CMAAY-11039/4/2022-.-SHA

I/135353/2023

GOVERNMENT OF ARUNACHAL PRADESH
DEPARTMENT OF HEALTH & FAMILY WELFARE
STATE HEALTH AGENCY, CHIEF MINISTER AROGYA ARUNACHAL SOCIETY
NYIPH APARTMENT, MODEL VILLAGE NAHARLAGUN

Dated 3rd May 2023

OFFICE MEMORANDUM

Subject: Guideline for Utilization of Claim Revenue by government hospitals under Chief Minister Arogya Arunachal Yojana (CMAAY) and Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY)

CMAAY and AB PM-JAY present an extraordinary opportunity for strengthening the performance and empowerment of government hospitals in the State. A guideline was issued for implementation of CMAAY in Government hospitals vide Notification No. CMAAY/ 2020-196 dated 05-03-2021. Based on suggestions received from hospitals, a need was felt to revise the guideline for utilization of claim revenue in government hospitals by providing more flexibility for giving maximum benefit of free treatment to patient and facilitate hospital improvement. This would make claim revenue a flexible source of fund for government hospitals.

Approval of competent authority is hereby conveyed for the revised guideline on utilization of claim revenue by government hospitals under CMAAY & AB PM-JAY as annexed to this OM. This amends and replaces Section 33 Clause (ii) and (iv) of the existing guideline for CMAAY from the date of issue of Notification No. CMAAY/2020-196 dated 05-03-2021.

The document aims to provide a framework and guidance to the District Implementation Units (DIUs)/empanelled government hospitals to ensure that CMAAY & AB PM-JAY claim revenues earned are optimally used by government hospitals for improving patients' experience of seeking quality care and for hospital improvement.

This is issued with approval of the competent authority vide e-file no. CMAAY-11039/4/2022 dated 3rd of May 2023.

Sd/-
(Dr. Sharat Chauhan) IAS
Principal Secretary (Health)-cum- Chairman (EC),
State Health Agency, CMAA Society
Government of Arunachal Pradesh

Copy to:

1. All the Directors, Department of Health & FW for information.
2. All the DCs/DMOs/CMS(TRIHMS)/Jt.DHS(BPGH)/MS for information and necessary action.

Signed by
Nabam Peter
Date: 23-05-2023 13:46:15
Chief Executive Officer cum Member Secretary
State Health Agency CMAA Society (CMAAY & AB PMJAY
Department of Health & Family Welfare
Government of Arunachal Pradesh

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Guideline for Utilization of Claim Revenues by Government hospitals under CMAAY & AB PM-JAY

(Issued under Office Memorandum No CMAAY-11039/4/2022 Dated 3rd May, 2023)

1. Introduction

1.1 Government of Arunachal Pradesh launched its flagship health assurance scheme - Chief Minister Arogya Arunachal Yojana (CMAAY) in convergence with AB PM-JAY, the flagship scheme of Government of India (GOI) vide State Cabinet decision dated 29th June 2018. The core aim of these schemes is to reduce the severe financial burden on the poor and vulnerable communities and ensure their access to quality health services, to accelerate progress towards achievement of Universal Health Coverage (UHC). CMAAY was officially announced by HCM on 15th August 2018. ABPM-JAY was officially launched pan India on 23rd September 2018. These schemes cover hospitalization costs of up to Rs. 5 lakh per entitled family per year for secondary and tertiary care, provided through a network of empaneled public and private hospitals – the Empaneled Health Care Provider (EHCP).

1.2 The Empaneled Health Care Provider (EHCP) includes medical college/general hospitals/ district hospitals and all CHCs having in-patient facilities and some empanelled private hospitals across the state. All Government hospitals deemed empanelled are provided an unprecedented opportunity to mobilize and independently manage revenues earned through claims for treatment provided to beneficiaries (hereinafter referred to as 'Claim Revenues').

1.3 Claim revenues earned under CMAAY & AB PM-JAY by government hospitals are credited directly into the bank accounts of the hospital created vide Section 33 (i) of the CMAAY guidelines, are likely to be substantial as the CMAAY & AB PM-JAY matures and service utilization increases.

1.4 Claim revenues are the most flexible source of funds that government hospitals have. These revenues can be used exclusively for patient medical benefits and hospital improvement. The flexible nature of earnings through claim revenues makes it the most important pool of resource for government hospitals in-charges/superintendents as this flexibility is generally not available under other hospital financing.

2. Purpose and scope of this document

2.1 The guideline for implementation of CMAAY was issued on 08 January 2021 and was effective since the date of issue on 05 March 2021. Revision of the guidelines for fund utilization of the claim revenues in Government hospitals was necessitated with inputs coming from major stakeholders i.e., TRIHMS Naharlagun & BPGH Pasighat.

2.2 This document aims to provide a framework and guidance to the District Implementation Units (DIUs)/Government hospitals to ensure that claim revenues

earned are optimally used by government hospitals for improving patients' experience of seeking quality care and for hospital improvement.

2.3 It is expected that this guideline shall enable government hospitals to make informed decisions on different aspects of fund utilization. It can help ensure that government hospitals do not forego significant potential claim revenues for strengthening the hospital and patient care.

3. Revenue Sharing Model between SHA and Government Hospitals

3.1 State Health Agency CMAA Society shall retain 20% of the claim revenues at source to set up a state-level corpus fund directly administered by the SHA.

3.2 The deduction at source is equivalent to a policy of differential pricing for the Government and Private sectors that is when 20% is retained, package prices paid to government hospitals will be 20% less than private hospitals. This is justified for policy reasons (e.g., in recognition of the fact that government hospitals receive substantial supply-side funding; or absorptive capacity considerations).

4. Application of Funds and Expenditure Categories

4.1 The government hospital may use the claim revenues as per the indicative categories and allocation shares mentioned in Table 1 below and are subject to modifications based on the provisions of Section 4.2.

Table 1: Indicative items where claim revenues may be used

Expenditure categories	Allocation share
Medicines, Diagnostics and consumables (patient related)	50%
Staff Incentives	15%
Human Resources: Salaries for personnel recruited primarily for CMAAY & PM-JAY in the hospital	10%
Institutional Development, Hospital Upgradation &Quality Improvement including administrative expenses	25%

It may be noted that salaries for administrative personnel for CMAAY & PM-JAY may 'pay for themselves' by ensuring that claim submission processes function smoothly and maximum revenues are received.

4.2 DIUs/Government hospitals have the flexibility to determine their expenditure categories and allocation shares as per their requirements. The flexible funds available at the disposal of hospital authorities should enable the hospitals to respond to urgent and emergency needs in the interest of the beneficiaries.

4.3 The government hospital may exercise flexibility to use unspent balances from one expenditure category for another, ensuring that the first priority for expenditure should be on expenditure categories "medicines, diagnostics and consumables" followed by "salaries for personnel recruited specially for CMAAY & PM-JAY in the hospital". Such flexibility shall, however, be subject to the conditions that Rogi Kalyan

Samiti (RKS)/Hospital Development Committee (HDC) passes a prior resolution to that effect and provide ex-ante approvals for such expenditure.

4.4 DIUs/Government hospitals may note while exercising the flexibility:

(a)Procurement: DIUs/Government hospitals may apply the existing procurement policy to purchase items which are needed while extending treatment to beneficiaries of CMAAY & AB PM-JAY. A CMAAY revolving fund from the retained amount will be created and released initially to the dedicated account of the hospital (for the CMAAY revolving fund) for enabling seamless and cashless treatment to CMAAY/AB PM-JAY beneficiaries. The amount spent for each patient will be replenished with the recouped claim amount. If any expenditure is beyond the package amount, it should be intimated to SHA with clinical justification and detailed billing to enable SHA to further modify the package if needed. Reconciliation of the CMAAY revolving fund of the respective Government hospitals will be carried out jointly by SHA and the hospital on quarterly basis.

(b) Upgradation Works: SHA may decide to undertake certain works uniformly across all government hospitals– for example: setting up of kiosks, patient digital display board, dedicated waiting area for CMAAY & AB PM-JAY patient attendants, or any other hospital upgradation tasks as per the guidelines issued by NHA time to time that may be uniformly required across government hospitals. Since such tasks may be more efficient if the SHA centrally commissions the tasks to concerned agency (public or private).

Such costs may be proportionately recovered from the 20% retained amount for each government hospital.

4.5 Apart from other restrictions on the use of claim revenues that may be there in other sections of this Guideline, claim revenues shall not, under any circumstance whatsoever, be used for the following:

a. Substitute state share under any centrally sponsored scheme/programme.
b. Transfers, either in full or part, to any state scheme.
c. Provide medical reimbursements for any state/central scheme other than CMAAY or AB PM-JAY.
d. Deposits in the state treasury.

4.6 All expenditure decisions shall be documented ex-ante with clear rationale that shall be within the framework of these guidelines and as per state policies, following the approval procedures as set forth in approved guidelines.

5. Expenditure on Medicines, Diagnostics, and Consumables

5.1 Under the expenditure category "Medicines, Diagnostics and Consumables", a government hospital may use the allocations (as set forth in section 4.1) for ensuring that CMAAY &PM-JAY beneficiaries do not incur any out-of-pocket expenses on these

heads during treatment at the hospital. Out-of-pocket medical expenditure includes expenditure on account for consultations, patient food during hospitalization, medicines, laboratory tests and radiology investigations and any other expenditure directly related to treatment.

5.2 SHA may introduce e-vouchers for high-end diagnostics, based on the guidelines that may be issued by the NHA in this regard.

5.3 Government hospitals should use funds allocated under this category for supplying medicines/consumables to only scheme beneficiaries.

5.4 SHAs may exercise the liberty to centrally procure certain medicines for patients required in the CMAAY &AB PM-JAY Hospital Kiosk on behalf of government hospitals, for which the SHA shall abide by the guidance set forth in Section 3.1 above.

5.5 Allowable expenditure under this category shall include:

a. Medicines as required for the treatment of CMAAY & AB PM-JAY patients.

b. Medical and surgical supplies as needed for the treatment of CMAAY & AB PM-JAY patients.

c. Payments for pathology tests and radiology investigations (x-ray, ultrasound, CT scan, etc.) for CMAAY &AB PM-JAY patients if such tests/investigations are not available within the government hospital and therefore are done from outside the concerned government hospital (this could be at another government hospital which has such facilities or from a nearby private provider). In all such cases, rates at which such services can be procured from other government hospitals and private providers should ideally be equal to or less than TRIHMS rates for such tests/investigations.

d. Arrangement of a free ambulance in case of a road traffic accident, disaster, or any other case when the patient is alone.

5.6 The Government hospitals may undertake local procurement of medicines and consumables as set forth in Section 4.4 (a), provided the same cannot be supplied by the state machinery (through central medical store or the state level procurement and supply chain of medicines under National Health Mission (NHM).

5.7 All Government hospitals must create and maintain minimum documentation related to the procurement of medicines and consumables that may include but not be limited to:

a. Minutes of all RKS decisions related to procurement.

b. Procurement committee meeting minutes.

c. Separate stock register for medicines and consumables procured under CMAAY & AB PM-JAY.

6. Expenditure on Staff Incentives

6.1 Under the expenditure category "Staff Incentives", a government hospital may use the allocations for staff incentives (as outlined in section 4.1) to incentivize medical and paramedical personnel of the patient treating team in the government hospital. Such incentives shall be additional to the salaries they are getting and shall be subject to tax deductions at source as per existing income tax rules.

6.2 It is clarified that the distribution of such staff incentives is not a right of employees. Award of incentives is at the discretion of the hospital authority. The DIUs or the RKS/ HDCs may, at its sole discretion, decide to divert either in full or part of the allocations for staff incentives for relatively higher priority areas like '*Medicines and consumables for patients' or 'Salaries for personnel recruited primarily for CMAAY &AB PM-JAY in the hospital*'.

6.3 To account for the differences in staffing pattern in medical college hospital and other government hospitals (GHs/DHs/CHCs), illustrative allocation patterns are indicated in Table 2 and Table 3 below. However, DIUs/Government hospitals may exercise discretion in modifying the staff categories and/or the suggested allocations for different staff categories based on their staffing pattern and designations.

Table 2: Allocations for staff incentives in government hospitals other than government medical college hospitals

Staff category	Allocation
Treating doctors team including supporting doctors[1]	55%
Nursing and paramedical staff[2]	30%
Other support staff[3]	10%
Nodal Officer	1%
Counsellor	4%

[1] If only one doctor, 100 percent of this amount could be paid to the doctor. If there is a junior doctor, the senior could get 40 percent of the allocated amount and the remaining 15 percent to the junior doctor.

[2] Of this 30 percent, 40 percent could be allocated for the nurse; 30 percent for the support nurse and the remaining 30 percent for OT and other technicians.

[3] Of this 10 percent, 70 percent could be allocated to ward boys and sweepers, 20 percent for the Hospital Consultant/Pharmacist and the remaining 10 percent for the computer operator.

Table 3: Allocations for staff incentives in empanelled government medical college hospital

Staff category	Allocation
Head of the Department	2%
Professor	4%

Associate Professor	8%
Assistant Professor	12%
Senior Registrar/Senior Resident Medical Officer	16%
Junior Registrar/Junior Resident Medical Officer	8%
Nursing staff and paramedical technicians	30%
Medical Coordinator/PM-JAY Nodal Officer	2%
Clerk/Computer Operator	3%
Class IV employees	15%

7. Expenditure on Human Resource

7.1 Under the expenditure category "*Human Resources: Salaries for personnel recruited primarily for CMAAY & PM-JAY in the hospital*", a government hospital may use the allocations for paying staff salaries (as set forth in section 4.1).

7.2 Decisions related to the type of personnel to recruit and recruitment process (e.g. Arogya Mitras, Coordinators, Data Entry Operators, etc.) shall be as per the SHA guidelines.

7.3 Flexibility is extended to the DIUs/Government hospitals to recruit additional personnel provided they are engaged full time for tasks related to CMAAY &AB PM-JAY and provided their salaries/fee can be paid out of the allocation for salaries as set forth in section 4.1.

8. Expenditure on Institutional Development, Hospital Upgradation and Quality Improvement including administrative expenses

8.1 Under the expenditure category "*Institutional Development/Hospital Upgradation and quality improvement including administrative expenses*", a government hospital may use the allocations for (as set forth in Section 4.1) to improve the hospital's infrastructure and equipment that have a direct relationship with patients' treatment outcomes and experience of seeking care in the hospital.

8.2 Where funds can be used: Indicative lists of areas where such funds can be used under this category are provided below:

a. Minor repairs and civil works: Patchwork on walls and floors, flooring/tiling wherever required, whitewashing/distempering, fixing and painting of grill/gates/windows, animal traps at appropriate places, renovation/repairing of toilet(s), partition wall wherever required, false ceiling of the roof, water tanks, etc.

b. Minor mechanical, electrical and plumbing works: Includes fixing basins/surgical basins, water tap, motor pump, water tank/overhead tanks, pipe connection, new

electrical connection, change/repair of wiring, replacement of switchboards, switches, creating new light posts, etc.

c. Minor medical equipment: up to a financial threshold (as set forth in Section 4.1)– this may include but not be limited to patient examination table, delivery table, fowler and semi fowler beds, haemoglobin meter, instrument tray, baby tray, adult/ neonatal Ambu bag, weighing scale, surgical instruments, stethoscope, BP apparatus, attendant's stool, instrument cabinet, baby mucus sucker, IV stand, thermometer, operation theatre light, focused lamp, infusion pump, multipara monitor, defibrillator, nebulizer, phototherapy unit, radiant warmer, saline stand, bedside curtains, wheelchairs, stretcher, bins for biomedical waste, hub cutter, crash cart, air condition for OT.

d. Repair and maintenance of medical equipment

e. Other upgradation works: Kitchen for dietary services, shed for ambulance parking, cycle/motorcycle stand, toilet, waiting area/attendant's rest shed, breastfeeding room/corner, general and biomedical waste storage area/ room, signages, electronic display boards for patients, public announcement system, water dispenser/purifier, room heaters, upgradation in patient waiting areas, security solutions and equipment, etc.

f. Administrative infrastructure: Computer and printer for the use of Arogya Mitras or Data Entry Operators who are 100% dedicated to CMAAY &AB PM-JAY operations in the hospital.

g. Quality of care improvement: Expenses related to process of achieving AB PM-JAY recommended quality certification and upgradation of facility in terms of quality standards.

h. Procurement of innovations/new technology: Expenses under the following indicative areas shall be subject to prior approval from the SHA or any other relevant state authority.

- Here, innovations refer to the new and novel technologies which can impact operational efficiency, affordability, accessibility, and quality of care at the hospitals.
- Innovations procured by the hospitals can be products or services that fall into following categories (but not limited to):
  - i. Biomedical devices, products and services aimed towards diagnostics and treatment that may be using new and novel technologies or processes, potentially improving areas such as better clinical outcomes, reducing turn-around time, increasing ease of usage, reducing cost, etc.
  - ii. Digital innovative enterprise level innovations such as virtual clinical solutions (for training, diagnostics, treatment etc), data management and analytics platform and other operational streamlining solutions.
  - iii. Other innovative emerging technology solutions.

8.3 Upgradation work where CMAAY and AB PM-JAY funds are not permitted to be used: List of areas where allocations for hospital upgradation cannot be used are provided below:

a. Civil works, major equipment purchase, repair and maintenance for which funds are or could have routinely been made available under other financing streams like the state budget or the National Health Mission budget. This can help ensure that CMAAY & AB PM-JAY claim revenues are truly additional and do not crowd out other resource streams.
b. Office equipment and furniture, including air conditioners for administrative offices.
c. Computers and printers for the use of overall hospital administration purposes.
d. Purchase or renting of vehicles for office/hospital works

8.4 The rules for expenditure decisions, approval process, delegation of financial powers for ensuring transparency and fairness shall be as set forth in Section 34 of guideline for implementation of CMAAY and(or) as per powers delegated from time to time.

8.5 Government hospital may use the allocations (as set forth in Section 4.1) for administrative expenses which may include but not be limited to:

a. Routine office supplies and consumables for the administration of CMAAY &AB PM-JAY.
b. Maintenance of IT hardware and software related to CMAAY &AB PM-JAY operations.
c. Bank charges.
d. Any innovations aimed at improving patient care and patient safety including setting up teleconsultation services, more particularly for specialist consultations in rural areas.

9. Fund Management and Accounting

9.1 Bank account:

a. Each government hospital shall set up a dedicated bank account separately for CMAAY & AB PM-JAY for all transactions related to claim revenues.
b. SHA may set up separate bank account for managing the following fund streams as and when necessary:
   (a) state corpus funds;
   (b) refund of funds not utilised by the hospitals;
   (c) funds retained by the SHA from government hospitals in lieu of any centralised procurement/supply that the SHA may uniformly intend to do as per these guidelines.

10. Reporting

10.1 All government hospitals shall submit quarterly financial reports to the SHA within the 5th working day of the month after the end of the quarter.

10.2 Financial report shall include:

a. Statement of CMAAY and AB PM-JAY claims submitted by volume and value and reimbursements received from the SHA, including outstanding dues and rejected claims.
b. Statement of total receipts and expenditure.
c. Detailed expenditure statement by expenditure categories set forth in Section 4.1 of this Guideline.
d. Quarterly bank reconciliation statement (BRS) including BRS for the bank account referred to in Section 33 (i) of the CMAAY guidelines.

10.3 SHAs shall provide feedback to those government hospitals that consistently report low expenditure and follow up with corrective actions to ensure optimal fund utilisation.

11. Refund of Underutilised Funds

11.1 Claim revenues are generally the most flexible pool of funds available to government hospitals that should be used as per the needs and discretion of the hospital authorities to improve quality of care and overall hospital improvement.

11.2 The government hospitals shall have to refund to SHA all unspent amounts if the aggregate utilisation against CMAAY/ AB PM-JAY claim revenues received by a government hospital is less than 80% for two consecutive financial years.

11.3 The amounts so refunded by the government hospital shall be credited into the SHA account and may be used for the state corpus fund or used for any other purposes related to patient care and hospital improvement as deemed appropriate by the Health Department.

12. Audits

12.1 Each government hospital shall ensure annual statutory audits of claim funds at the disposal of the government hospital.

12.2 Annual statutory audits of the SHA shall include a separate schedule showing audited receipt and expenditure statement for the funds transacted through the bank account referred to in Para 9.1(b).

12.3 Such audits shall be completed and report available within 180 days of the end of the financial year.

12.4 SHAs may consider including audit of claim revenue funds within the scope of existing concurrent/internal auditors and statutory auditors of NHM or set up mechanisms for hiring separate auditors.

12.5 If any reason whatsoever, SHA decides to hire separate auditors, it shall centrally procure and empanel the audit firm(s) and negotiate audit fees that are either lump sum or slab-based depending on the volume of funds to be audited.

12.6 SHAs may choose one of the following options regarding contracting and payment of auditors:

a. Option 1: The government hospital may empanel the auditor(s) and declare volume-based audit fee slabs. Hospitals directly issue work orders at negotiated

rates and pay the auditor directly from their allocations under administrative expenses.

b. Option 2: SHA may issue the work order centrally for audit of all government hospitals and pay centrally. The audit fee paid by the SHA may be recovered from the future CMAAY & AB PM-JAY claims of government hospital after apportioning the total audit fee paid to each government hospital based on the proportion of funds audited for each government hospital.

Chief Executive Officer cum Member Secretary
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