Joint Statement on the fixing of rates for COVID-19 treatment in private hospitals in Karnataka

25 June 2020

The Government of Karnataka has issued an Order dated 20 June 2020 stating that private hospitals will be empanelled for the treatment of COVID-19 cases and further a Notification on 23 June 2020 fixing package rates for treatment of COVID-19 patients in private hospitals. These decisions were made on the basis of recommendations by a Committee headed by the Executive Director of the Suvarna Arogya Suraksha Trust (SAST) and after consultation with the associations of private hospitals such as Association of Private Hospitals (AHPI) and Private Hospitals and Nursing Homes Association (PHANA), chains of hospitals and other private hospitals.

As doctors, public health professionals, patient rights groups and civil society we are extremely concerned about why the Suvarna Arogya Suraksha Trust and government are taking decisions on the basis of extensive discussions and recommendations with only private hospitals and their associations, leaving out public health professions, patients groups and civil society.

The Association of Healthcare Providers (AHPI) is a lobbying front for large corporate hospitals that operates solely for economic benefit of private hospitals, pandemic or no pandemic. As early as in July 2018, the AHPI brandished a flawed study claiming that 'reimbursements made to empanelled private hospitals is far less than the actual costs incurred by these hospitals'. The conflict of interest in this study was exposed[1] in the media and the methodological flaws were also broken down. That has not stopped the AHPI from again coming up with a proposal for package rates that is flawed and clearly intended to hike up costs for patients/government. The concerns about the AHPI suggestions for pricing are in the Annexure.

Due to the prevailing public health crisis, and economic hardships being faced by people as a result of the pandemic, it is imperative on the government to ensure free

[1] "Private Hospitals Brandish Karnataka's Unscientific Study to Demand Higher Reimbursements", https://thewire.in/health/private-hospitals-karnataka-healthcare-reimbursement-insurance

treatment to all COVID-19 patients not just as a matter of right but also as prudent public health policy to curtail the pandemic. Therefore, the 23 June Notification issued by the Government of Karnataka 'in exercise of powers conferred under the Disaster Management Act (DMA) 2005' is a long overdue and welcome move. Yet, it falls short of ensuring financial protection for all COVID-19 patients.

1. The Notification says *"50% of the beds in private hospitals having facilities to treat Covid 19 patients shall be reserved for the treatment of patients referred by public health authorities. This will include HDU and ICU beds both with and without ventilator. The hospital may utilise the remaining 50% of Covid beds for admitting Covid 19 patients privately."*

   Yet, the Notification has not provided the specific number of beds that will be made available in each hospital under each category - general ward, HDU, ICU bed without ventilator and ICU bed with ventilator. This provides leeway for private hospitals to reserve the more expensive and profitable beds, i.e. the ICU beds with and without ventilator support, to charge patients as per their schedule of charges.

2. The notification also say "*while calculating 50% of the beds to be utilized by the Government patients, the number will be counted irrespective of the fact that the beds are located in general wards, sharing wards or in private wards.'* Creating two classes of patients- one for which the hospital received payment on a higher slab than the other- creates a reasonable apprehension that the patients paying higher costs would receive better quality treatment. This has already been seen as a problem with hospitals empanelled under various state funded health insurance schemes and this is only likely to worsen with high demand for COVID-19 beds. Patients who are admitted under government schemes are often lured with the promise of 'better' care if they pay more. Patients desperate for treatment are often powerless to negotiate with private hospitals and may end up getting co-erced to pay higher costs.

3. The fixed rates do not cover the costs of "unforeseen complications / surgeries /other comorbid conditions / pregnancy etc." This is highly problematic because the patients who are most at risk in COVID-19 are those with comorbidities. The bills for patients with comorbidities are often the highest because of severe manifestations of Covid 19 illness which may require

critical care interventions such as oxygen and ventilator support, high end medicines and extensive stay in hospitals. Non-inclusion of comorbidities under the package rates will lead to additional expenses for private patients.

4. Point 3(iii) of the Notifications says that, "The package rate ceilings for private patients are for General Wards/ Multi Sharing Wards. An additional 10% may be charged for Twin Sharing Wards & 25% more for Single Rooms. There will be no ceiling for Suites." Based on the point (iii), if patients are told that general or multi share wards are not available they will be forced to pay more for single rooms or twin sharing wards.

5. The notification mentions that the fixed rates will not be applicable to patients covered by private insurance. Insurance companies have raised issues with the high costs being charged by private hospitals. Private insurance companies are often unwilling to cover specific costs like for PPE which patients are forced to pay for on their own. Even with private insurance, many patients end up paying out of pocket once the insurance cover runs out. It is not clear if these patients would be eligible for treatment at the fixed rates once private insurance cover runs out.

6. The Notification fails to provide any monitoring, oversight or grievance redressal mechanism to ensure that clinical treatment and discharge policies are being strictly followed. The Order dated 20 June 2020 states that a *'private hospital has to mandatorily notify cases to the BBMP/district health authorities.'* The private hospitals have blatantly disregarded this in several other conditions like maternal deaths, dengue, tuberculosis, HIV etc in the past. It is therefore necessary to institute a monitoring and oversight mechanism to ensure strict compliance of all government orders and directives.

The right to health, as enshrined in Article 21 of the Constitution, provides that no one must be deprived of necessary treatment due to economic disability. In order to successfully curb fatalities and curtail the spread of the disease, policies must be geared towards ensuring comprehensive and affordable treatment and care for all those who need it.

Demands

The state is facing an unprecedented public health care crisis due to the COVID-19 pandemic. It has to pull its weight to provide ethical, comprehensive and rational healthcare to all. We make the following demands to the Karnataka government.

1. In taking decisions related to requisitioning capacity of the private healthcare sector, pricing and setting rates, and healthcare provisioning during the COVID-19 pandemic, the government must ensure that all actors and stakeholders, including public health professionals, patient's groups, civil society and people's groups are included in the consultations. The consultation process should be transparent, and minutes of meetings should be made publicly available.

2. In order to successfully curtail the pandemic, a whole health systems approach is sorely required. This is missing in the current approach where provision of healthcare is seen in a segmented manner. There is a dire need to bring public, private, charitable, medical colleges, corporation facilities under a single umbrella with transparent and well-functioning referral and reporting mechanisms. The government could use the COVID-19 situation as a good opportunity to improve the reporting and assisted referral mechanisms from the various public as well private facilities so that the patients are not distressed going from one hospital to another.

3. The treatment given to COVID-19 patients must be in strict adherence to Standard Treatment Guidelines which should be issued by an appropriate government agency.

4. The government needs to ensure that a transparent oversight mechanism is set and enforced to ensure that differential quality of treatment is not provided to patients referred by the government, those paying fixed rates out of pocket, and those paying full rates through their private insurance.

5. A nodal officer has to be appointed for monitoring functioning of private hospitals and addressing grievances. The contact details of the officer must be made publicly available. Strict action must be taken against hospitals found to

be violating the fixed rates, providing differential quality of care, violations standard treatment guidelines, or denying anyone care.

6. The fixed rates for private patients mentioned in point 2(b) of the Notification dated 23 June 2020 should be extended to patients covered by private insurance.

7. Co-morbidities should be included as part of the package for private patients of COVID-19, especially for those requiring ICU and ventilator support. The rationale for the treatment should be documented in detail.

8. Many seriously-affected patients often require lengthy admissions of several weeks combined with critical interventions like oxygen and ventilator support. Even at the prescribed rates for private patients, the cumulative cost over several days could make treatment unaffordable for many families. Moreover, many patients would require access to experimental treatments that can be highly priced. The government has not catered for measures to protect them from financial adversity.

9. Just stating percentages of beds is not sufficient. Private hospitals need to mention the exact number of beds allocated, in each category - general ward, DHU, ICU without ventilator, ICU with ventilator, within each private hospital to be made available and regularly updated. This must be reported on a daily basis and made publicly available for the general public to identify the bed availability.

10. The Government needs to urgently take control of the situation and invoke its powers to bring part or all of select private hospitals, facilities and services under common public health command, at its own terms and conditions, and delegate tasks to them. In this respect we welcome the Circular issued on 23 June 2020 directing certain corporate/ charitable hospitals to each ready one of their branches for converting into a dedicated COVID hospital. The government must requisition further capacity in private hospitals, particularly of critical care facilities, as the need arises.

11. Payments to private hospitals for patients referred by the government should be made within a stipulated and reasonable timeframe (e.g., two weeks) in

order to ensure the full cooperation of the private sector. There have been extensive complaints from private hospitals about pending payments under various government schemes. During a national health emergency the government needs to ensure provision of healthcare services without any disruption. Therefore, in order to ensure cooperation and viability of service provision through the private hospitals, the government must ensure that reimbursements for COVID-19 treatment are done regularly within a stipulated time frame. It may be advisable for the government to also clear the backlog of previous pending payments to hospitals.

The Indian government should learn its lessons from the failure of the for-profit private sector and PMJAY scheme to provide any meaningful response during the COVID-19 pandemic and stop further promoting privatisation of healthcare, and instead invest in strengthening public healthcare[2]. Annual health budgets need to increase and the Government should invest money in adding to the capacity of public healthcare facilities and infrastructure instead of giving subsidies to the private sector. This health crisis should be a turning point in India's health policy making, and bring back the centrality of the public health system in ensuring universal health care.

Signatories:

1. **Naavu Bharathiyaru Karnataka**
2. **All India Drug Action Network (AIDAN)**
3. All India Central Council of Trade Unions (AICCTU), Karnataka
4. Campaign for Dignified and Affordable Healthcare (CDAH)
5. Centre for Social Concern, Ashirvad
6. CIEDS Collective
7. Citizens Forum for Mangalore Development

[2] Jan Swasthya Abhiyan (JSA) and All India People's Science Network (AIPSN) on the role of the Private Health Sector during the Covid-19 pandemic: Need for government to bring private and public health sectors under a common command structure (28th April 2020), https://phmindia.org/2020/04/28/statement-on-the-role-of-the-private-health-sector-during-the-covid-19-pandemic/

8. Drug Action Forum - Karnataka (DAF-K)
9. Gamana Mahila Samuha
10. Garment and Textile Workers Union - NTUI
11. Global Concerns India
12. Grameena Koolikarmikara Sanghatane
13. Growthwatch
14. Indian Social Institute, Karnataka
15. INSAF - Karnataka
16. Jan Swasthya Abhiyan - Mumbai
17. Jana Swasthya Abhiyana Karnataka (JSA Karnataka)
18. Karavali Karnataka Janabhivridhi Vedike
19. Karnataka Janaarogya Chaluvali (KJC)
20. Lokmanch Karnataka
21. Narmada Bachao Andolan (NBA)
22. National Alliance of People's Movements (NAPM)
23. National Alliance of People's Movements (NAPM), Karnataka
24. Right to Food, Karnataka
25. Slum Jagathu
26. Child Rights Trust

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ANNEXURE

Concerns about AHPI suggested pricing

AHPI had submitted a "Suggestive Indicative Pricing for treating Covid19 patients" to the Government, based on 'experience of actual costing' in hospitals under AHPI. If the estimates have come from hospitals already under AHPI, the suggested pricing will also reflect what patients have anyways been charged. So if patients have been charged in lakhs on an irrational basis, then this now becomes the framework for further charges. How is this rational?

The AHPI has also put a disclaimer that their suggested costing doesn't include 'high end' drugs and management of co-morbid conditions. These caveats have always paved the way for irrational and exorbitant billing of patients by private hospitals.

Costing under four categories:

Suggested indicative pricing of treating COVID 19 patients in a General Ward		
Pricing Per Day in Rupees*		
Ward	15000	*Pricing does not include High End Drugs like Immunoglobulin, Tocilizumab, Plasma Therapy, to be charged at actuals. *Management of Comorbid Complication to be charged as per actuals.
Ward with oxygen	20000	
ICU	25000	
ICU + Ventilator	35000	

Indicative Pricing Per Patient Per Day for COVID Treatment in General Ward

Based on AHPI state inputs from across the Country

S.L No	Head	Medium Size Hospital	Tertiary Care Hospital
1	Room rent including food	2000	3000
2	Water, Electricity, Linen, Bio Medical Waste, CSSD, Housekeeping, etc	500	566
3	Medication including IV fluids	700	700
4	Investigation Haematology, Microbiology and Radiology CBC, RBS, CRP, LFT, RFT, Electrolytes, Peripheral Smear, Urea, Creatinine, ECG, RTPCR 2 tests, CT Scan, Chest X Ray etc	1041	1400
5	PPEs, Sanitizers, Gloves and Masks	1900	1900
6	Man power charges - consultants, duty doctors, nurses etc, including cost of quarantine	5250	6000
7	Administrative over heads	4100	5000
	Total	15,491/-	18,566/-

1. Cost of the following not included
   - High end antibiotics and High end investigations, etc
   - Immunotherapy
   - Treatment of comorbidities and complications
2. The above calculations are for an average of 10-14 days stay and does not apply to shorter stay.
3. Cost of Investigations and medications will vary according to the need and frequency.

The AHPI has also put out an 'indicative pricing' per patient per day for Covid 19 treatment in a general ward"

The AHPI estimates water, electricity, linen etc. at 500 per day per patient. This is more than the electricity and water bills that an

entire family pays for a whole month!

Medication including IV fluids are estimated at Rs. 700 per day per patient. What if the patient doesn't require medications and just observation? What if the patient is able to take fluids orally? Will they be mandatorily given IV fluids?

Hematology, microbiology and radiology are estimated at Rs. 1400/day. This is completely unethical and unscientific practice and in fact pushes patients to undergo unnecessary tests. Most of these tests are only required at baseline and at occasional intervals to assess progress of disease and response to treatment. If a patient has no respiratory symptoms, what is the need for a chest x-ray and CT scan everyday? If the patient has no features of liver disorder, why do liver function tests everyday? In any case, many of these tests will not show changes over hours but over days or weeks.

They have also estimated the 'cost of quarantine' per patient. A patient is either in hospital or in quarantine. Why should a hospitalised patient be further charged for quarantine?

The government is well aware that it has not been able to regulate the private sector even pre Covid and these hospitals have been overcharging patients, conducting unnecessary tests and procedures even earlier which the government has not been able to regulate.