



Ayushman Bharat - National Health Protection Mission

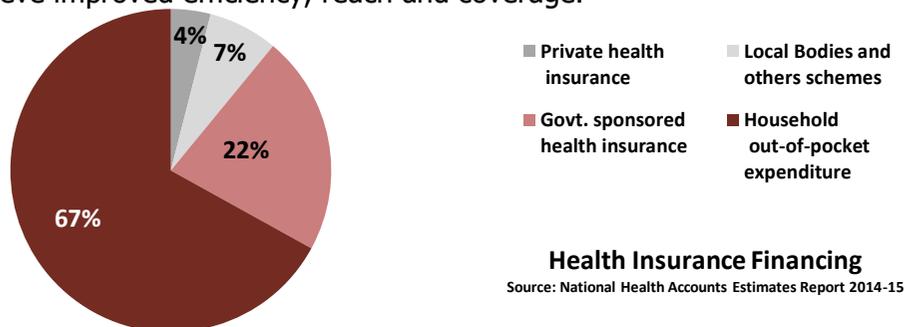
Ayushman Bharat is a National Health Protection Scheme, which will cover over 10 crore poor and vulnerable families (approximately 50 crore beneficiaries) providing coverage upto INR 5 lakh rupees per family per year for secondary as well as tertiary care hospitalization. The Ayushman Bharat scheme is designed so as to subsume the on-going centrally & sponsored schemes - Rashtriya Swasthya Bima Yojana (RSBY), Senior Citizen Health Insurance Scheme (SCHIS) and the various state health schemes.

The scheme was announced by Prime Minister Narendra Modi during the Independence Day speech of 2018, and was launched on 25th September, 2018 marking the birth anniversary of Pt Deendayal Upadhyay.

According to National Health Agency (NHA) the health scheme has been adopted till date by 33 states and union territories, with more than 8.25 lakh e-cards been generated. The Finance Minister Arun Jaitley confirmed that more than 3 lakh poor people have already benefited from Ayushman Bharat health scheme in the last one-and-a-half months since launch.

Need for the scheme?

The new scheme comes in the backdrop of the fact that multiple Central Ministries along with State/UT Governments have launched health insurance/ protection schemes for their own defined set of beneficiaries. There is a critical need to converge these schemes, so as to be able to achieve improved efficiency, reach and coverage.



The health scheme will have major impact on reduction of household Out-of-Pocket (OOP) expenditure on account of:

- Significant increased benefit cover to nearly 40% of the population, (the poorest & the vulnerable)
- Maximum coverage of INR 5 lakh for each covered family, (with no restriction of family size)

Ayushman Bharat scheme will lead to increased access to quality health and medication in the country as a whole. In addition, the uncovered needs of the population which remained hidden due to lack of financial resources will be catered to, thus leading to timely treatments, improvements in health outcomes, patient satisfaction, improvement in productivity and efficiency, job creation and finally improvement in quality of life.

Ayushman Bharat has the potential to not only improve the medical infrastructure, but also push health insurers to come out with innovative products that can fill any gaps in Ayushman Bharat itself which will help to reduce out-of-pocket expenses further.

Salient Features

- With an allocation of INR 5 lakh per family covering 10 crore families, the total scope of the scheme is valued at INR 50 Lakh crore at its full potential.
- The benefits of the scheme are portable across the country and a beneficiary covered under the scheme will be allowed to take cashless benefits from any public/private empaneled hospitals across the country.
- Being an entitlement based scheme the entitlement will be decided on the basis of deprivation criteria as per the Socio-Economic Caste Census (SECC) database.
- The total expenditure will depend on actual market determined premium paid in States/ UTs where Ayushman Bharat - National

Health Protection Mission will be implemented through insurance companies.

- In States/ UTs where the scheme will be implemented in Trust/ Society mode, the central share of funds will be provided based on actual expenditure or premium ceiling (whichever is lower) in the pre-determined ratio.

Implementation

One of the core principles of Ayushman Bharat is to enable co-operative federalism and provide flexibility to states. For giving policy directions and fostering coordination between Centre and States, it is proposed to set up Ayushman Bharat National Health Protection Mission Council (AB-NHPMC) at apex level Chaired by Union Health and Family Welfare Minister. States would need to have State Health Agency (SHA) to implement the scheme. To ensure that the funds reach SHA on time, the transfer of funds from Central Government to SHA's may be done through an escrow account directly.

Trust v/s Insurance Model

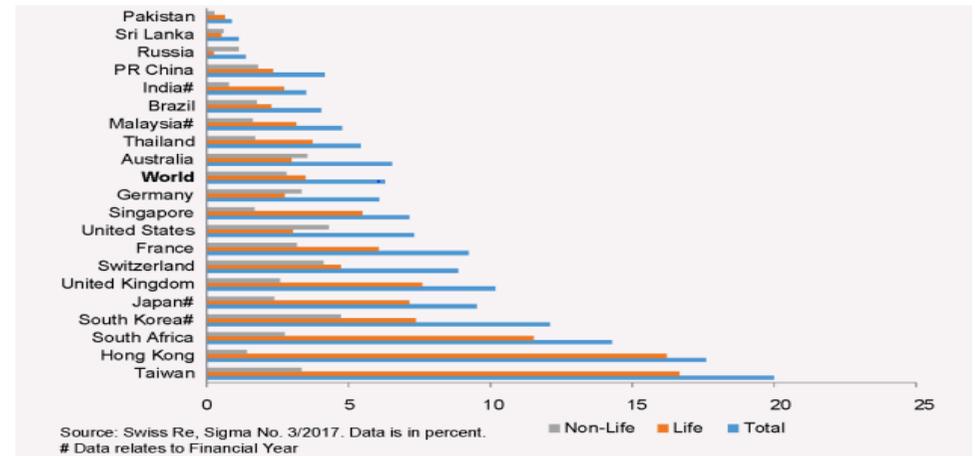
States/ UTs can decide to implement the scheme through an insurance company or directly through the Trust/ Society or use an integrated model.

- Under the trust model, the premium will not be paid to an insurance company, but will be pooled into a trust. It is this trust that will manage and administer the health scheme and also pay the claims.
- Under the insurance model, the state will pay premiums to an insurance company just as individual consumers pay to respective health insurer. The onus will be on the insurer to administer and pay the claims.

Scope For Insurance Penetration and Density Enhancement

Insurance penetration and density calculated as percentage of premium to GDP and premium to population respectively, remain far below the world

average for India indicating immense scope of insurance companies to cater to an underdeveloped insurance market. The average premium negotiated by some states for this scheme comes to around INR 400-500 as per a news article by Economic Times. This creates an opportunity for insurance companies to generate premiums of close to INR 4500 crore if the scheme is implemented to its full scope, which is a 15% of the current health premiums collected in India.



Impact on Government Finances

In the general budget for FY-19, the government announced two major initiatives for the health care sector under the Ayushman Bharat programme. An allocation of INR 1,200 crore was done under the scheme for establishing 1.5 lakh health and wellness centres. Furthermore, the government also ensured adequate funds for nation-wide smooth implementation of the programme.

The scheme attempts to increase the current level of government expenditure on healthcare, which is amongst the lowest globally as per the data provided World Health Organization. It is estimated to cost the government INR 12,000 crore per annum which is likely to be split between the central and the state government in the ratio of 6:4 respectively.

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