GUIDELINES *for* UTILIZATION OF FUNDS

GENERATED UNDER AB PMJAY - MHIS

BY PUBLIC HOSPITALS

MHIS
INSURING PEOPLE ENSURING HEALTH
MEGHALAYA

Pradhan Mantri Jan Arogya Yojana
Ayushman Bharat
PM-JAY

MEGHA HEALTH INSURANCE SCHEME

With

AYUSHMAN BHARAT

PRADHAN MANTRI JAN AROGYA YOJANA (PMJAY–MHIS)

2023

(DEVELOPED BY THE SNA, MHIS, MEGHALAYA)

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Introduction

Megha Health insurance Scheme (MHIS) in convergence with Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM JAY), is a priority health protection scheme of Government of Meghalaya. The PM-JAY- MHIS scheme aims to reduce the financial burden on poor and vulnerable groups arising out of catastrophic hospital expenditure and ensure their access to quality health services. PM-JAY-MHIS convergence strives towards the vision of Universal Health Coverage (UHC).

The service provider network under AB -PMJAY & MHIS includes government hospitals and private hospitals across districts and states where AB – PMJAY & MHIS is implemented. Deemed empanelment under the PM-JAY- MHIS, it provides government hospitals an unprecedented opportunity to mobilize and independently manage revenues earned through claims for treatment provided to AB – PMJAY & MHIS beneficiaries (hereinafter referred to as "Claim Revenues").

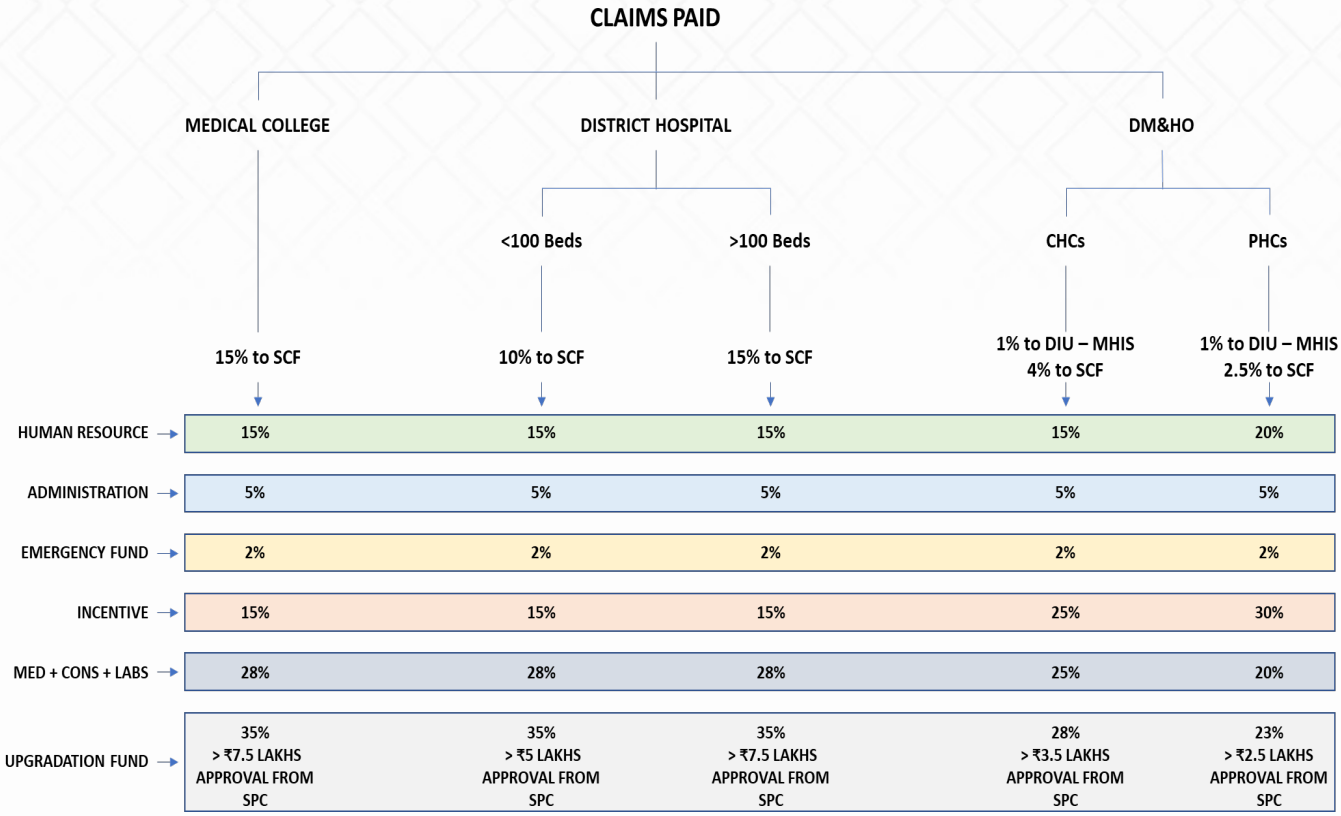
Claim revenues earned by the government hospitals through the implementation of AB – PMJAY & MHIS are credited directly into the bank accounts of the hospital (which is exclusively for PM-JAY- MHIS), are likely to be substantial as the scheme matures and service utilization increases.

Claim revenues are the most flexible source of funds that government hospitals have. These revenues can be used exclusively for patient medical benefits and for upgradation of the existing services and introduction of new services. The flexible nature of earnings through claim revenues makes it the most important pool of resource for government hospitals, as this flexibility is generally not available under other hospital financing sources/schemes.

2. Purpose and Scope of this Document

With this document SNA, Meghalaya aims to provide a framework and guidance to ensure that PM-JAY- MHIS claim revenues earned are optimally used by government hospitals for improving patients' experience of seeking quality care and for upgradation of the hospital.

It is expected that this framework shall enable public hospitals to make informed decisions on different aspects of fund utilization for strengthening their facilities.



* SCF - State Corpus Fund
* SPC - State Procurement Committee.

3 Revenue Sharing Model between SNA and Government Hospitals

1) SNA will maintain a corpus fund at the State level. To set up this state-level corpus fund, Public Hospitals will be required to directly deduct a percentage (as mentioned in the table below) from their claim amount received in the bank account of the hospital per quarter. This amount is to be transferred to the account of the District, MHIS Account (1% from reversion by the CHCs/PHCs only), within 2 weeks of the start of the next quarter, the district shall retain a percentage, as mentioned below, for monitoring and supervising the effective implementation of the scheme in the district, and the remaining amount will be transferred to the account of the State Nodal Agency, Megha Health Insurance Scheme within 3 weeks of the start of the new quarter.

2) The entire allotment for HR for PMAM, Accountant & Program Manager (District Hospital) of a particular institute will be reverted to the SNA, if the personnel selected by the hospital authorities have proven to be inefficient and need to be replaced. The SNA will select the replacements needed and their renumeration shall be met by the SNA from the reverted funds of the hospital. For such cases, the reversion amount will be determined by the SNA which may change from time to time.

Table 1 Revenue Sharing Model between SNA and Govt. Hospitals

Particulars	Medical College Hospital & District Hospitals having 100 beds and above.	District Hospitals having less than 100 beds	Community Health Centre	Primary Health Centre
Reversion to the state corpus fund and District (to be deducted on the claim amount received)	15% (To the State Corpus Fund)	10% (To the State Corpus Fund)	5% (1% retained by the district, 4% State Corpus Fund)	3.5% (1% retained by the district, 2.5% State Corpus fund)

1) There shall be no reversion for District Hospitals and Medical Colleges to be paid to the District, MHIS Account.

2) The Public Hospital must strictly adhere to the time frame and the amount payables towards reversion to the State Nodal Agency. Strict action will be taken against Public Hospitals who fail to pay the reversion consistently for the last two quarter.

4 Hospital Management Committee / Rogi Kalyan Samity

1) Claim revenue generated under the scheme shall be managed by the Hospital Management Committee/Rogi Kalyan Samity of the hospital. Notwithstanding this, it is to be noted that the claim fund shall not be transferred to the account of the Hospital Management Committee/Rogi Kalyan Samity of the hospital, a separate bank account exclusively for the claim revenue shall be maintained by the hospital.

2) Financial signatories for management of the claim revenue shall be the same as the signatories of the Hospital Management Committee/Rogi Kalyan Samity. However, in cases, where it is challenging to obtain the signature of the signatories (Chairman/ P.S/D.C/BDO)to approve payments up to certain limits (up to 2.5/3.5/5/7.5 lakhs depending on the type of institute)and payments towards running expenses like payment of salary, medicines, incentive to staff, reimbursement to patients, a sub-committee may be formed by the Hospital Management Committee/Rogi Kalyan Samity, eg MHIS Implementation and Procurement Committee, which will consist of members from within the hospital (like the MO in charge/Nodal Officer – MHIS and the Medical Superintendent, HODs, Matron).Two members of the sub-committee shall

be signatories up to₹ 2.5/3.5/5/7.5 lakhs, depending on the type of institute. This is to address any delay in payment and for smooth and effective implementation of the scheme. The Medical Superintendent, shall however, keep the RKS Committee informed about the decisions and expenses incurred by the MHIS sub-committee.

3) The Head of the Institute and the MHIS Nodal Officer of the concerned institute will be responsible for all the financial transactions undertaken and overall financial management of the scheme in the concerned institute.

5 Application of Funds and Expenditure Categories

1) No part of the claim revenue fund shall be transferred to any other scheme/program me, department or project or any staff of the hospital, with the exception of loans (to be given only under admin expenses head), that must be recovered accordingly within one financial year, however, loans cannot be issued to any staff of the hospital.

2) After deduction of share towards State Corpus Fund, the government hospitals shall use remaining PM-JAY- MHIS claim revenues as per the categories and allocation shares mentioned in Table 2 below.

Table 2: Categories for MHIS fund expenditure

Particulars	District Hospitals & Medical	Community Health Centre	Primary Health Centre
Human Resource: Salaries for personnel recruited primarily for PM-JAY in the hospital	15%	15%	20%
Medicines, consumables and pathology/radiology tests	28%	25%	20%
Hospital up-gradation & Quality Improvement	35%	28%	23%
Administrative Expenses	5%	5%	5%
Staff Incentive	15%	25%	30%
Emergency Fund	2%	2%	2%

3) Public hospitals will have flexibility to utilize unspent balances from one expenditure category for another, ensuring that the priority for expenditure should be on expenditure categories as "Infrastructure Up-gradation," followed by, "medicines and consumables".

No additional fund shall be transferred from other heads to the "Human Resource" except from unspent funds under "Staff Incentive". Furthermore, unused funds at the end of the year under the "Emergency Fund" shall be transferred to the "Up-gradation Fund". Such flexibility shall, however, be subject to approval from SNA upon request from the respective hospital. Such request shall be discussed in the MHIS State Procurement Committee meeting for approval.

4) MHIS State Procurement Committee: Proposal for expenditure above ₹ 2.5/3.5 (in PHC/CHC) and ₹ 5/7.5 lacs (District hospitals less than 100 beds and more than 100 beds) shall require prior discussion and approval by the MHIS State Procurement Committee. The Members of this Committee shall include the CEO(MHIS)/Jt CEO(MHIS), Finance Director (MHIS), MD, NHM/ Jt MD NHM, PD MHSSP, DHS(MI), DHS(MCH&FW), EE (HEW), SM MHIS, FAM MHIS and experts in the field of procurement of medical equipment, civil works, construction etc from MHSSP.

5) Hospitals are to submit proposal to the state before the 20th of the month as per format attached in Annexure A. The virtual meeting shall be scheduled between the 25th to the 31st of the month. The proposing hospital will be required to give a presentation to the Committee on the proposal made along with justifications with regard to the requirement, source of fund, sustainability of the proposal and availability of funds, etc.

6) The meeting's outcome will be recorded, and the Committee's decision will be shared accordingly with the hospitals for further action on the proposal.

7) For expenses below amount ₹ 2.5/3.5 (in PHC/CHC) and ₹ 5/7.5 lacs (District hospitals less than 100 beds and more than 100 beds, hospitals must notify the District Key Manager, Megha Health Insurance Scheme, after the matter has been discussed in the Hospital Management Committee of the hospital.

6 State Corpus

1) High Level Committee: A high level committee shall be created at the State level for governance and oversight of the Corpus Fund. The committee shall be chaired by Principal Secretary of the state Health Department or the CEO of the SNA.

2) Structure of the High-Level Committee (HLC): The committee shall constitute of the below mentioned members, however presence of minimum 2/3rd members shall be sufficient for passing any resolution.

Table 3 Members of High-Level Committee

Sr No	Members	Designation
1	CEO MHIS	Chairman
2	Mission Director-NHM	Member
3	Director Health Services (M.I)	Member
4	Director of Research	Member
5	Joint CEO -MHIS	Member
6	Finance Director MHIS	Member/Treasurer
7	State Manager	Member
8	Any other officers (as decided by the CEO-MHIS)	Member

3) Responsibilities of the HLC :

a) Approving the corpus fund utilization guidelines, including updating as and when required.

b) Approving the eligibility criteria for (as applicable based on MHIS guidelines):

i. Individuals seeking benefits for high-cost medical treatment that are either not covered under the MHIS benefits package or the cost of treatment is beyond the annual risk cover provided under the MHIS.

ii. Any other usage of the corpus fund as deemed appropriate by the HLC.

c) Evaluation of applications for seeking funds/benefits from the corpus fund and all related decisions thereof.

d) Ensuring oversight on fund utilization and accountability as per approved guidelines.

e) Any other function related to the corpus fund that the SNA may deem appropriate.

f) To Conduct half yearly meetings among top performing institutes of different districts for proper dissemination of information, and to recognize and award best performing hospitals and encourage other hospitals on adoption of best practices.

4) Application of corpus funds :

The Corpus Fund shall be used to for meeting high end surgeries and Tertiary care treatments not covered under the scheme, or in cases where the sum assured of Rs 5.30 Lacs have become exhausted. The List of tertiary care treatment that can be addressed from the Corpus Funds are as follows:

APPLICATION OF CORPUS FUND			
Sl No	**Procedure Name**	**Maximum Aid Allotment (TENTATIVE)** **(In Rs.)**	**Pre - op**
1	Renal Transplant	2,00,000/-	Application has to be made to the SNA from the empanelled treating hospital, for additional funds in case of inadequate package rates or non-availability of package, with all the necessary documents, estimated amount and beneficiary proven to belong to BPL Category
2	Liver Transplant	22,00,000/-	do
3	Bone Marrow Transplant (Autologous)	3,00,000/-	do
4	Bone Marrow Transplant (Allogenic related)	9,46,868/-	do
5	Bone Marrow Transplant (Unrelated / Haplo)	17,00,000/-	do
6	Heart Transplant	15,00,000/-	do
7	Heart & Lung Transplant	20,00,000/-	do
8	Auditory Brain Stem	18,24,000/-	do
9	Double Lung Transplant	21,00,000/-	do
10	Rare Disease	5,00,000	do

Note:

1. A maximum limit of ₹ 25,000 will be additionally provided for transportation purposes for treatments outside the state for the above-mentioned procedures only.
2. Separate list of hospitals shall be empanelled for treatment of the above and payment will be made directly to the concerned hospital prior to operation.
3. The maximum package indicated above is subjected to change, depending on the decision of the HLC.

i. Tertiary Care/Critical care: Providing treatment for critical illness (e.g., Open Heart Surgery, Heart Transplant, Kidney Transplant etc. for poor (BPL) patients whose approved package rate under the Insurance Cover of MHIS & PMJAY is inadequate or has become exhausted. Such covers shall be subjected to the approval of the Committee.

5) Restriction of use of corpus fund: Money from the corpus fund shall not be used for the following:

i. For payment of salary of any employee at State or district level
ii. Honorarium/ Payment of visiting consultants or visiting faculty in any public hospital
iii. For personal use by any employee
iv. Incentive of State level, district level or hospital staff including PMAM
v. Vehicle purchase.
vi. Mobility cost like - DOL cost (Degree of leverage cost which includes transportation, food, accommodation, and other travel related expenses) for mobile medical teams or hiring of vehicles for mobile medical teams.
vii. Payment of utility bills of including electricity, gas, landline, staff mobiles
viii. Any other use not related to MHIS
ix. Substitute state share under any centrally sponsored scheme/programme.
x. Transfers, either in full or part, to any state scheme.
xi. Provide medical reimbursements for any state/central scheme other than PM-JAY- MHIS.
xii. Deposits in the state treasury

7 Expenditure on Staff Incentives

1) Under the expenditure category "Staff Incentives", a government hospital shall use the allocations to incentivize medical and paramedical personnel of the patient treating team in the government hospital. Such incentives shall be additional to the salaries they are getting and shall be subject to tax deductions at source as per existing income tax rules.

2) It is clarified that the distribution of such staff incentives is not a right of employees. Award of incentives is at the discretion of the Hospital Management Committee/ Medical Superintendent & Nodal Officer. The SNA or the RKS/MS & Nodal Officer, at its sole discretion, may decide to divert either in full or part of the allocations for staff incentives to relatively higher priority areas like 'Medicines and consumables for patients' and Upgradation Fund.

3) It is suggested that incentives are distributed to only staff directly related to the implementation of the scheme in the hospital. Incentive distribution shall also depend on the performance of staff over and above their normal duty. The hospital management committees are encouraged to develop and adopt methodologies of their own, which will ensure that incentives are distributed based on the performance of each individual healthcare provider of the hospital, thus ensuring not only healthy competition among them but also making it a more patient care-centric hospital.

4) Disbursing amount will be at the sole discretion of the hospital RKS/HMS considering the duty, attendance & punctuality of the public hospital staff.

Table 4: Incentive structure for District Hospital

	STAFF INCENTIVE FOR DISTRICT HOSPITALS (15%) SURGICAL CASES	
1	Surgeon (Doctor Operating the case and does the follow up and name registered in the TMS)	25%
2	Anaesthetist and Anaesthetic assistant for the case	10%
3	Medical Superintendent, Deputy Medical Superintendent & Nursing Superintendent	1%
4	Nodal Officer & Assistant Nursing Superintendent	1%
5	Consultations (Consultants from other public/private hospitals needed for the case)	3%
6	Other Doctors attending the case (divided equally)	10%
7	Staff Nurse	16%
8	Nursing Assistant& Hospital Attendant (Grade IV)	12%
9	Lab Tech	3%
10	X-Ray/Ultra Sound Scanners/CT/ECG/Scan Technicians	3%
11	Administrative Pool (Recording Keeping, Store Keeper/Pharmacist, System Management, PRO/ PMAM/ Accountant / Accounts Assistant etc)	16%

• The incentives should be distributed as per individual case; thus, every single case will need to be audited.

STAFF INCENTIVE FOR DISTRICT HOSPITALS (15%) MEDICAL CASES		
1	Physician (Doctor admitting, sending the investigations for the case and ensures pre-authorization-name registered in the TMS)	25%
2	Medical Superintendent, Deputy Medical Superintendent & Nursing Superintendent	1%
3	Nodal Officer & Assistant Nursing Superintendent	1%
4	Consultations (Consultants from other public/private hospital at needed for the case)	3%
5	Other Doctors attending the case (divided equally)	20%
6	Staff Nurse	16%
7	Nursing Assistant& Hospital Attendant (Grade IV)	12%
8	Lab Tech	3%
9	X-Ray/Ultra Sound Scanners/CT/ECG/Scan Technicians	3%
10	Administrative Pool (Recording Keeping, Store Keeper/Pharmacist, System Management, PRO/ PMAM/ Accountant / Accounts Assistant etc)	16%

STAFF INCENTIVE FOR DISTRICT HOSPITALS (15%) OPD CASES/PACKAGES		
1	Surgeon/Physician (Doctor Operating/treating the case and name registered in the TMS)	35%
2	Doctor required to attend to the case to support no.1	13%
3	Medical Superintendent, Deputy Medical Superintendent & Nursing Superintendent	1%
4	Nodal Officer & Assistant Nursing Superintendent	1%
7	Staff Nurse	16%
8	Nursing Assistant& Hospital Attendant (Grade IV)	12%
9	Lab Tech	3%
10	X-Ray/Ultra Sound Scanners/CT/ECG/Scan Technicians	3%
11	Administrative Pool (Recording Keeping, Store Keeper/Pharmacist, System Management, PRO/ PMAM/ Accountant / Accounts Assistant etc)	16%

The incentives should be distributed as per individual case; thus, every single case will need to be audited.

Table 5: Incentive Structure for Medical College

STAFF INCENTIVE: MEDICAL COLLEGE HOSPITAL (15%)		
1	Head of Department	2%
2	Professor	4%
3	Associate Professor	8%
4	Assistant Professor	12%
5	Senior Registrar/Senior Resident Medical Officer	16%
6	Junior Registrar/Junior Resident Medical Officer	8%
7	Nursing Staff and paramedical technicians	30%
8	PMJAY Nodal Officer	2%
9	Clerk/Computer Operator	3%
10	Class IV Employees	15%

Table 6: Incentive structure for CHC

STAFF INCENTIVE FOR CHC (25%)		
1	Surgeon/Doctor admitting the case, ensures pre authorization, sends the required investigations, treats/operates the patient & name is registered in the TMS.	25%
2	Other Doctors attending the case (divided equally)	14%
3	Anaesthetist and Anaesthetist assistant for the case. If medicine case, this percentage to be allocated to Sl 2	10%
4	Nodal Officer & Nursing In-charge	1%
5	Consultations/call duty, etc (if no consultant is engaged, this is added to 1)	5%
6	Staff Nurse	12%
7	Nursing Assistant& Hospital Attendant (Grade I & II)	9%
8	Lab Tech	4%
9	X-Ray/Ultra Sound Scanners/CT/ECG/Scan Technicians	4%
10	Administrative Pool (including Recording Keeping, Store Keeper/Pharmacist, System Management, PRO/PMAM/ Accountant etc)	16%

Table 7: Incentive structure for PHC

STAFF INCENTIVE FOR PHC (30%)		
1	Main Physician/Doctor Treating the case	45%
2	Staff Nurse (PHN/CHO/HE, Staff Nurse, ANM)	25%
3	Lab Tech & X Ray Technician	2%
4	Pharmacist	2%
5	Grade 4	13%
6	Administrative Pool (including Recording Keeping/ System Management, PRO/PMAM/ Accountant etc)	13%

i. Entire percentage indicated will be given to main the treating doctor/surgeon if the assistant doctor was not involved in the treatment or surgery.

ii. In case more than one surgeon or assistant doctor is involved then the incentive amount will be distributed equally based on their respective incentive head.

iii. In case, if more than one O.T Technician or staff nurse are involved then the amount would be distributed equally to everyone.

iv. If a staff nurse, Paramedic, PMAMs, Accountants, DEOs and Grade 4, are absent for more than 10 days in a month, they are not eligible for incentive for the respective month.

v. TDS on the individual incentive amount should invariably be deducted as per prevailing Income Tax (IT) Act.

vi. In case the incentive amount has not been distributed in two consecutive years then the unspent incentive amount will be transferred to SNA corpse fund.

vii. Patient treating group includes Doctors, Anaesthetists, staff nurses and paramedical staff who are directly involved in the operation are eligible for incentive. However, the postgraduate /DNB students will also be entitled for the incentive if they are engaged in treatment.

viii. In any Medical College/District Hospital, if specialists are not available, the incentive amount available for treating group can be utilized to hire the services of private doctors. The fee/ consultation cost may be decided by the existing committee of the hospital.

ix. The incentive amount should be disbursed to all the persons concerned either on a monthly or quarterly basis.

x. Incentives for staff involved in the scheme however who are not indicated in the structure above may be added in any applicable category at the discretion of the MHIS Implementation Committee of the Hospital.

xi. Incentive to staff should be distributed equally for both regular and permanent staff alike.

xii. The task of the Nodal Officer is to:

a) Ensure proper blocking of cases.

b) Auditing of case sheets.

c) Ensure proper distribution of incentives based on performances.

d) Ensure conversion of IPD cases into PM-JAY/MHIS beneficiaries through proper co-ordination with the BIS Operator.

e) Overlook procurement proposals to be incurred from funds generated under the scheme in the hospital.

8 Expenditure on Human Resource

a) Under the expenditure category "Human Resources", a district hospital shall use the allocations for appointment and salaries of PMAM/PROs and Accountants etc. At CHCs and PHCs, these funds shall be used for appointment and salaries of PMAM/PROs and BIS Operators. Dedicated accountants may be engaged in CHC/PHCs only if enough funds are available, else the existing finance officer deployed in the hospital through other programs such as NHM can be utilized for this purpose. Such staff shall be incentivized accordingly. Additionally, service delivery staff or clinical care staff which are needed in the hospital may also be appointed. Recruitment of any additional Human resource from MHIS Funds shall require mandatory approval by the State Procurement Committee in the virtual meeting.

The exact numbers of PMAMs to be placed shall be dependent on the average case-load per day. A suggestive placement of PMAMs based on cases registered per day is given below.

a. 0-10 Cases – 1 PMAM
b. 10-20 Cases – 2 PMAMs
c. 20-30 Cases – 3 PMAMs
d. 30-40 Cases – 4 PMAMs.

However, the EHCP can revise the number of PMAMs based on local conditions& infrastructure, and will ensure that services are available to the beneficiaries 24x7 in the hospital.

b) The entire allotment for HR for PMAM, Accountant & Program Manager (District Hospital) of a particular institute will be reverted to the SNA, if the above currently selected personnel have proven to be inefficient and need to be replaced. The SNA will select the replacements needed and their renumeration shall be met by the SNA from the reverted funds of the hospital. For such cases, the reversion amount will be determined by the SNA which may change from time to time.

2) Engagement of Medical/ Surgical specialist (Private sector) on call can be undertaken exclusively from MHIS claim revenue funds. For such cases payments shall be made on an hourly or case –wise manner. In cases where the hired specialist, have performed exceptionally well, beyond their agreed terms of duty, an additional incentive of 4% from the incentive head can be paid to the incumbent.

3) It shall be noted that engagement of additional human resource over and above what has been sanctioned by the Government shall be done by the hospital only if the same is essential. Ratio of workload and manpower should be justified. Monitoring of human

resource engagement shall be done by the internal auditor on a Quarterly/Half- yearly/ yearly basis.

4) Additional funds requirement under this head shall not be allowed to be diverted from other expenditure heads. This is to avoid over-recruitment of staff.

5) Salary of staff recruited from MHIS Funds shall as much as possible conform to the salary range defined by the State Nodal Agency for all hospitals. Further, number of positions/employees must correspond to the claim size, workload and category of the hospital accordingly as per the MHIS PMAM guideline. The following is a suggested salary range for Hospital Staff:

Designation	PHC&CHC	District Hospitals
1. PMAM/DEO	₹ 8000 to ₹ 12000	₹ 10000 to ₹ 13000
2. Accountant	₹ 12000 to ₹ 15000	₹ 15000 to ₹ 20000
3. Paramedical (Labtech/pharmacist/staff nurse)	₹ 12000 to ₹ 20000	
4. Housekeeping/ Fourth Grade	₹ 7000 to ₹ 9000	

6) The Human Resource Guidelines for hospital staff employed under MHIS

i. Recruitment:

a) Recruitment of new MHIS IMPLEMENTING staff in the hospital or staffs involved in clinical care, henceforth, at the hospital level, will have to be approved by the MHIS State Procurement Committee, at the virtual meetings, after proper presentation by the hospital concerned.

b) Recruitment for filling vacancies for existing posts or approved positions (PMAMs) can be undertaken by the Rogi Kalyan Samiti /Hospital Management Committee of the hospital. Recruitment of Accountants in Districts Hospitals is mandatory, however appointment of accountants in CHC/PHCs having enough funds should be approved by the State Procurement Committee in the virtual meetings.

c) Engagement of additional approved human resource shall be done by the hospital only if the same is essential. Ratio of workload and manpower should be justified. Monitoring of human resource engagement shall be done by the internal auditor on a yearly basis.

d) Advertisement for recruitment will be published in one leading English and one vernacular newspaper. The period between the advertisement notice and the start of screening process should be for a minimum period of 2 weeks.

e) Screening of applications will be carried out by constituting a Screening Committee that

will assess the applications (i.e certificates/ testimonials) to determine eligible applicant for interview/written test. The Hospital Management Committee of the hospital may act as the screening Committee. If required, additional members for the Committee may be nominated from the SNA Staff.

f) The selection of staff will ultimately be approved by the Screening Committee.

ii. Appointment:

a) Appointment letter will be issued to the selected applicant duly signed by the Appointing Authority.

b) The contract for appointment will be for a period 59 days probation period, renewable after 1 day. After which a 1-year contract may be given depending on the performance of the incumbent.

c) The renewal of the contract will depend on performance and assessment of the staff.

d) The Screening Committee reserves the right to terminate the services of the incumbent even before the expiry of the contract, if the incumbent is found violating any of the provisions of the ToR.

e) All post will be issued a (ToR) Term of Reference by the Appointing Authority.

f) Term of Reference can be changed at any time as per the requirement by the Appointing Authority.

g) (ToR) Term of Reference may be developed at the hospital level.

iii. Remuneration:

Renumeration of PMAMs shall be as the Minimum Wage Act under the Labour Laws and Policies.

iv. Training, Orientation &Capacity Building:

a) All new employees shall receive an orientation and training session arranged by the hospital in coordination with the District or the SNA, MHIS as per requirement.

b) Further Capacity Building other than new employees, if required can be requested and the same may be arranged by the District or the SNA, MHIS.

v. Leave:

Casual Leave/Sick Leave –

a) All employees appointed under MHIS in the hospital will be entitled to 15 days Casual/Sick Leave in a calendar year.

b) In an event an employee avails sick leave for more than 2 days, a doctor's certificate should be submitted.

c) A maximum of 3 days Casual leave can be taken at a time.

vi. Discipline/Corrective Action Process:

a) In the event of any employee not adhering to the expected norm, in order to bring the employee back to in the fold and enable him/her not to repeat such mistakes in the future, corrective/ reformative actions can used.

b) For this purpose, the offence based on their nature are categorized into 2 levels:

   i. Level 1 offence (minor misconduct) comprises irregularities that are not serious in nature and committed for the first time, which will invite a lenient action.

   ii. Level 2 offence (major misconduct) may denote serious irregularities or repeated commission of level 1 irregularities which may invite a stern corrective/ disciplinary action.

vii. Performance Appraisals:

a) The Performance Appraisals process aims to improve the effectiveness of the organization by contributing to achieving a well-motivated and competent workforce.

b) In a Performance Appraisal is an ongoing process with periodical formal meeting to review progress and performance of staff. The discussion will review previous year's achievement and will set an agreed growth and improvement for the coming year for the staffs. Eg. PMAMs achievements will be measured in terms of number of registrations undertaken on a daily basis. Accountants will be measured in term of work completion in the department.

   In this regard, hospital shall develop a system of checking and monitoring staff so as to ensure productivity and effective implementation of the scheme. Renumeration and renewal of contract will be based on the performance of the staff accordingly.

c) Hospital Authority are to conduct annual Performance Appraisal based on which renewal of contract shall be dependent on. For renewal and extension of contract, the Hospital Authority may strategize a model

viii. Resignation:

a) An employee desirous of resigning from the employment under MHIS in Public Hospitals may do so by submitting a written application, stating reasons for the same.

b) An employee desirous of resigning should duly serve a notice period of at least 1 months' time.

c) Upon submission of resignation and accepted by the Concerned Authority an employee will immediately hand over to the hospital all correspondence, specifications, documents, office id, office property, etc and shall not retain any copies of the same.

d) The employees intending resignation should put in order a handover period, complete all assignments/tasks assigned and leave information easily accessible by his/her replacement.

e) An employee having once submitted his/her resignation in writing will not be allowed to withdraw the same after its acceptance.

9 Expenditure on Medicines, Diagnostics, and Consumables

1) All public hospitals shall provide MHIS patients with cashless benefits. The practice of reimbursing patients for their expenses incurred shall not be allowed and the concerned hospitals will be subjected to financial penalties on detection (3 time the reimbursement amount shall be the fine imposed on the hospital). The penalty will be three time the reimbursed amount which will be subsequently deducted from the claims to be paid. The hospital can recover the fined amount through deductions from the incentive of the concerned doctor/ nurse/ paramedic or institutional head, responsible for the not providing cashless treatment to the patient. The penalty amount will be used to reimburse the concerned beneficiary and the remaining amount will be deposited into a "Penalty Account". The amount generated from the Penalty Account shall be used to set up a 24x7 call center, thereby strengthening the Grievance Redressal System under the scheme.

2) It is suggested that hospitals procure drugs, medicines and consumables directly from the wholesaler, thus strengthening their existing in-house pharmacy of the hospital, rather than out-sourcing their pharmacy or laboratory diagnostics which has proven to be an effective tool in reducing cost and increasing hospital savings. However, drugs procured from funds generated under the scheme should not contain the same drugs and medicines listed in the Essential Drug List (EDL) of the Govt except in cases where there is an exhaustion or no other alternative. The expenses towards reimbursement to beneficiaries and payment to pharmacy or laboratory-tie up shall come out of the category under medicines, consumables, pathology /radiology test.

3) A dedicated pharmacist with effective inventory management system is encouraged to be in place.

4) Drugs/Medicines/ Consumables procured through MHIS Funds should be highlighted and discussed in the Virtual meeting, especially when Govt supply is inadequate. Additionally, supporting documents like the indent request application maintained for request of drugs and consumables from the Government, and the stock register as proof for non-receipt and/or exhaustion of drugs under the Essential Drug List (EDL) is brought to the notice of the Committee.

5) Allowable expenditure under this category shall include :

   a) Medicines as required for the treatment of PM-JAY- MHIS patients.

   b) Medical and surgical supplies as needed for the treatment of PM-JAY- MHIS patients.

   c) Payments for pathology tests and radiology investigations (x-ray, ultrasound, CT scan, etc.) for PM-JAY- MHIS patients if such tests/investigations are not available

within the government hospital and therefore are done from outside the concerned government hospital (this could be at another government hospital which has such facilities or from a nearby private provider). In all such cases, rates at which such services can be procured from other government hospitals and private providers should ideally be equal to or less than CGHS rates for such tests/investigations applicable for that city.

d) Arrangement of a free ambulance in case of a road traffic accident, disaster, or any other case when the patient is alone.

6) Hospitals shall undertake pharmacy tie -up system or in house procurement of medicines and consumables for MHIS beneficiaries following the due guideline of financial management.

7) Payment of bills towards Pharmacy and Diagnostic tie – up:

a) Tie up for only medicines and diagnostics not available in the hospital and in EDL shall be done.

b) Payment shall not be made for diagnostics and medicines done outside, which are already available within the hospitals.

8) Payment for procurement of medicines and consumables for in house pharmacy

a) For Drugs and medicines procured under the scheme cases hospital have to maintain the inventory request application for all such medicines.

b) SNA may opt for post facto audit regularly (preferably monthly) for such scenarios to understand the real requirement of the purchase from outside.

c) Procurement of drugs and medicines in PHCs shall be reviewed, as treatment available at PHCs does not require sophisticated medicines and drugs. Government supply through the EDL may be sufficient.

d) Procurement of generic drugs must be encouraged as much as possible. And brand can only be procured in non-availability of generic drugs, emergencies or on specific cases when prescribed by the treating physician/surgeon e.g. Immunosuppressants, anti-venoms, immunoglobulins etc.

e) Regular monitoring shall be done by SNA to check transparency and accountability in procurement system.

f) If available funds under this head is not sufficient to address the requirements of the hospital, additional funds can be taken from the Hospitals upgradation and Quality improvement head of expenditure and staff incentive fund as indicated in clause 5 3) above.

10 Expenditure on Hospital Upgradation and Quality Improvement

1. Under the expenditure category "Hospital Upgradation and quality improvement", a government hospital may use the allocations to improve the hospital's infrastructure and equipment that have a direct relationship with patients' treatment outcomes and experience of seeking care in the hospital. It is essential that the Claim revenue funds generated under the scheme in public hospitals are be used to upgrade the facility. Public hospitals should think about using the upgrading fund to address priority areas like basic medical and laboratory equipment. for example, Hormone Analyzer, Urinal Analyzer, Blood Analyzer, Bio-chemistry Analyzer, Routine Investigation test, Electrolyte Analyzer etc. This will help strengthen improving the quality of care being provided by public hospitals.
2. Where funds can be used: List of areas where such funds can be used are provided below:
    a) Any Minor work costing less than ₹ 2.5 lakhs such as Minor repair & civil works, minor mechanical, electrical and plumbing works, minor medical procurement, repair & maintenance of medical equipment, additional medical facilities, other upgradation works, administrative infrastructure, Quality of care improvement, procurement of innovations/new technology.
    b) For procurement or any works above ₹ 2.5 lakhs for PHC, ₹ 3.5 Lakhs for CHC, ₹ 5 lakhs for District Hospitals (<100 beds) & ₹ 7.5 lakhs for District Hospitals (>100 beds), prior proposals should be sent to the SNA, through the District Key Manager, before the 20th of every month.
3. Annual Maintenance system for equipment purchased under the scheme shall be mandatorily undertaken by the public hospitals.
4. For replacement of old equipment condemnation certificate should be submitted along with other documents during request for approval.
5. Hospitals are encouraged to use these funds towards Quality accreditation and certification
6. List of areas where claims revenue is not permitted to be used:
    a) Civil Works, major equipment purchase, repair & maintenance for which funds could have been routinely under other financial streams, like the HEW, MHSSP or the NHM budget. However, for extra ordinary circumstances, prior permission from the State Procurement Committee should be sought in the virtual meetings.
    b) Purchase of rent of vehicle for office or hospital works.

Further, it is to be noted that the list above will be revised in the near future, as per requirement, particularly in areas such as major civil works, major equipment purchases, repair and maintenance, and so on. Given that the scheme has been in place for ten years, it is expected that hospitals have significantly upgraded themselves using the claim revenue fund.

11 Expenditure on Administrative Expenses and Innovations

Under the expenditure category "Administrative Expenses", a public hospital shall use the allocations for administrative expenses which includes but not be limited to:

a) Routine office supplies and consumables for the administration of PM-JAY- MHIS.

b) Consumables for administrative expenses

c) Maintenance of IT hardware and software related to PM-JAY- MHIS operations.

d) Internet charges

e) Bank charges.

f) Computers and printers, Office equipment and furniture exclusively dedicated for the MHIS Office of the hospital.

g) Tally software and other IT management software not already provided under any Section of the Health Department.

h) IEC activities, awareness drive, health camp activities.

i) Any innovations aimed at improving patient care and patient safety including setting up teleconsultation services, more particularly for specialist consultations in rural areas.

j) Regular Focus Group Discussions among performing institutes for exchange of ideas and innovation to be hosted by the DPM once in a month.

k) Loan to other programmes and scheme, however it is to be ensured that the same is repaid within a specified time period, but prior approval from the state Procurement Committee should be obtained.

12 Fund Management, Accounting, Reporting & Financial Audit

1) **Bank Account :** Each government hospital shall set up a dedicated bank account for all transactions exclusively dedicated to PM-JAY- MHIS claims revenue.

2) **Signatories to the bank account :** Minimum of two signatories shall be there on the bank account. The public hospitals shall ensure that the signatories should be so designated that they are readily available for signatures.

3) **Financial powers and authorities :** Single signatory shall have the financial powers for authorizing expenditure within the range of INR 0-25,000. However, for authorizing expenditure above INR 25,000 both signatories shall be required.

4) **Cash Maintenance :** Cash maintenance is not permitted as most payments can be

made via e-transfer; however, in emergency situations, the maximum amount of cash that a hospital can withdraw at one instance is as follows (The maximum number of withdrawal of cash should not exceed 12 times per annum/once a month):

- District hospital – INR 25,000
- CHC – INR 15,000
- PHC – INR 5,000

5) Other procedures to be strictly followed

6) All payments exceeding Rs. 1000 must be paid through cheque / e-transfer. If a payment is made by cheque, a register must be kept for each transaction in the format specified in Annexure 3.

7) Accounting system and platform: The government hospital shall ensure that the accounting system and standards of accounting are followed in compliance with state government rules and statutory requirements:

a) All books of accounts to be maintained on accounting software. Procurement of the same is to be undertaken from the administrative fund.

b) All books of accounts pertaining to MHIS & AB PMJAY are to be maintained separately.

c) The accounting system within the hospital shall generate claim revenue specific receipt and expenditure statements as and when required by the State Nodal Agency.

d) Expenditure Heads for MHIS Fund Utilization in hospitals shall be maintained as per MHIS Fund utilization structure.

8) Records/ Reporting & Financial Audit:

Reports compiled at the district shall be sent to the State Nodal Agency, Megha Health Insurance Scheme for further compilation of data from all the districts.

a) The public hospitals shall ensure that original bills and vouchers are well kept and are produced during audits and at the request of SNA.

b) Financial Statements like I&E, R&P, BS, Cash Book, Bank reconciliation statement and Budget Monitoring Report (which will be as per the head of expenditure indicated in the structure) etc. shall be maintained mandatorily.

c) Registers related to fixed asset, stock, (for consumables, drugs & medicines) shall be updated and maintained on a regular basis.

d) Public hospitals shall share the compiled reports as out from hospitals with the respective District Accountants/District Program Manager (MHIS) for compilation, and further be forwarded to the State Nodal Agency.

e) Utilization certificate (UC)/ MHIS Fund Utilization Report should be shared with District Accountants/DPMs (MHIS)District Program Manager (DPM) on Monthly basis before 15th of the following months.

f) The State Nodal Agency, Finance department shall receive the reports and UC on Monthly basis before 25th of the following months.

g) UC/Reports are to be sent on a monthly basis shall be in the prescribed utilisation format as outlined in Annexure B 1 & 2. However, utilization of fund as per percentage indicated in the structure illustrated in Table 2 above will be taken on an annual basis.

h) If hospitals fail to submit reports on time, consecutively for a period of 2 months, an additional 2% shall be liable to be paid to the State Nodal Agency, Megha Health Insurance Scheme as reversion of funds for every week's delay.

i) Internal Audits shall be mandatorily undertaken by public hospitals under the scheme.

j) The DKM through the District Accountant shall keep a close monitor on all the record maintenance of all hospitals. Guidelines for undertaking internal/concurrent audit is outlined in Annexure C.

9) Financial Monitoring:

a) Monitoring of Timeliness and Accuracy of Financial Reporting: The Nodal Officer-in-charge of MHIS in the hospital shall be responsible for checking accuracy of data submitted and that reports are submitted on time to the district. Reports must be signed by the hospital's administrator/MHIS Nodal Officer before submission. The Nodal Office MHIS in the hospital shall check with the accounts section on the financial management of MHIS Funds on a weekly basis on issues pertaining to pending reimbursement dues, procurement, timely submission of financial reports, utilization of funds, audit etc.

b) Field Visit: The District Program Manager and District Accountant must pay frequent visits to public hospitals to check the status of previously identified problems as well as verify submitted reports, bills, and vouchers and procurements made.

c) Monitoring Concurrent audit activities: The District along with the hospital will proactively monitor initiatives taken to appoint auditors and timely submission of the audit report. The hospital is to undertake the concurrent audit on a monthly/quarterly/half yearly/yearly as per requirement. The Audit report along with, observations made and the action taken report thereon, following the completion of the audit shall be submitted to the District and State accordingly.

d) Periodical Financial Analysis: Monthly analysis of funds should be undertaken as per the structure indicated so as to ensure that there is no under or over utilization of funds under the different heads.

e) Periodical Meetings/Reviews: To measure the impact of the claims revenue on the quality of the existing and the newly introduced services.

f) Inter-hospital monitoring within and outside the district can be conducted in order to share best practices and promote low-performing hospitals.

10) Books of Accounts to be maintained :

a) Double-column cash and bank book

b) Ledger book activity-wise

c) Voucher (Debit & Credit) & Voucher Guard File

d) Advance Register

e) Fund Receipt Register

f) Disbursement Register

g) Cheque Issue Register

11) Procurement Process :

The procurement process under MHIS has to adhere to the General Financial Rules issued by the Ministry of Finance, Government of India. The following is the extract from the GFR 2017 regarding the procurement process.

a. (Rule 154 of GFR 2017) Purchase or goods or services up to the value of ₹ 25,000/-(Rupees Twenty-Five Thousand Only) may be procured without inviting quotation or bids on the basis of a certificate to be recorded by the competent authority (Medical Officer in- charge/ Medical Superintendent) in the as mentioned in Annexure 1.

b. (Rule 156 of GFR) Purchase or goods or services above ₹ 25,000/-(Rupees Twenty-Five Thousand Only) and up to ₹ 2,50,000/- (Rupees Two Lac Fifty Thousand Only) shall be made on the recommendation of a duly constituted local purchasing committee consisting of not less than three members of an appropriate level as decided by the head of department. In this case the Hospital Management Committee shall act as the Local purchasing committee. Before recommendation of the purchase order, the member of the committee will jointly record a certificate as mentioned in Annexure 2.

c. (Rule 161 of GFR) Purchase of goods or services above ₹ 2,50,000/- and up to ₹ 25 lacs shall be made through Limited Tender Enquiry. Copies of bidding documents should be sent directly by speed post/registered/courier/e-mails to firms which are borne on the list of registered suppliers for the goods or service in question. The number of supplier firms in limited tender enquire should be more than three. Efforts should be made to identify a higher number of approved suppliers to obtain more responsive bids on competitive basis.

d. (Rule 162 of GFR) Purchase of goods or services above ₹ 25 lacs shall be made through Open Tender Process. Invitation to tenders shall be done through advertisements in at least one National Daily, publicized at own website & NIC Website. A time period of at least 3 weeks is to be given to prospective bidders.

e. (Rule 169 of GRF) Maintenance Contract. Depending on the cost and nature of the goods to be purchased, it may also be necessary to enter into maintenance contract(s) of suitable period either with the supplier of the goods or with any other competent firm, not necessarily the supplier of the subject goods. Such maintenance contracts are especially needed for sophisticated and costly equipment and machinery.

In all the above-mentioned procurement processes the RKS/Purchasing/Tender Committee shall ensure that there is transparency, fairness and openness.

13 Refund of Underutilized Funds

a) Claim revenues are generally the most flexible pool of funds available to government hospitals that should be used as per the needs and discretion of the hospital authorities to improve quality of care and overall hospital improvement.

b) The government hospitals shall have to refund to SNA all unspent amounts if the aggregate utilization against MHIS claim revenues received by a government hospital is less than 80% for two consecutive financial years.

c) The amount so refunded by the government hospital shall be credited into the state corpus account and used as per the guidelines set forth for the state corpus fund or used for any other purposes related topatient care and hospital improvement subject to approval by the SNA.

14 Documentation

a) All Public hospitals are expected to publish on a yearly basis major the achievements, success stories, best practices and innovative ideas with regard to their fund's utilization, incentivization and motivation factors, which will be propagated by the SNA, MHIS through its yearly magazine/coffee table booklet/ newsletter etc.

ANNEXURE 1 :

Local Purchase without Quotation Format for items worth up to Rs 25,000/-

Ref No: _____

Place: _____ Date: _____

"I, _____, am personally satisfied that the goods (described below) purchased are of the requisite quality and specification and have been purchased from a reliable supplier/contractor at a reasonable price."

Item:	
Quantity:	
Type of Procurement (Regular/Urgent)	
Indenter:	
Unit Rate:	
Taxes/Duties:	
Other Charges:	
Total Unit Price:	
Total Price:	
Purchased from: M/S	
Vide Bill No.:	
Justification:	
Cheque may be drawn in favour of	
Name:	
Designation:	
Signature:	

ANNEXURE 2 :
LOCAL PURCHASE COMMITTEE CERTIFICATE FORMAT FOR ITEMS WORTH MORE THAN RS 25,000/- BUT LESS THAN RS 2,50,000/-

Ref No: _____

Place: _____ Date: _____

"Certified that we the undersigned, members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier/contractor recommended is reliable and competent to supply the goods in question, and it is not debarred by Department concerned." The details of recommended purchase are:

Item:						
Quantity:						
Indenter:						
Details of Prices Ascertained:						
Bidder	Unit Rate:	Taxes/ Duties:	Other Charges:	Total Unit Price:	Total Price:	Recommendations & Comments
Selected Quotation						
Bidder						
Unit Rate, Taxes/Duties/Other Charges						
Total Unit Rate						
Total Value of Purchase						
Cheque may be drawn in favour of						

1. Signature Name Designation	2. Signature Name Designation	3. Signature Name Designation

ANNEXURE 3 :
CHEQUE ISSUE REGISTER

Sr No	Cheque no & Date/ e-transfer & date	Amount	To whom Issued	File Name	Signature of recipient and date

Note: The signing authorities are to sign on ever transaction in the Cheque/e-transfer request to the bank and this register as well.

ANNEXURE A –
PROPOSAL PERFORMA

PROPOSAL PERFORMA FOR PROCUREMENT OF EQUIPTMENT.														
Sl no	District	Hospital name	Name of Equiptment		Cost	Number	If previously procured (Y/N)	If yes, current status of the equiptment.	Name of HoD/ Handler (where applicable)/ Place of installation.	AMC/CMC		Targeted No of patients to be benefited/ month (where applicable)	Availability of necessary douments like PNDT/ AERB/ License	Remarks/ Justification
			Medical Equiptment	Non Medical Equiptment						Rate	AM/ CMC due date			

Note: In the list of equi[tment above, furniture and fixtures, IT equiptments etc may also be included.

ANNEXURE B 2

2 - MHIS Monthly Fund Position Statement of (Name of the Hospial) for the Month of (Month/Year)					
Sl no	**Particulars**	**Opening Balance**	**Claims received for the month**	**Total Expenditure for the Month of (Month/Year)**	**Closing Balances**
1	Bank Interest				
2	Reversion to State				
3	Hospital Upgradation				
4	Medicines & Consumables				
5	Administrative Expenses				
6	Emergency Fund				
7	Staff Incentive				
8	Human Resource				
	TOTAL				

Prepared by
Hospital Accountant,
Megha Health Insurance Scheme
..... Hospital
(with seal if available)
Dated :.....

Verifiifed by
Medical Officer, In-charge, MHIS,
Megha Health Insurance Scheme
..... Hospital
(with seal)
Dated :.....

Annexure B 1

1 - MHIS Monthly Fund Utilisation Statement of

Sl NO.	Opening Cash and Bank Balances brought forward (incl interest)(1)	Opening Loans and Advances brought forward (If any) (2)		Bank Interest for the Month (3)	Total Claims received during the Month (4)	Total (1+3+4)	RE-VER-SION TO STATE	HOSPITAL UPGRADATION							
								Lab equipments (Fixed Assets)		Other Medical Equiptments (Fixed Assets)		Construction Works (Major/ Minor/Re-pair/Renovation)		Other Non-Medical Equiptments(Fixed Assets)	
		Particulars	Amount				Amount	Particulars	Amount	Particulars	Amount	Particulars	Amount	Particulars	Amount
TOTAL															

Prepared by
Hospital Accountant,
Megha Health Insurance Scheme
..... Hospital
(with seal if available) Dated :.....

(Name Of the Hospital) for the Month of (Month/Year)																
MEDICINES & CONSUMABLES		ADMINIS-TRATIVE EXPENSES		EMERGEN-CY FUND		STAFF ICENTIVE			HUMAN RESOURCE			TOTAL EXPENDITURE	Stock serial number (Number from stock register)	Closing Loans and Advances (if any)		Closing Cash and Bank Balances (incl in-terest)
Medical Con-sumables & Reagents (Drugs and other medical consumables)																
Particulars	Amount	Particulars	Amount	Particulars	Amount	Name of Staff	Designation	Cash	Name of Staff	Designation	Amount	Amount		Particulars	Amount	

CONCURRENT AUDIT GUIDELINES

Concurrent audit is a systematic examination of financial transactions on a regular basis to ensure accuracy, authenticity, compliance with procedures and guidelines. The emphasis under concurrent audit is not on test checking but on the substantial checking of transactions. It is an ongoing appraisal of the financial health of an entity to determine whether the financial management arrangements (including internal control mechanisms) are effectively working and identify areas of improvements to enhance efficiency.

Independent Chartered Accountants firms are needed to be appointed at all hospitals to undertake periodical audits and report on vital parameters which would depict the true picture of financial and accounting health in the hospital.

Objective :

The key objective of the concurrent audit include :

- To ensure vouchers/bills evidence-based payments to improve transparency.
- To ensure accuracy, timeliness in maintenance of financial books of accounts and to ensure that itdepicts a true and fair view of the Financial Position of the individual District Hospital, CHC, PHC atthe end of each fiscal year.
- To ensure that funds were utilized as per guidelines and policies laid down under the scheme. Financial operations at Hospitals (PHCs, CHCs and District Hospitals) are used judiciously, economically and efficiently and deployed for genuine requirement for up gradation of operationsand facilities in the hospital.
- To improve accuracy and timeliness of financial reporting.
- To assess and improve the overall internal control systems in the hospitals.
- To add value to improve the hospital's financial operation.

Scope of Audit :

The responsibility of the concurrent auditor should include reporting on the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with financial norms and procedures of the operational guidelines and adequacy of the internal controls. The scope of the Concurrent Audit is as follows:

- Audit of the accounts and expenditures incurred from MHIS Funds by claiming public hospitals.
- Verification of monthly/quarterly report with the books of accounts.
- Monitoring timely submission of hospital's concurrent audit report.
- Detailed analysis and compilation of the hospital concurrent audit report.
- Any other evaluation work, as desired by the Audit committee of the hospital.

Frequency :

The frequency of the concurrent audit shall differ from one hospital to another depending on the requirement, hence Annexure I below show list of hospitals and the frequency of audit to be conducted against each hospital, by taking into consideration financial availability in the hospital and how books of accounts are maintained in the hospitals. This format shall be maintained on a yearly basis and submitted to the SNA immediately upon the completion of one year's concurrent audit. This will help to

determine the frequency of concurrent audit for the following year. if in case there are hospitals whose claim are very lowand funds available is minimal, the frequency shall be reduced to half yearly, yearly or no audit dependingon utilization of the funds and the fund availability.

Coverage :

The Concurrent Auditor should ensure coverage of Audit of the MHIS Claiming public hospitals accounts and expenditure incurred out of the claim amount generated by the hospital

- The audit shall include accounts maintained under MHIS
- The audit shall also include accounts maintained under other Sub-Committees of hospitals for which expenditure has been incurred from MHIS funds.
- The Concurrent audit shall involve audit of MHIS Fund utilization in the Public Hospitals as per the applicable structure indicated in the guideline. The new structure is as followings:

Particulars	District Hospitals	Community HealthCentre	Primary Health Centre
Human Resource: Salaries for personnel recruitedprimarily for PM-JAY in the hospital	15%	15%	20%
Medicines, consumables and pathology/ radiologytests	28%	25%	20%
Hospital upgradation & Quality Improvement	35%	28%	23%
Administrative Expenses	5%	5%	5%
Staff Incentive	15%	25%	30%

- The Concurrent audit has been mandated from financial year i.e 2021-22, to be strictly followed accordingly in the subsequent years as well.
- Engagement of the same Concurrent auditor for the following years can either be continued or discontinued depending upon the decision of the Audit Committee of the Hospital.

Audit Committee :

An audit committee should be constituted at the hospitals to facilitate and monitor the appointment andoverall audit process at the hospital.

The existing RKS Committee/Hospitals Management Committee or Hospital Sub Committee, may act as theAudit Committee.

Functions of Audit Committee in hospital:

- → Select and appoint Concurrent Auditor from list of Chartered Accountants.
- → Final concurrence for the appointment.
- → Monitor timely audits at the hospital and timely submission of audit reports.
- → Discuss key audit findings with the state and suggest appropriate actions.
- → Monitor whether adequate follow up action is being taken by the district.
- → Authorize the payment of remuneration.
- → Carrying out an assessment of the audits in case the auditors are being considered to be reappointed.
- → Carrying out yearly assessment on the frequency of concurrent audit requirement through as

per format provided by the SNA, MHIS.

Selection of Auditor :

As per announcement from the Indian Institute of Chartered Accountant dated 4th April 2016, regarding responding to Tenders by Chartered Accountant firms it is stated that "In the exclusive areas of practice of Chartered Accountants, like audit and attestation services i.e. those areas where the assignments can be performed only by Chartered Accountants or where only Chartered Accountants have been invited for audit assignments, members should not respond to such tenders. In such cases, entities may avail the multipurpose empanelment data available with ICAI. However, wherever minimum fee of the assignment isprescribed in the tender document itself, members may participate in such tendering process."

In this regard, Chartered Accountant firms empaneled with ICAI are preferred to be engaged. Invitations/ proposals from three such Chartered Accountant firms shall be called and quotation/rates the auditors should be compared and auditor with the least rate shall accordingly be appointed.

Renumeration :

- The fee structure for the concurrent auditor should be decided keeping in mind the overall scope and coverage of the audit. The state may provide an indicative range for the audit fees, however actual fees should be decided by the hospital's audit committee.
- The respective audit committee can take a view on the rationalization of fees before approving the same and can make suitable modifications to limits the audit fee taking into account factors such as inflation.
- The decision on renumeration should be judicious and balanced.
- Payment of audit fee towards concurrent audit shall be met from MHIS Funds generated in the hospital. Hospitals shall make sure to designate a certain amount of fund for the purpose of conducting concurrent audit.

Term of appointment of the Auditor

- The same Concurrent auditor can be appointed for a maximum of 3 financial years depending upon satisfactory performance.

Key Timelines :

Activity	Timeline
Appointment of Hospital Concurrent Auditor	Before 1st August of ever year.
Carrying out concurrent audit	either monthly/quarterly/half yearly/ yearly.
Submission of Audit Report by auditor to thehospital	within 30 days of completion of audit
Submission of Audit Report by hospital toDistrict	within 10 days of receipt of audit report from theauditor
Submission of compiled Audit Report by Districtto State	within 20 days of receipt of audit report from all hospitals.

Monitoring and evaluation :

- An action taken report vetted by the audit committee of the hospital shall be have to be maintained and submitted by hospitals to the District Key Manager, MHIS within 30 days of competition of the audit. The District Programme Manager, Megha Health Insurance Scheme should compile the ATRs of the District and submit the same to the Director (Finance) and Chief Executive Officer, Megha Health Insurance Scheme at the end of every quarter.
- These reports will indicate the actions to be taken emerging from the latest audit reports including responsibility of implementation and timelines as well as provide the current status on action taken on past observations.
- In order to ensure follow up of observations, discussion of the audit observation and the way
- forward should be carried out during the district's monthly Mo's meeting.
- Indicative format of ATR is as follows:

Slno	Observation	Action to betaken	Responsibility to implement	Timelineagreed	CurrentStatus

Facilitation of Audit :

The following arrangements need to be made for the auditors:

- To provide proper space for sitting during conduct of the Audit.
- To provide requisite explanation and documents on the queries raised by the auditors during the audit.
- To provide auditors with ATRs on previous audit observations without any delay.
- To make timely payment to the auditor from MHIS funds in the hospital.

DISTRICT NAME:				
Sl No.	**Detail**	**Response**	**Sample**	**Score**
1	Hospital Name :..... Date :.....			
2	Has the Hospital been claiming during the years 2019 -2020, 2020 -2021, 2021 - 2022?	Y/N	Y	0
3	Has there been any time in the past 3 financial years when the hospital did not claim?	Y/N	Y	0
4	If Yes to 3, please specify the period and the months			
5	Has the hospital been activity utilising the MHIS Funds? 20 points if yes 0 if no.	Y/N	Y	20
6	What is the amount of MHIS Funds utilised in the last 3 financial years? Kindly state the amount of utilization separately for 70%, 25% & 5%.			
6a	2019 - 2020			
6b	2020 - 2021			
6c	2021 - 2022			
7	Does the Hospital have MHIS funds currently ? 30 points if yes and 0 if no.	Y/N	Y	30
7a	What is the current available fund in the hospital? (Please Specify as either - i) Below INR 1 lakh, Between INR 1 - INR 5 lakh, Between 5 laks - 10 lakh, Above 10 Lakh)	Y/N	for example: 7 lakhs	
8	Is the Book of Accounts well maintained? Please indicate and assign the points accordingly if: (a) excellent/very good - 12.5 (b) Good/ Average - 25 (c) Poor - 50	Y/N	Y	50

	Points to be noted:
A.	Concurrent audit shall be conducted as per the score obtained by hospitals in the following manner: i. 62.5 - Half yearly. ii. 75 - Quarterly. iii. 100 - Monthly
B.	Concurrent Audit shall be conducted w.e.f the current financial year onwards.
C	The above format shall be maintained on a yearly basis and submitted to the SNA immediately upon the completion of one year's concurrent audit in order to determine the frequency of concurrent audit for the following year.
D	If in point 7a above funds available in the hospitals are less than 1 lakh, the frequency shall be reduced to half yearly, yearly or no audit depending on utilization of the funds and the fund availability.