Documentation of implementation processes

Payment of premium and Risk pooling

Pilot project - Providing out patient healthcare to complement Rashtriya Swasthya Bima Yojana (RSBY)

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This document presents the process involved in payment of premium to the insurer for risk pooling during the implementation of the RSBY OP pilot project. It also specifies the role of partners in the pilot project involved with payment of premiums and pooling the risks for the target population.

This report was accomplished by Triumph Health Enhancing Systems (documentation agency contracted by ICICI Foundation to document the RSBY OP pilot project) after conducting interviews with implementing partners (ICICI Foundation, ICICI Lombard, RSBY State Nodal Agencies in Gujarat and Odisha.

The entire exercise spanned from February 2012 to June 2012.

It is advised that the document must be read with an understanding of the context and design of the pilot project and be used/shared judiciously only to interpret findings/learning’s if any with in such context. This report neither reflects a generalized view of implementation or impact of the established system.

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Introduction

ICICI Foundation for Inclusive Growth (ICICI Foundation), Rashtriya Swasthya Bima Yojana (RSBY) and International Labour Organisation (ILO) are experimenting new mechanisms to provide outpatient health care to the poor. A pilot project to provide out patient healthcare is being implemented in two districts in India - Puri district in Odisha and Mehsana district in Gujarat beginning June 2011. Provision of out patient health services is based on expanding the current RSBY inpatient benefit package to include outpatient healthcare services to complement the existing RSBY scheme with the primary objectives of

- To improve the health seeking behavior among BPL population.
- To ensure delivery of quality outpatient services by healthcare providers (both public and private) nearer to the community.
- To provide financial access to out patient healthcare among BPL population.

This document presents the process involved in payment of premium to the insurer for risk pooling during the implementation of the RSBY OP pilot project. It also specifies the role of partners in the pilot project involved with payment of premiums and pooling the risks for the target population.

Usually the benefits of the RSBY scheme are delivered through a contractual arrangement between insurance companies and state governments. Each such contract is specified on the basis of an individual district in a state. While more than one insurer can operate in a particular state, only one insurer can operate in a single district at any given point in time. The insurance company is selected through a technical and financial bid (essentially the annual premium per enrolled household that the insurer is willing to accept for the prescribed level of coverage and other conditions). Public and private sector insurance companies recognized by Insurance Regulatory Development Authority (IRDA) can participate. The Government of India (75%-90%) and the state government (25%-10%) share the premium to be paid among them. The funds towards payment of premium are transferred from the Ministry of Finance at the Central and State levels (according to the number of enrolled households for the policy year) to the insurer through the RSBY State Nodal Agency, the key administrative body at the state level to implement and oversee RSBY.

The process of implementation and delivery of benefits in the RSBY OP pilot though is similar to the one established in RSBY IP scheme, the distinguishing factor lies in the experimental nature of this project where the premium on behalf of the enrolled was not paid by the government but by ICICI Foundation for Inclusive Growth. The insurance company (ICICI Lombard) has been
partnered through mutual agreement rather than the usual selection process followed in the RSBY IP scheme.

**Establishing the role of stakeholders involved**

**ICICI Foundation for Inclusive Growth** (ICICI Foundation) is one of the partners in the RSBY OP pilot project. It finances the premium on behalf of the enrolled households and is also the chief learning partner (performs action research & documentation). It also works closely with the insurer and technology partner to implement the pilot. ICICI Foundation pays the premium of Rs.250 per enrolled household) to ICICI Lombard insurance company through the RSBY State Nodal Agency in both the pilot districts. ICICI assumed a 75 percent enrollment rate in both districts.

**ICICI Lombard General Insurance Company** (ICICI Lombard) is the insurer implementing and delivering the RSBY OP benefits package in both the pilot districts. ICICI Lombard received a grant from the International Labour Organisation (ILO) to design and rollout an outpatient product in India. The current implementing partners joined the project in various capacities to envision and implement the pilot project. ICICI Lombard in consultation with other implementing partners designed the outpatient product in conjunction with RSBY’s inpatient scheme. It pools the premium and performs enrolment, empanelment of providers, awareness creation and claims processing for both RSBY IP and OP in the pilot districts. It engages with different agencies at district level to develop and produce communications and outreach material required for beneficiary enrollment, trainings including literacy drives and general dissemination of the product to government functionaries. In addition it is responsible for contracting and liaising with the technology partner (FINO in this project) to develop and modify the RSBY software and install the necessary hardware at the empanelled provider facilities to support the outpatient product.

**RSBY State Nodal Agency** Department of Labour, Odisha and Department of Health and Family Welfare, Gujarat are the state level nodal agencies (SNA) that oversees and facilitates the implementation of the RSBY OP scheme similar to the IP scheme as OP is delivered in conjunction with IP by the same Insurance company. The premium has been routed by SNA from ICICI Foundation to ICICI Lombard for the outpatient product. SNAs assist the insurance company to prepare enrollment schedule, identify locations to hold enrollment camps, creation of awareness, empanelment of provider’s especially public facilities and assist in planning training workshops for the providers and closely monitor the project providing the Oversight Committee (formed to over see the
implementation of the pilot project) with access to enrollment and claims data from their information server.

_All the three stakeholders have entered into an agreement that forms the base of their roles and responsibilities to implement the pilot project._

**Tripartite agreement**

The project stands on basis agreed in the tripartite agreement among ICICI Foundation, respective state nodal agencies and ICICI Lombard (the Insurer). Tripartite agreements have been worked out separately for both the districts considering the role of respective SNAs. It has been agreed that the ICICI Foundation pays for the premium (Rs.250 per enrolled family) on behalf of all the enrolled households for 10 OP visits. The implementing partners predefined the premium, though exact actuarial data was not used to arrive at it. The premium is paid to SNA directly. However the project runs on cost-to-cost basis, paid to ICICI Lombard calculated at cost of the reimbursed claims and administrative costs at actuals. The agreement spells out distinctively on the following terms - Payment of premium, Implementation guidelines, Decision making power.

ICICI Foundation, ICICI Lombard and RSBY SNA Gujarat already signed the agreement. The agreement among ICICI Foundation, ICICI Lombard and RSBY SNA Odisha is yet to be signed. The ‘decision-making powers’ clause was not agreeable to the SNA. All the involved parties have put forward their comments and the agreement stands still; second round of negotiations are yet to take place.

**Transfer of premium to the Insurer**

After enrolment is done, the list of households issued smart cards was downloaded from all the FKO's cards and centralized at the district level. This formed the basis for the payment of the premium. Insurers also separately submitted the enrolment data in a pre-specified format to the GoI central server - a second source of enrolment data. The data is compared and in principle, premium payment to the insurer was based on the data downloaded from the FKO cards from DKM Server. The SNA sent the number of households enrolled to the ICICI Foundation and the payment was transferred to the SNA. ICICI Foundation has already paid the SNA Rs.19.57 million for the enrolled households in Mehsana (Total 78,283 households).