charges or Premium

The States / UTs needs to ensure that the Insurer shall not charge any Beneficiary Family Unit or any of the Beneficiaries any separate fees, charges, commission or premium, by whatever name called, for providing the benefits under AB-NHPM. However, the aforesaid provision shall not be applicable, if in case, the beneficiary is required to take treatment above the amount of benefit cover of Rs. 5.00 Lakhs, respectively.

10. For any disagreement / issues (pertaining to interpretation, understanding, etc.), the decision of NHA shall be final and binding on all States / UTs.