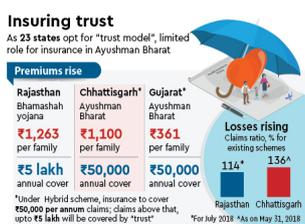


## Chirag's front-page story

Prime Minister [Narendra Modi](#) 's ambitious Ayushman Bharat health insurance scheme, which will figure in his Independence Day speech, is already facing soaring costs and is likely to face budget constraints in the future.

This is because while the central government is looking at capping its share of costs of the Rs 5-lakh insurance cover at Rs 1,000-1,100 per year per family, the costs have already crossed this in the small number of states where a limited insurance model is being used.



In most states, no insurance companies will be used; instead, the costs of treatment will be paid out of a "trust" in which both the Centre and states will deposit their share of the costs. If the costs paid out to hospitals are greater than the Centre/ state government contributions, the losses will have to be shared between them; in the insurance model, any extra payouts are borne by the insurance/reinsurance company. In states like Rajasthan and Chhattisgarh where some form of free health insurance is already offered (see graphic) the claims ratios are already over 100%, making fraud mitigation critical.

Some states like Gujarat and Chhattisgarh are offering a "hybrid" model where insurance companies will pay for claims made below Rs 50,000 per year per family; claims above this and below ₹5 lakh will be dealt with by the "trust". Though this has not been finalised, most states are expected to hire third-party administrators to help administer the scheme within the "trust".

The bid for Chhattisgarh's "hybrid" model was won by Religare Health which bid Rs 1,100 per

family while Bajaj Allianz was the L2 bidder at Rs 1,270. PSU health insurers bid more — United India bid Rs 1,980, National Insurance Rs 2,128 and New India Rs 3,750. The winning bid of Rs 1,100, though, means insurance costs have risen quite a lot since Rajasthan's existing Bhamashah scheme offers a cover of Rs 5 lakh for a premium of Rs 1,263 while Chhattisgarh's scheme offers just a Rs 50,000 cover. Costs for payouts of over Rs 50,000 will have to be paid out by the trust separately.

In the case of Gujarat, the "hybrid" bid was won by Oriental Insurance that bid Rs 361 per family for a Rs 50,000 cover; Religare was the L2 bidder at Rs 445. Iffco Tokio bid the highest at Rs 2,712 per family.