TRENDS IN INCREASE IN AVERAGE CLAIM SIZE

IIHMR UNIVERSITY | care HEALTH INSURANCE

Mentor: Dr. Varsha Tanu

Presented by: Dr Ayushi Nema

BRIEF HISTORY

Inception in June 2012, formerly known as Religare Health Insurance, emerged as one of India's leading health insurance provider. Received multiple awards, moving onwards and upwards

VISION

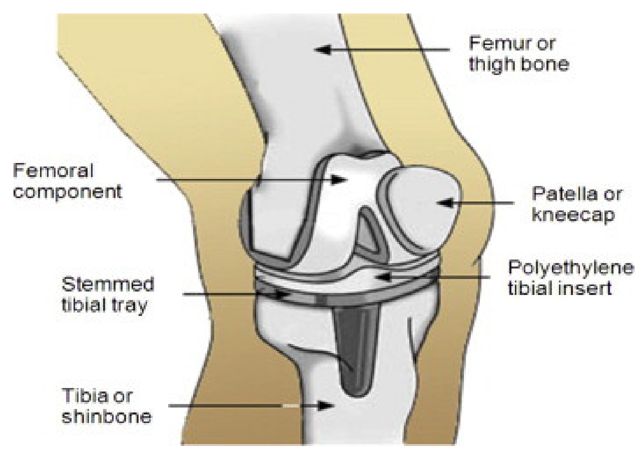
Being the most preferred health service provider, which is caring, cost effective, innovative and reachable.

MISSION

provide health insurance solutions advantageous to all parties involved, including our clients, distributors, staff, and shareholders.

A. Implant Overpricing

B. Fraud Identification | C. Trends in Possible Recovery



TKR is a surgical process to replace damaged knee joint surfaces with artificial components

The 4 artificial components in TKR:

1. **Femoral**
2. **Tibial**
3. **Patellar**
4. **Articulating**

The rates of these components are regulated by NPPA

Interval	Femoral Component			Tibial Component (Rs.)		
	Fem Tit	Fem OZ	Fem CC	Tibia Tit	Tibia OZ	Tibia CC
Sep 24 - Sep 25	51,563	51,563	32,064	32,317	32,317	22,614
Sep 23 - Sep 24	42,614	42,614	26,499	26,708	26,708	18,689

Assumption

- Unilateral TKR
- NPPA prices @date of discharge is considered for comparison with actual implant billing
- If alloy is not specified, then its price is matched with the nearest known alloy of the same component and the same alloy is considered

Findings

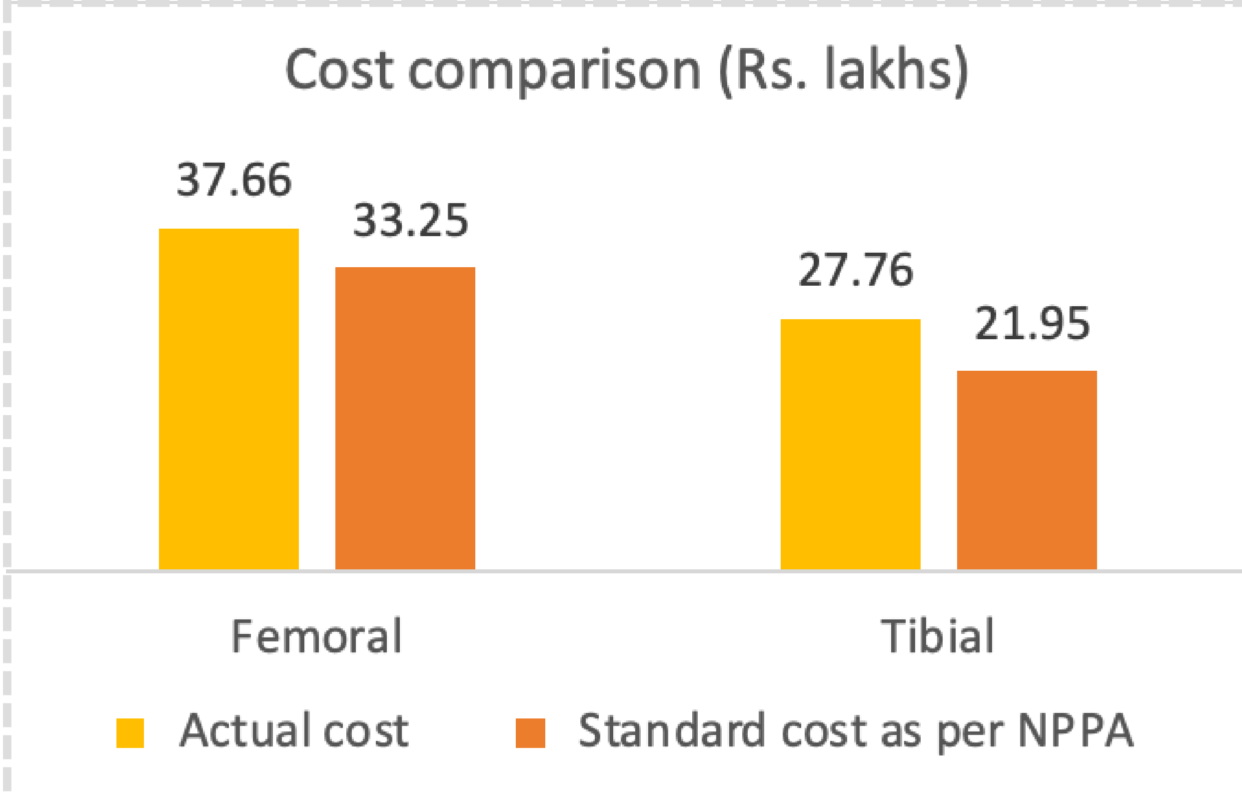
₹ 4.37 lakhs

Recovery from femoral component

₹ 5.80 lakhs

Recovery from tibial component

4 hospitals in Bangalore were analysed for identifying the overpriced implant rates in TKR surgeries



Approach

- Compared the implant prices of Femoral and Tibial component with the ceiling price set by NPPA
- NPPA ceiling price of implants are grossed-up with taxes and possible deviations are identified from the actual billing of the implants

Limitations

- Many hospitals lacked information on alloys used in implants
- Invoices were not present at many cases

A. Implant Overpricing | C. Trends in Possible Recovery

B. Fraud Identification

Risk Care Hospital

- Multiple patients with similar vitals
- All patients suffering from similar medical condition (AFI and LRTI)
- Similar billing pattern and line of treatment

Fraud: ₹ 3 lakhs+

Riddhi Siddhi Hospital

- Same diagnosis
- Same length of stay
- Same line of treatment
- Same surgical note

Fraud: ₹ 50k +

Oracle Hospital

- Same product charged different in different cases in the same month
- Variation in charges for products ranged between Rs. 100-200 per product

Fraud: ₹ 5k +

A. Implant Overpricing | B. Fraud Identification

C. Trends in Possible Recovery

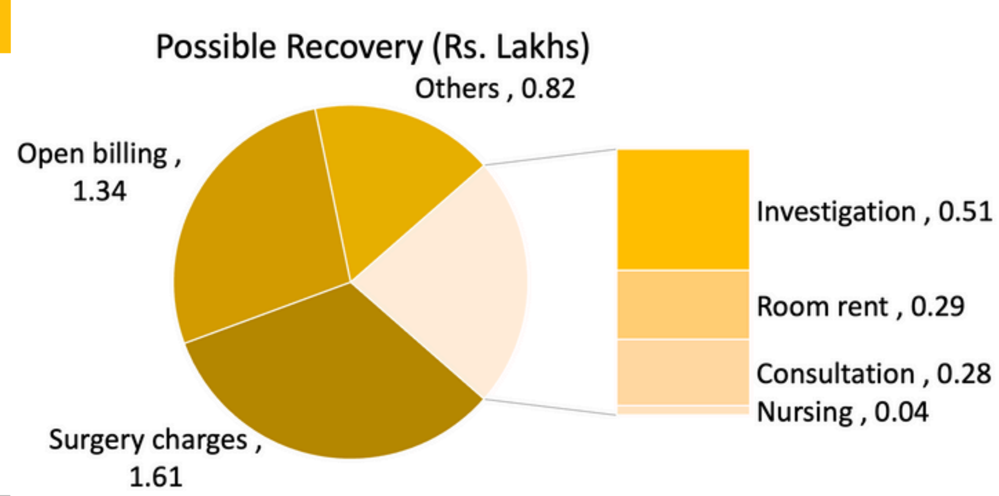
Approach

- Reviewed hospital bills generated in last 6 months and cross-verified it with tariffs defined
- 75 hospitals reviewed | 343 cases analyzed

Findings

- 46 hospitals billed as per tariff
- 29 hospitals cumulatively billed Rs. 4.89 lakhs extra than the defined tariffs
- Higher recoveries observed in cases following open billing: Rs. 1.34 lakhs (27%)

Finding	Impact
100% surgrey charges billed for all surgeries of a patient	33% of total recovery
Billing based on open billing instead of following rates specified in MoUs	27% of total recovery
Higher charges for investigation, room rent, consultation and nursing	23% of total recovery



Key recommendations

- Hospitals tied up with insurance companies should bill as per medical package
- Charges should be levied as per defined tariff in MoU

Strength	Weakness	Opportunity	Threat
• Established brand with a wide customer base • Comprehensive health plans and benefits • Strong tie-ups with multiple hospitals • Good claim settlement ratio	• Hospitals not following tariff strictly • Implants (e.g., TKR) overpriced despite NPPA cap • Increasing average claim size affecting margins • Limited awareness in rural areas	• Increasing demand for health insurance • Scope for tariff standardisation with hospitals • AI analytics for claim cost control • Wellness and preventive health programs as CSR initiatives	• Rising medical inflation and implant costs • Regulatory pressure (NPPA compliance) • High competition among insurers • Less time to resolve claims increases fraud risk