

# Provider Payment in PM-JAY Way Forward

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## Provider Payment – An Overview

- A mechanisms through which a purchaser pays the service provider for delivering healthcare services
- Crucial component for ensuring quality services and influencing provider behavior
- Key indicator for measuring performance of the scheme
- Various provider payment mechanisms available with their strengths and weaknesses
- Use of provider payment (PP) mechanism is contextual, i.e. dependent on objective of health scheme/system



# System of Health Benefit Packages (HBPs) in PM-JAY



HBP in PM-JAY is a bundled cost of all of the components of inpatient care for a particular ailment.



We started with 1393 national HBPs; flexibility for states to add, keep own rates, restrict or reserve packages to public providers



Two types of HBPs:

**Surgical:** specified surgical package where single, all inclusive bundled payment is payable to EHCP

**Medical:** payable on per day rate, depending upon admission unit (ward, ICU etc) with certain approved addons payable separately



Provision for covering unlisted surgical condition worth INR 100,000



PM-JAY already transitioned from HBP 1.0 to 2.0

# HBP Composition

- Registration charges
- Bed charges (general ward)
- Nursing and boarding charges
- Surgeons, anaesthetists, medical practitioner, consultants' fees
- All other charges related to treatment
- Medicines and drugs
- Cost of prosthetic devices, implants (unless paid separately)
- Food to patient
- Pre- and post-hospitalisation expenses in same hospital



# Transition From HBP 1.0 to 2.0

## HBP 1.0

## Salient Features

Rolled out in 2018 at the launch of PM JAY	Fixed bundled cost of payment, relevant for inpatient care
HBP 1.0 was prepared with help from DGHS and peer reviewed by NITI Aayog.	'All inclusive' package rate, simpler to make payments to EHCPs
Had 1393 packages, representing 8 medical specialties and 16 surgical specialties	Avoiding overcharging by providers and avoids need for differential payments to different providers
HBP 2.0 were operational till early 2020 (nearly 1.5 years), work on HBP 2.0 started in April 2019	Volume of patients ensures cost effectiveness

## Rational for Transition to HBP 2.0

- Inadequate package cost
- Duplication of packages in single and multi-speciality
- Inconsistent terminology and nomenclature leading to confusion
- Overlapping of procedures with ongoing NHPs
- Lack of coverage for high end diagnostics and medicines
- Non-availability of certain treatments, lead to overbooking of unspecified procedures



# Evolution of HBP 2.0

## Changes in Packages

- Increase in price of 270 packages
- Decrease in price of 57 packages
- Retain the price of 469 packages at original level
- Introduction of 237 new packages
- Stratification of 43 existing packages
- Discontinuation of 554 existing packages

## New Concepts

- Cross speciality packages
- Packages with multiple procedures
- Stratified packages
- Price- static & dynamic
- Add-on packages
- Stand-alone packages
- Follow-up packages

# Evolving PP System in PM-JAY - Rationale

- Constant feedback from hospitals and other stakeholders about inadequacy of package rates
- Moving towards using a PP system which is strategically designed for ever evolving PM-JAY
- To avoid underpaying/overpaying hospitals and also to avoid potential adverse incentive and unintended consequences of existing payment method
- Ensuring right incentives for positive provider behaviour
- Learning from global trends
- How PP systems can be leveraged in moving towards UHC and continuum of care with other arm of Ayushman Bharat

