

Minutes of Meeting of Sub-Committee on defining the range of rates of procedures and services held on 3/12/2014 under the Chairmanship of Spl. DG, Dr. B.D. Athani at 3.00 PM at Nirman Bhawan, New Delhi.

The list of participants is annexed.

The background material for the meeting a draft costing template, a draft master list of procedures, template for display of rates, list of common procedures as provided by experts from some specialities/super specialities were circulated to all members in advance.

After welcome and introduction, the Chairman Dr. B.D. Athani introduced the terms of reference of the Sub-committee, which is to define the range of rates of procedures and services after studying the existing rates. He commented that it is a gigantic exercise and proper methodology has to be agreed upon to arrive at correct rates. The Chairman commented that is well known that many a times, patients or their family get impoverished due to huge amount of rates in private sector.

Dr N S Dharmshaktu, DDG, suggested that quality of health services can be improved as laid down under Clinical Establishments Act by,

- 1) Mandatory registration
- 2) Laying down minimum standards for facilities and services.
- 3) Records, reports and sharing data
- 4) Display of rates
- 5) And defining range of rates

Dr Anil Kumar, nodal programme officer, made a power point presentation, where he shared the data base for review of rates. He said that concerns have been raised by Parliamentarians regarding exorbitant rates by private sector clinical establishments and so range of rates was to be defined with the help of stakeholders by the Subcommittee. For this it was important to examine the existing rates being charged. Now that Subcommittee on categorisation has completed its task, Standard Treatment Guidelines for 20 medical domain were completed, minimum standards for most categories have been drafted and Template for display of rates were prepared, this Subcommittee has sufficient background material to define range of rates for various services and procedures, as mandated under Central Government Rules under Clinical Establishments Act. Further a draft template of costing including various elements of costs was also shared with members. A group work involving members of subcommittee was proposed to be carried out which would involve following group wise tasks.

- Group 1: List of Procedures and Services
- Group 2: Review of existing rates
- Group 3: Methodology of costing

Members were requested to suggest names of experts and institutions who can undertake costing based on group work.

The Chairman invited all participants to give their viewpoints regarding determination of rates and charges. The discussions are summarized as under:

Views of IMA

Dr. Vijay Aggarwal from IMA said that the Clinical Establishments Act prescribing range of rates is against constitutional right of freedom to practice and hence it is ultra vires and also It takes away the independence of the profession. He said there are huge problems in Government prescribed rates specially CGHS rates and prescribing the rates for private sector is an ill-advised move. However, they have no problem with display of rates and charges by the Clinical Establishments. He further mentioned that process of L1 rates being chosen for determining CGHS rates is faulty and accordingly CGHS rates are not factual. The exercise by the subcommittee should be limited to review of only government schemes' rates and the subcommittee should fix the charges of procedures under the Government Schemes. He stated that private sector suffers from perception problem that the charges are high. Actually, in most cases, the hospitals are suffering loses. Dr Vijay Aggarwal, pointed out that even electricity charges in his own hospital, Pushpanjali Crossley located at Vaishali Ghaziabad, comes out to be between Rs.900/- to 1000/- per patient per day. The medical profession has a right to fix its own charges and determination of rates by Government will infringe on the rights of professionals. Why the Government is only after doctors while in case of other professionals like lawyers, CAs etc. they are allowed to charge as per their will. Doctors do their work in a most transparent way and honestly pay their income tax. He stated there is not even one doctor in the top 500 income tax payees in the country.

Mr. Anil Goyal, President DMA said that already 30 – 40% of the patients coming in private centres and 60% in corporate hospitals in Delhi are

covered by some insurance and charges are as per the policy of insurance company. Dr Asokan from IMA Kerala said that as doctors we would not like to surrender our rights.

Chairman asked that if the insurance company asks them to fix up the charges then what will they do. IMA representative said that if insurance companies want to pay less for a particular service, then the Clinical Establishments have a right to say NO but in case of Clinical Establishments Act, they lose this right.

It was pointed out that in Government hospitals, the charges are quite less and may be free in most cases. To this, IMA representative said that Government is spending tax payers' money to provide free services and actual cost incurred for each service may be higher in Government as compared to private sector. IMA stated that let every Indian get insurance, the perception and protest will cease. IMA also handed over a letter of protest to Chairman.

AIIMS

Dr Shweta from AIIMS New Delhi stated that it was difficult but necessary to define the range of rates.

Jan Swasthya Abhiyan (JSA)

Dr. Arun Gadre stated that he has over 20 years of experience of running an 8 bedded nursing hospital on private basis at affordable rates and he represents rationally practicing doctors too. Dr Athani welcomed that stand. Dr. Arun stated that, around 40% of total hospital bill amount is paid as commissions or cuts to the referring doctors which enhances the

costs and also in case of HIV positive patients, most of the hospitals charge higher rates. To this, IMA representative responded that this is due to increase in the cost of consumables in HIV patients. Dr. Arun pointed out that IMA's demand to regulate the charges in Government sponsored schemes is in contradiction to their demand not to regulate private sector charges. He also stated that Hospitals charge as per printed MRP for various items, which is very high as compared to actual cost. This raises the cost of treatment for the patients exorbitantly. He stated that there are standard treatment guidelines and range of charges in many countries like Germany, UK, Canada and Thailand. He insisted that not for profit good hospitals who earn decently should be taken as bench mark for costing purpose. He wanted to know whether hospitals below 50 beds are covered by the sub-committee, as they constitute maximum number. It was replied that they are too covered and will be involved.

IMS Health (information, services and technology company)

Dr. Alam Singh, who has an experience of working in Ghana stated that there are well established methods to do costing of procedures and services. What is to be included in the package, should be made clear and well defined. The cost differentials on account of factors like location cost, trust or private hospital etc. may be factored in.

State Governments

The Chairman wanted to know whether any of other State Acts have defined or fixed the charges. All the State Government representatives present in the meeting informed that their State Acts do not define charges. DDG (NSD) informed that State has a right to change the rates

as may be suggested by Central Government. **Andhra Govt.** representative commented that he is not convinced about Govt. prescribing the rates. However display of rate is agreeable and highest standards of care is also acceptable. Dr. Suman Arya from **Uttarakhand Govt.** commented that rates should be reasonable. The **West Bengal Govt.** representative welcomed the defining of the rates, however commented that the West Bengal has no provision of fixing the rates at present. **Tamilnadu Govt.** representative commented that fixing of rates is an impractical task as for the same surgery like hysterectomy done for simple fibroid, the cost may be less as compared to same surgery done for cancer uterus.

Corporate Sector Hospitals

A question was raised that who decide the rates in private sector. The Apollo and Medanta representatives pointed out that management decides the rates based on input costs, market forces and price wars. He also commented that as there is no control on input costs like cost on establishment, materials, costs of living in different areas etc. Thus, it is no use fixing the output/outcome costs. We should only adhere to accreditation. The Chairman said accreditation is voluntary.

Fortis Hospital representative commented that there is a perception problem about the corporate hospitals making huge amount of money, which is not true. Using L1 method for determining rate is the most outdated method and especially in case of CGHS patients, the net return for the hospitals is on negative side.

Representative from Rockland Hospital was appealing to IMA to join the process as now it is inevitable to subject to regulations. He agreed that the Government should define the range of rates as per the current consultative practice through involving the stakeholders.

Trust Hospital

Dr P K Kohli, Medical Director, Mahavir Hospital, Surat stated that Government should only prescribe working guidelines for costing.

The Chairman invited suggestions on methodology to be followed, as there may be wide variation in the cost of materials used in the procedure and every micro material is to be taken into account. Sunil Nandraj and JSA representative suggested Standard treatment Guidelines may be used as basis for costing. Chairman agreed that there may be ways and means of calculating such costs but medicine is a dynamic science and such costs may need revision very frequently, as treatment protocols may change frequently.

Mr. Sunil Nandraj pointed out that it is not the rates charged by doctors rather it is for rates charged by clinical establishments that are to be regulated and also it is not Government verses private charges. 9 states have adopted the Act, the role and responsibility of this subcommittee is to come out with range of rates and not to debate about validity of regulating rates. As the Act was passed by Parliament, the mandate of determining the range of rates has to be carried out. It will only be applicable wherever the Act has been adopted by the states. Sh. Sunil

Nandraj commented that CGHS is mainly Delhi centric the schemes like RSBY and Rajiv ArogyaSree have more of pan India representation.

The Chairman sought full cooperation of members of the sub committee and requested them to send soft copy of their rates list to Dr. Anil Kumar for further work. The Hospitals may further send their views in writing on how they wish to be regulated. There should be transparency. He said we could define range of rates for commonly done procedures. However IMA persisted with its opposition.

He requested all members to be part of one of the proposed groups and contribute towards development of appropriate methodology for estimating the cost of procedures/services. Dr Shweta from AIIMS and Dr. Arun Gadre from Jan Swasthya Abhiyan volunteered to be part of the third group on defining methodology of costing. Dr Prashant Kulshrestha from Rockland hospital volunteered to be part of second group. Other members were requested to identify the group in which they would like to be involved with and inform their concurrence through email.

The Chairman called upon members to set aside apprehensions and make a beginning. He said that Government cannot go against the mood of the public, so inputs and involvement of all stakeholders was important and required by the Subcommittee for carrying its task.

The meeting ended with a vote of thanks to the chair and to the participants.

List of Participants

The meeting on Sub Committee for defining range of rates of procedures & services held on 03.12.2014 at 3.00 pm in the Resource Centre Room No-445A Wing, 4th Floor, Nirman Bhawan, New Delhi

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