

ABSTRACT

Health Insurance – Health Insurance Scheme for the poor – “Aarogya Sri” – Orders – Issued.

HEALTH MEDICAL AND FAMILY WELFARE (K2) DEPARTMENT

G.O.Ms.No.227

Dated the 9th June, 2006

ORDER:

The Government has been contemplating to introduce a health insurance scheme to provide financial risk protection and improve the health status of poor households in the state. Over the last two years, a number of consultation meetings have been held with insurance companies, both private and public, with the departments of Revenue, Rural Development and Agriculture, IRDA Officials, with organizations like IMA, A.P. Private Nursing Homes Association, Federation of Indian Chambers of Commerce and Industry, implementing agencies like Family Health Plan and Healing Fields Foundation. The Government have also discussed with other states like Karnataka, Kerala, and Assam where health insurance schemes are currently being implemented. It was also discussed with Department of Economic Affairs, and Ministry of Health and Family Welfare Government of India on the possible financial support. The Hon'ble Chief Minister has addressed a letter to Union Finance Minister seeking support for State Government's effort to which he has responded favourably when Hon'ble Minister for Finance and Health, Government of A.P. discussed this issue during the first week of May, 2006 at Hyderabad. The group of Minister's constituted for working out the details met twice and Hon'ble Chief Minister held the final meeting on 14-04-2006 and decided to introduce a Health Insurance Scheme in the State.

2. Government after careful consideration of the matter have decided to introduce a health insurance scheme called “Aarogya Sri” in the State with immediate effect. The following shall be the principles guiding the “Aarogya Sri”:-

- 1) The State must build on the strength of the Community Based Organizations (CBOs), the women's self help groups that have clearly articulated their felt need to seek financial risk protection against catastrophic illness as well as to meet maternal, childcare health related costs.
- 2) The State must incorporate these groups as major partners in the proposed health insurance scheme, encouraging their demonstrated willingness and capacity to earmark a part of their household savings for this purpose.
- 3) The scheme should be based on the principle of “Coordinated decentralization” which would mean that the broad contours of the scheme can be formulated by a central body and the details of enrollment of families, distribution of identity cards, enlistment of hospitals, negotiation of agreed tariffs for identified diseases can be done by the Mandal or District teams. Guidance, facilitation, setting parameters for quality assurance, training to the district teams in administering the scheme and overall fund management and service delivery could be the functions of a central body.
- 4) The scheme should cover surgeries as well as some common events like injuries, dog bite, snake bite etc., An illustrative list based on the Karimnagar experiment may be taken as a starting point for a discussion at district level for arriving at the district-specific list of diseases to be covered.
- 5) The process of arriving at the tariffs can be through a combination of an open tendering process and negotiation to get the most competitive rate in each district.
- 6) The enlistment of network hospitals could be based on an open advertisement and made conditional on their meeting minimum quality standards to be specified by the State body.

(PTO)



- 7) Both government and private hospitals will be included in the scheme and reimbursement made to the hospitals will be credited into the fund of Hospital Development Societies. This will incentivise the government hospitals and enhance the efficiency of the system.
 - 8) The funding for the scheme will come from three sources: (a) Family Contribution collected by the groups (b) State's Contribution and (c) Government of India's contribution.
 - 9) In order to make the scheme initially attractive the beneficiary contributions will be kept to the minimum, may be Rs.150 per family per annum and gradually increased if need be, as community will start perceiving the value of insurance.
 - 10) The initial implementation could be done by a reputed agency accredited by IRDA so that the scheme gets operationalized within a time frame and is professionally managed. However, there will be a very proactive capacity-building component inbuilt in the implementation so that the district offices and mandal units will have the benefit of learning on the job and eventually managing the scheme semi-autonomously. The implementing agency will have to work closely with SERP to set up these decentralized units of administration and evolve a new model of participatory, decentralized, professionally supervised management.
 - 11) The scheme will enroll all women's self help groups to start with and add on any other groups that might like to join. This will ensure that premium collection is streamlined, group cohesion is encouraged and the effect of adverse selection is reduced.
3. The Trust deed of "Aarogya Sri Health Care Trust" as enclosed in the Annexure to this order shall be registered immediately and the trust shall take necessary action for preparing the scheme details and approach the Government of India for assistance.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

DR. I.V.SUBBA RAO
PRINCIPAL SECRETARY TO GOVERNMENT

To

All the Trustees of the Board.

The Departments concerned of the Secretariat.

All HOD under the control of HM&FW Deptt.

All District Collectors in the State.

Copy to: The Secy. to GOI, Ministry of Family Welfare, Nirman Bhavan, New Delhi.

The Secy. to GOI, Department of Economic Affairs, New Delhi.

The Secretary to Govt. of India, Ministry of Finance,
Department of Banking & Insurance, New Delhi.

The Commissioner, I&PR, A.C. Guards, Hyderabad

The G.A. (I&PR) Deptt.

The Finance Deptt.

The Spl. Secy. to C.M.

The P.S. to Minister (Finance & Health)

// FORWARDED :: BY ORDER //


SECTION OFFICER

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(Contd.. Annexure)