A Comparative Study on the Impact of Rate Revision of Empanelled Hospitals of Aditya Birla Co. Ltd.

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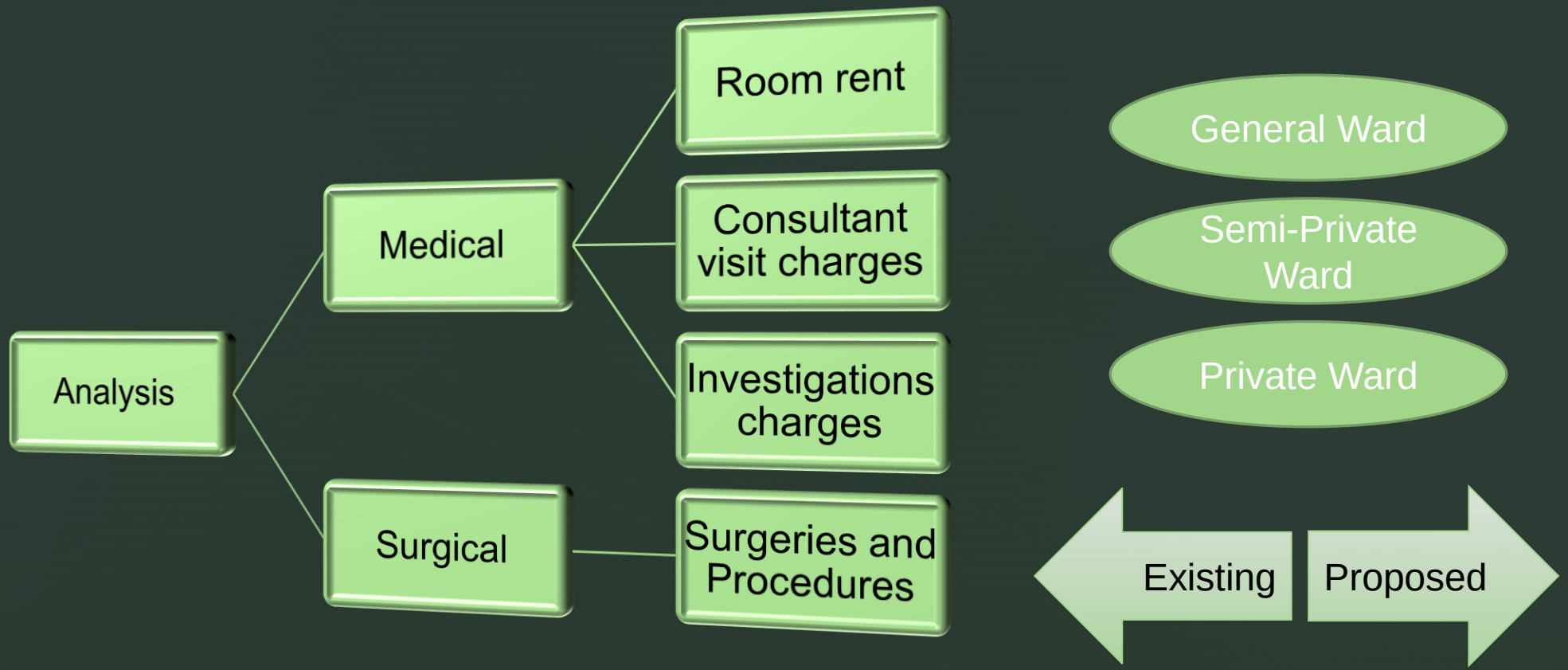
INTRODUCTION

- Health insurance plays an important role in financing healthcare needs of people
- Provides its services in collaboration to the hospitals, healthcare centers, nursing homes, private clinics, etc.
- These empanelled hospitals revise their rates every year or two years to the Provider Network department
- The Central Operations team analyses the tariffs and make a decision whether to accept the proposed rates or to negotiate further.

PROCESS FLOW

- A thorough analysis of the rates is done using set benchmarks and calculations to arrive at the final impact percentage
- The analysis is done in two parts: Medical management and Surgical management


Analysis
Medical
Surgical
Room rent
Consultant visit charges
Investigations charges
Surgeries and Procedures
General Ward
Semi-Private Ward
Private Ward
Existing
Proposed

AIMS AND OBJECTIVES

The study aims at comparing the impact of rate revision of empanelled hospitals of ABHICL.

- To analyze the impact of rate revision amongst different categories of empaneled hospitals
- To develop strategies for cost negotiation

METHODOLOGY

- Rate lists and guidelines for each hospital received directly from the Zonal Account Managers of ABHICL
- A total of 62 hospitals have been taken for this descriptive study
- Only the hospitals which intend to revise their tariffs in the financial year 2020-21 has been included
- The newly empanelled hospitals and the hospitals which have revised their rates in the previous financial years have been excluded from this study

The hospitals analysed for this study were classified into Primary, Secondary and Tertiary hospitals, based on the following:

- Number of beds
- Specialties

		Number of beds		
		Upto 50	**51-100**	**>100**
Specialties	**Single**	Primary	Secondary	Tertiary
	Multiple	Secondary	Tertiary	Tertiary

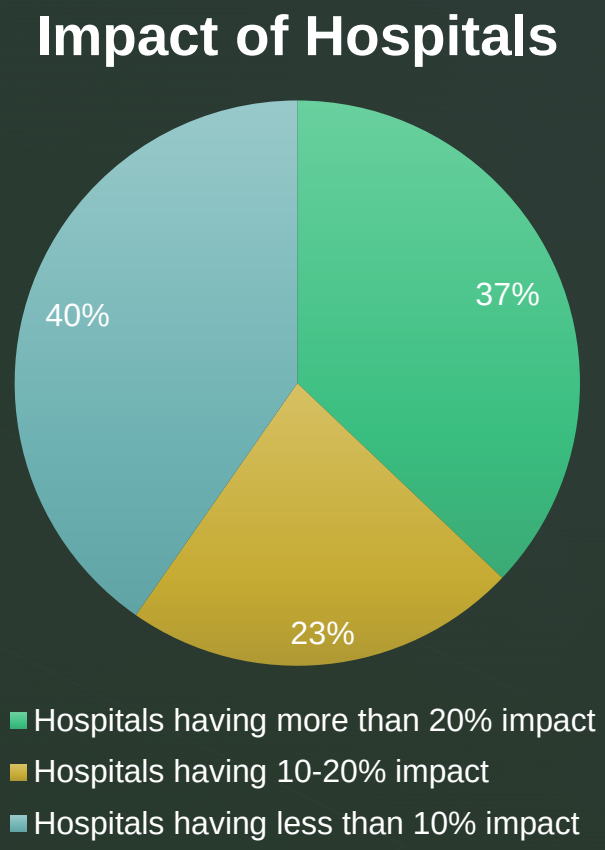
The hospitals have also been categorized into different zones based on which area the hospital is situated in. These zones are geographically divided into:

- North
- South
- East
- West

After analysing each hospital, the insurance company can accept those hospitals showing an overall impact of up to **20%**

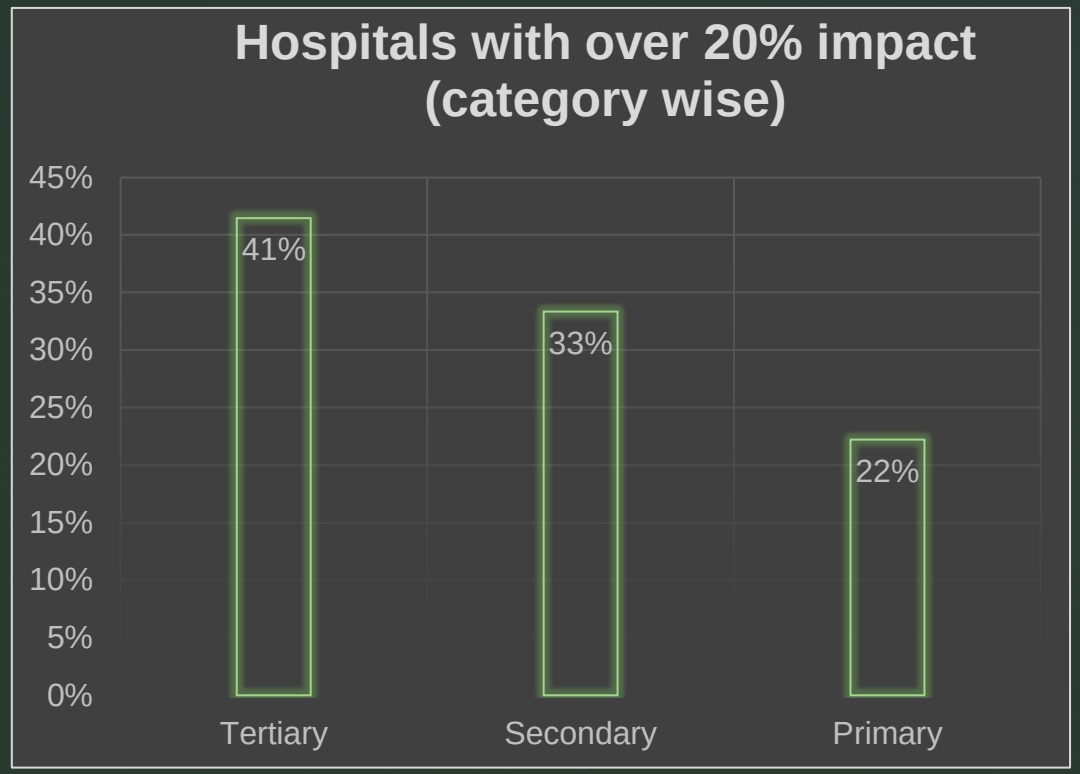
RESULTS AND DISCUSSION

Distribution of impact of rate revision for all hospitals



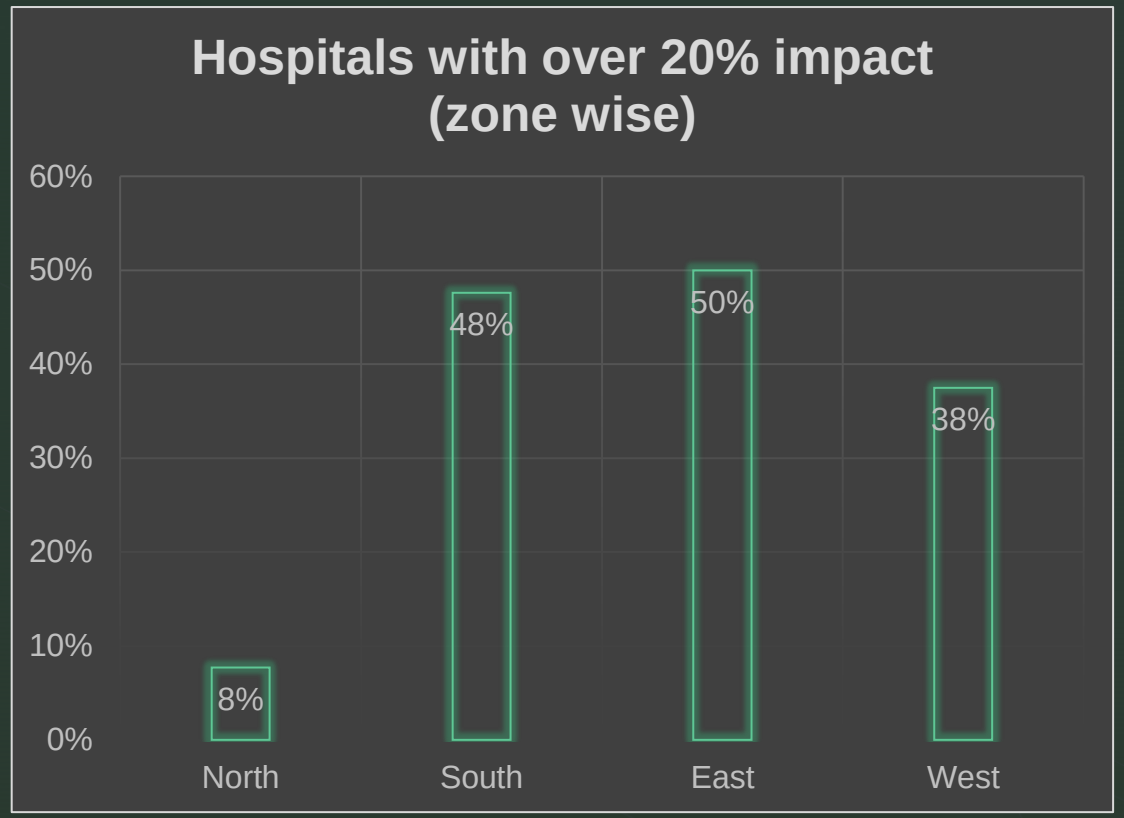
RESULTS AND DISCUSSION

Distribution of hospitals with over 20% impact by Category of hospital



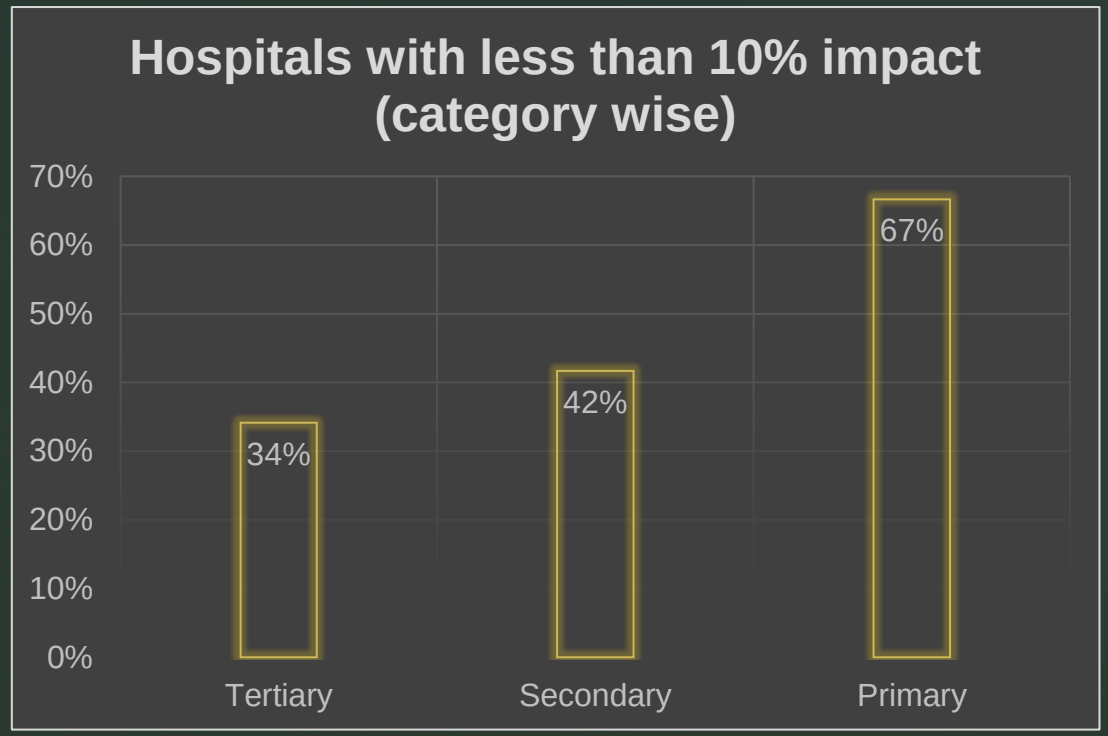
RESULTS AND DISCUSSION

Distribution of hospitals with over 20% impact by Zone of hospital



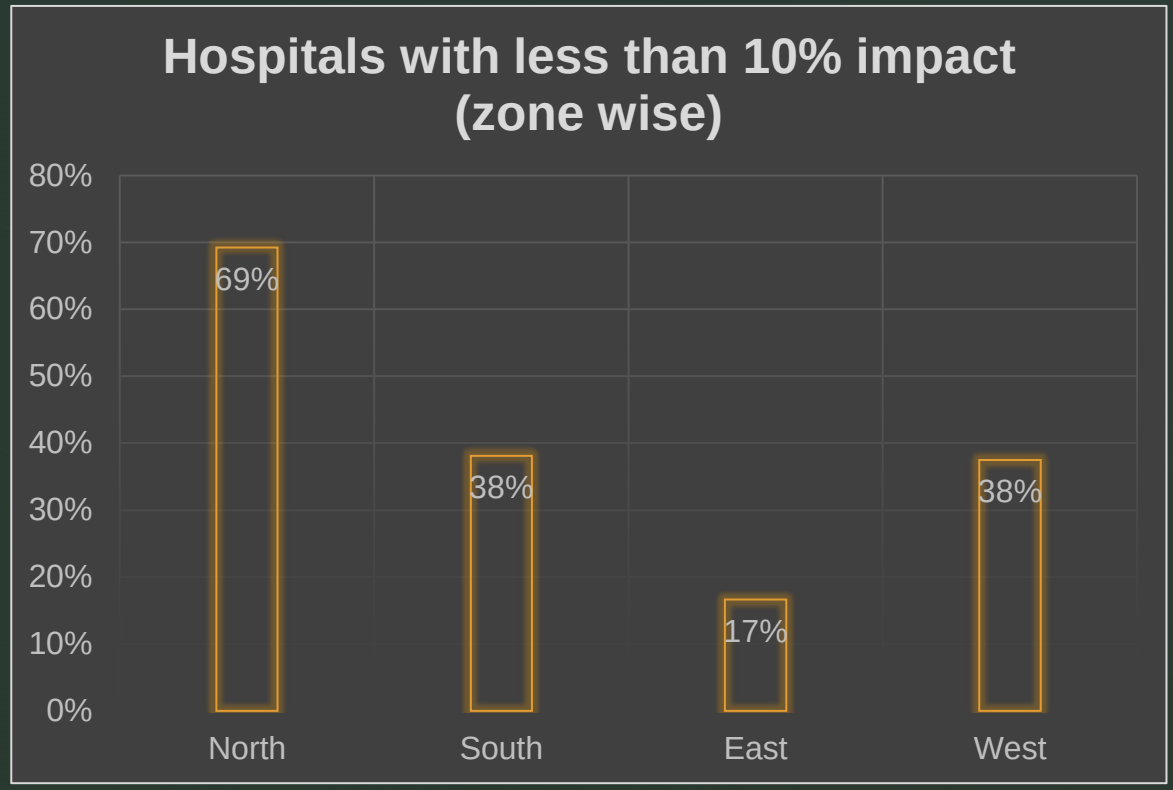
RESULTS AND DISCUSSION

Distribution of hospitals with less than 10% impact by Category of hospital



RESULTS AND DISCUSSION

Distribution of hospitals with less than 10% impact by Zone of hospital



CONCLUSION

- 37% of all hospitals studied show an impact of more than 20% which means a total of 23 hospitals need to be worked upon in terms of negotiation.
- Out of all the hospitals which indicate high impact (more than 20%), most of them belong to the Tertiary Category hospitals and the least impact (less than 10%) is seen in the Primary Category hospitals.
- Out of all the hospitals which indicate high impact (more than 20%), most of them belong to the East and South zones and the least impact (less than 10%) is seen in the North zone.

SUGGESTIONS

- Focus should be given more on the hospitals situated in the East and South zones and measures to be taken by the respective Account Managers to improve the negotiations.
- The Tertiary category hospitals, even though having the highest impact, need to be analyzed carefully. A thorough consideration of the rates should be done against the location and the brand of the hospital before accepting the rates or going for further negotiation.

SUGGESTIONS

- The insurer could negotiate with the hospitals for more discounts in order to reduce the overall impact.
- The insurer could try to convince as many hospitals as possible to agree to the ABHI rate list/tariff.
- While accepting a hospital’s rates, the insurer could try to extend the lock-in period as much as possible to avoid any drastic revisions in the next 2-3 years.
- The insurer could ask for an early payment discount (EPD) on account of quick and early payouts to the hospital.

Thank You