सत्यमेव जयते

Report of the Comptroller and Auditor General of India on Performance Audit of Procurement and Supply of Drugs in CGHS

भारतीय लेखापरीक्षा और लेखा विभाग ✦ INDIAN AUDIT AND ACCOUNTS DEPARTMENT

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Union Government (Civil)
Ministry of Health and Family Welfare
Report No. 17 of 2022
(Performance Audit)

Report of the
Comptroller and Auditor General of India
on
Performance Audit of
Procurement and Supply of Drugs in CGHS

Union Government (Civil)
Ministry of Health and Family Welfare
Report No. 17 of 2022
(Performance Audit)

Contents

Preface

The Ministry of Health and Family Welfare provides comprehensive health care facilities through 'Central Government Health Scheme (CGHS)' to Central Government employees and pensioners and their dependents enrolled under the scheme. Introduced in the year 1954, the scheme provides comprehensive medical care facilities to 38.50 lakh beneficiaries in 74 cities through 331 wellness centres.

A Performance audit covering the period 2016-17 to 2020-21 was conducted to examine how efficient and effective was the system of procurement and supply of drugs and re-imbursement of medical claims in CGHS and to make suitable recommendations for strengthening the implementation process of the scheme.

This report of the Comptroller and Auditor General of India containing the results of audit of Procurement and Supply of Drugs in CGHS has been prepared for submission to the President under Article 151 of the Constitution of India.

The audit was conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Executive Summary

The Central Government Health Scheme (CGHS) was started in 1954 by the Ministry of Health and Family Welfare with the objective of providing comprehensive medical care to the Central Government employees, both serving and pensioners and their dependent family members. The scheme also provides service to Ex- and sitting Members of Parliament, Freedom Fighters and such other categories of CGHS cardholders as notified by the Government. The facilities and drugs are provided through a large network of wellness centres, polyclinics and labs. CGHS has also empanelled private hospitals and diagnostic centres in different cities for carrying out investigations and indoor treatment facilities.

CGHS also reimburses the claims of beneficiaries[1] who are eligible for cashless facility in the private Health Care Organizations (HCOs)[2]. For processing of claims submitted by the HCOs in a time bound manner, CGHS had engaged M/s. UTI Infrastructure Technology and Services Limited (UTIITSL) as Bill Clearing Agency (BCA) in March 2010. The BCA scrutinizes and processes each bill and deducts the amounts overbilled by the HCOs and submits the bill to CGHS for final approval.

This Audit Report highlights the audit findings on procurement and supply chain of drugs by the CGHS and also the findings on reimbursement of claims made by Health Care Organisations (HCOs) by the CGHS. A summary of the observations included in the Audit Report is given below:

A Procurement and Supply of Drugs

- Medical Stores Organization (MSO) maintains a drug formulary for CGHS and Government hospitals. The drug formulary helps to focus on commonly prescribed drugs and formulation, so that maximum numbers of diseases are reasonably covered and availability of drugs can be ensured. Audit noted that the Ministry did not ensure periodic revision of drug formulary. The drug formulary of June 2015 was revised only in February 2022 after a gap of seven years. Non–revision of the drug formulary during the period June 2015 to February 2022 meant that the procurement process in CGHS did not take into account the newer drugs prescribed by doctors.

(Paragraphs 2.2, 2.2.1, 2.2.2, Page no. 9)

[1] Beneficiaries include retired Central Govt. employees and their dependents, Ex-Members of Parliament, Freedom Fighters and Such other categories of CGHS cardholders as notified by the Government

[2] Private Hospitals, exclusive eye hospitals/centres, exclusive dental clinics, cancer hospitals/units, Diagnostic laboratories and Imaging centres.

- MSO did not finalise procurement rates of all drugs listed in drug formulary. Out of 2030 drugs listed in formulary, MSO had finalised rate contracts only for 220 to 641 drugs during 2016-17 to 2020-21. As a result, CGHS could not procure the drugs listed in formulary leading to shortage of drugs in wellness centres.

(Paragraph 2.2.3, Page no. 10)

- CGHS did not place indent on Government Medical Store Depots (GMSDs), for complete quantity of drugs approved by the Ministry for provisioning.

(Paragraph 2.3.3, Page no. 15)

- GMSD did not supply the indented drugs to CGHS in a timely manner and the complete quantity as indented.

(Paragraphs 2.4, 2.4.1, 2.4.2, Page no. 16, 17, 18)

- Due to inefficiencies in procurement and supply of drugs, there were persistent shortages of drugs in wellness centres. Against the annual requirement of 1169 drugs in CGHS there were only 6 to 290 drugs available in wellness centres.

(Paragraph 2.6, Page no. 21)

- Due to shortage of drugs in wellness centres huge amount of drugs were procured through Authorised Local Chemists (ALC). In Delhi, 74.7 to 93.61 *per cent* of expenditure was incurred on procurement of drugs through ALC.

(Paragraph 2.7.1, Page no. 23)

- Deficiencies in the supply chain of drugs in CGHS led to non-availability of generic drugs in wellness centres, resulting in placing of indents by wellness centres on ALC for branded drugs at higher rates.

(Paragraphs 2.7.2, Page no. 24)

- According to the terms and conditions of contract, ALC shall supply the same brand of drug as indented by wellness centre and not substitute it with drug of a different manufacturer. Audit noted that ALCs all over the country did not supply the prescribed brand of drug as indented by the wellness centre and instead supplied drugs manufactured by different companies, in violation of conditions of contract.

(Paragraph 2.7.3, Page no. 25)

- There were delays, short supply and excess supply of drugs by ALCs to wellness centres. There were also cases of expired drugs and drugs having short shelf life being supplied by ALCs to wellness centres.

(Paragraphs 2.7.4, 2.7.5, 2.10.3, Page no. 26, 32)

- There was no regular system of monitoring the timely indenting for adequate quantity of drugs, adequate supply of drugs from GMSDs and other sources, status of stock of drugs in wellness centres and procurement of drugs through ALC.

(Paragraph 2.12, Page no. 35)

B Processing, approval and finalisation of claims submitted by Health Care Organisations (HCO).

- As per the Memorandum of Agreement (MoA) between CGHS and HCO, in case of billing over the approved rates for a particular procedure/package deal as prescribed by the CGHS, bank guarantee shall be forfeited and the CGHS shall have the right to derecognize the HCOs. Audit noted that during 2016-17 to 2020-21 HCOs over-billed to the extent of ₹ 571.03 crore. The amount of overbilling had increased from ₹ 71.15 crore in 2016-17 to ₹ 152.06 crore in 2020-21.

(Paragraph 3.2.2, Page no. 45)

- CGHS released ₹ 70 crore to BCA in June 2010 for making provisional payments to HCOs towards reimbursement of medical claims. The provisional payment to HCOs was discontinued in October 2015. However, ₹ 38.70 crore was still lying with the BCA as on 31 March 2021.

(Paragraph 3.2.4, Page no. 47)

- In 264 cases, CGHS paid ₹ 39.32 lakh in excess to HCOs for reasons viz. excess rate, metal crown fitted on missing/extracted tooth, inadmissible covid room charge, medicines/lab charges included in package for a particular procedure as prescribed by CGHS.

(Paragraph 3.2.5, Page No. 48)

- As per the agreement executed with the HCOs, for serving employees (other than CGHS/DGHS/Ministry of Health and Family Welfare), the payment would be made by the patient for treatment/procedures/services to the HCOs and he/she would claim reimbursement from his/her office subject to the approved rates as prescribed by CGHS. In violation of this arrangement, CGHS approved and made payments to HCOs for 1848 claims amounting to ₹ 23.70 lakh pertaining to serving employees.

(Paragraph 3.2.6, Page no. 49)

- CGHS had engaged the BCA for processing of claims submitted by the HCOs in a time bound manner. The BCA scrutinizes and processes each bill and deducts the amounts overbilled by the HCOs and submits the bill to CGHS for final approval. However, Audit noted that recovery of ₹ 123.06 crore was pointed out by CGHS during 2016 to 2021, after approval by the BCA.

(Paragraph 3.2.7, Page no. 50)

- In 301 cases amounting to ₹ 27.79 lakh, claims submitted by the HCOs were approved by the BCA which were subsequently rejected by CGHS during scrutiny. However, payments were made to HCOs for these claims by the BCA.

(Paragraph 3.2.8, Page no. 52)

- CGHS settled 74.93 lakh claims of ₹ 5,986.59 crore, out of which 14.91 lakh claims amounting to ₹ 1,800.73 crore were submitted by the HCOs with a delay ranging from one day to 2,841 days.

(Paragraph 3.2.9, Page no. 52)

- BCA approved 74.93 lakh claims amounting to ₹ 5,986.59 crore, out of which 25.54 lakh claims amounting to ₹ 2,695.06 crore, were approved with the delay ranging from one day to 3,664 days.

(Paragraph 3.2.10, Page no. 54)

- Data for claims approved for the period 2016 to 2021, revealed that delay in processing the claims by CGHS to authorize the final approval, ranged from one month to 60 months.

(Paragraph 3.2.11, Page no. 56)

- CGHS has prescribed that all HCOs provisionally empanelled under CGHS and not accredited with NABH/NABL are required to get inspected/ recommended by Quality Council of India (QCI) within one year. Audit found that 277 HCOs out of 591 were not accredited with NABH/NABL. Further, no record of Quality Council of India (QCI) recommendations with respect to these HCOs was maintained by CGHS.

(Paragraph 3.2.13, Page no. 59)

- In August 2013, 45,154 bills amounting to ₹ 34.91 crore were lost due to fire at the premises of the BCA at New Delhi. However, no decision had been taken by CGHS to settle these claims even after a lapse of eight years, though payment of ₹ 17.03 crore for 13,777 claims were released by the BCA to the concerned HCOs.

(Paragraph 3.3.1.i, Page no. 60)

- Claims amounting to ₹ 4.86 crore which were forwarded by the BCA to CGHS for approval were lost/untraceable since May 2014.

(Paragraph 3.3.1.ii, Page no. 60)

- Claims/bills pertaining to the period before June 2017, amounting to ₹ 3.30 crore were forwarded by the BCA to CGHS for approval. However, these bills were withheld by CGHS for further review/expert opinion, which were still pending for final disposal.

(Paragraph 3.3.1.iii, Page no. 61)

- 591 HCOs were on CGHS empanelled list for Delhi NCR as on 31 March, 2021. However, 305 HCOs which were already on CGHS empanelment did not submit fresh Performance Bank Guarantee (PBG) after the validity of the existing PBG was over.

(Paragraph 3.3.2, Page no. 61)

- In 45 cases, CGHS imposed penalty @ 15 *per cent* of PBG as liquidated damages for violation of clause of MoA and amount was recovered from PBG. However, CGHS could not confirm, whether the amount of the PBG would be maintained intact being a revolving guarantee by recouping the bank guarantee for 15 *per cent* amount deducted as penalty.

(Paragraph 3.3.2, Page no. 61)

- As per MoA with HCOs, the latter were required to submit an annual report to the concerned CGHS regional offices which contained details such as number of referrals received, admitted CGHS beneficiaries, bills submitted to the CGHS and payment received etc. However, annual reports were not submitted by the HCOs in the CGHS Regional office (Bangalore, Bhubaneswar, Chandigarh, Delhi NCR, Hyderabad, Jaipur, Kolkata, Lucknow and Shillong) during 2016-17 to 2020-21.

(Paragraph 3.3.4, Page no. 62)

- Audit noted that the grievance system of CGHS was largely effective. However, CGHS was not maintaining records in the proper format with the details such as the date of receipt, date of disposal and the time taken to dispose the grievance. Thus, CGHS should maintain proper records relating to grievances.

(Paragraph 3.4, Page no. 63)

- **'e-Claim system'** had not been integrated with the master database containing beneficiary's details. In the absence of non-integration with the master database, BCA was not able to verify whether the claim submitted by empanelled HCOs pertained to a valid beneficiary.

(Paragraph 3.5.(i), Page no. 64)

- There was short collection of TDS amounting to ₹ 14.30 crore in 1.48 lakh claims of the HCOs settled by CGHS during 2016 to 2021.

(Paragraph 3.6, Page no. 67)

Chapter-I: Introduction

1.1 CGHS coverage and salient features

The Ministry of Health and Family Welfare (Ministry) provides comprehensive health care facilities through the 'Central Government Health Scheme (CGHS)'to Central Government employees and Pensioners of the Central Government drawing pension from central civil estimates, Ex and sitting Members of Parliament, Freedom Fighters, and such other beneficiaries as notified by the Government under the scheme. The scheme was started in 1954 in Delhi. The medical facilities are provided to 38.50 lakh beneficiaries in 74 cities through 331 wellness centres. The facilities and drugs are provided through a large network of wellness centres, polyclinics and labs. CGHS has also empanelled private hospitals and diagnostic centres in different cities for carrying out investigations and indoor treatment facilities. Drugs against the prescription of CGHS doctors, doctors of Government hospitals and empanelled hospitals, are issued from the wellness centres. The procurement, storage and distribution of medicines are undertaken by the Medical Stores Organization (MSO)[3] through Government Medical Stores Depots (GMSDs) on the basis of indents raised by CGHS.

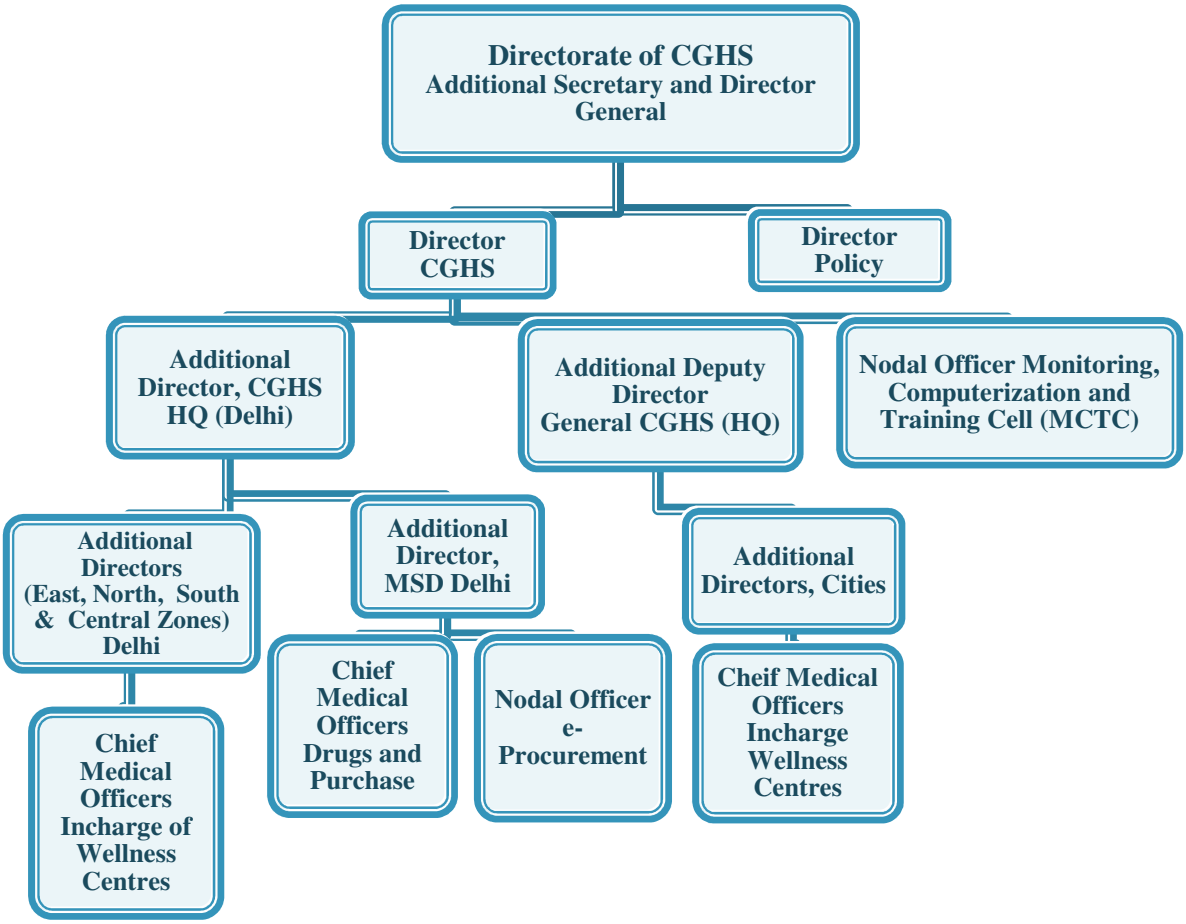
1.2 Organisational set-up

Directorate of CGHS (CGHS) is headed by Additional Secretary & Director General (AS&DG) who functions directly under the Ministry. The AS&DG at the apex level is assisted by Director CGHS and Director Policy. The Director CGHS is assisted by Additional Director (CGHS) HQ, Additional Dy. Director General CGHS (HQ) and Nodal officer Monitoring, Computerization and Training Cell (MCTC).

In Delhi, Additional Director (AD), Medical Store Depot, who functions under administrative control of AD CGHS (HQ), is the nodal officer for procurement and storage of drugs for all CGHS wellness centres in Delhi NCR. In cities outside Delhi, ADs of respective cities, who function under Addl. Dy. Director General (CGHS) (HQ), exercise overall administrative control over CGHS wellness centres and are responsible for procurement of drugs for the wellness centres under their jurisdiction.

[3] The Medical Stores Organization (MSO) of the Directorate General of Health Services (DGHS), under Ministry of Health and Family Welfare consists of seven Govt. Medical Stores Depots (GMSDs) located at Mumbai, Kolkata, Chennai, Hyderabad, Guwahati, Karnal and New Delhi. The procurement of drugs listed in formulary for CGHS is done by MSO through GMSD. MSO, after obtaining approval from the Ministry, finalizes rate contracts for drugs which are used by the various healthcare institutions in the country.

Chart 1.1: Structure of Directorate of CGHS:



1.3 Funding pattern

CGHS is fully funded by the Central Government. Budget and total expenditure during 2016-17 to 2020-21 for procurement of drugs for CGHS and reimbursement of medical claims is given in **Table 1.1**:

Table 1.1

(₹ in crore)

Year	Budget* allotment for Procurement of Drugs and Medical Treatment of CGHS Beneficiaries	Expenditure on Procurement of Drugs	Expenditure on reimbursement of Medical claims of HCOs
2016-17	1,515.57	981.13	586.08
2017-18	2,135.43	1,149.36	939.22
2018-19	2,282.89	1,217.06	895.44
2019-20	3,164.92	1,591.08	1,424.51
2020-21	3,435.65	1,684.38	1,570.33
Total	**12,534.46**	**6,623.01**	**5,415.58**

Source: CGHS

*Supplies & Materials (under Major Head 2210 and NE 2552) and PORB-Medical Treatment of CGHS Beneficiaries (under major head 2071)

1.4 Audit objectives

The Performance Audit of 'Procurement and Supply of drugs in CGHS' was being conducted in order to assess whether;

- System of procurement and supply chain of drugs was efficient and effective;
- System of local procurements of drugs by wellness centres was well managed so as to ensure both economy and efficiency;
- Quality assurance procedures and infrastructure were in place; and
- System of reimbursement of medical claims to hospitals/diagnostic centres was efficient and effective.

1.5 Audit Scope

The Performance Audit covered scrutiny of procurement and supply of drugs in CGHS for the period 2016-17 to 2020-21. The audit was conducted in the Ministry of Health &Family Welfare, MSO/GMSD, CGHS (HQ), AD MSD Delhi, selected Zonal Offices and wellness centres at Delhi and outside Delhi.

1.6 Audit sampling

Sample selection for this Performance Audit has been made on the basis of relevant data as on 31 March 2019. In Delhi NCR, apart from the office of the Director CGHS, AD CGHS (HQ), AD MSD Delhi, all four AD offices in the zones and 30 out of total 101 wellness centres have been selected for audit. Outside Delhi, 47 out of 205 wellness centres, under 11 out of 23 AD offices have been selected as detailed in **Annex-1.1**. Apart from offices in CGHS, MSO in Delhi and all seven GMSDs all over the country supplying drugs to CGHS have also been selected.

Selection of wellness centres in Delhi NCR has been done on the basis of beneficiaries in the wellness centres using Stratified Random Sampling without Replacement method (SRSWOR). Selections of Additional Directors and wellness centres outside Delhi have been done on the basis of average expenditure incurred on procurement of drugs and numbers of beneficiaries using Multi-Stage Sampling method.

1.7 Audit criteria

Audit findings were benchmarked against the criteria sourced from the following;

i) Guidelines for Procurement of Drugs for CGHS;

ii) Drug Formulary;

iii) Procurement and Operational Manual for Medical Store Organization and Government Medical Store Depots;

iv) Agreement with Authorised Local Chemists (ALC) for local purchase of drugs;

v) General Financial Rules 2017;

vi) Drugs and Cosmetics Act, 1940;

vii) Drugs and Cosmetics Rules, 1945;

viii) Relevant circulars, orders and notifications issued by the Ministry;

ix) CVC Guidelines;

x) Agreement with M/s. UTI Infrastructure Technology And Services Limited (UTIITSL) for reimbursement of medical claims to hospitals/diagnostic centres;

xi) Agreement with hospitals/diagnostic centres;

xii) Circulars/Office Memorandum relating to reimbursement of medical claims to hospitals/diagnostic centres.

1.8 Audit Methodology

The performance audit commenced with an entry conference with the Director, CGHS on 17 March 2020 where the audit objectives, scope and methodology were explained. However, due to the sudden spread of the COVID 19 pandemic the entire country was placed under lockdown and audit was also withheld and subsequently recommenced from 1 April 2021. A meeting with the Director, CGHS was held at the Central level on 7 April 2021 for the recommencement of audit. Simultaneously, in the States entry conferences were held with the Additional Directors, Cities and Deputy Director General (Store), GMSD. After the completion of audit, an exit conference was held with the Ministry on 30.03.2022 to discuss the audit findings. Exit conferences were also held at the state levels where state specific findings were discussed. The draft audit report was issued to the Ministry on 28 February 2022 and the reply was received in April 2022. The replies of the Ministry/CGHS have been duly incorporated in this report at relevant places.

1.9 Reporting methodology and structure of the Report

The results of audit at both the central and the State level were taken into account in arriving at audit conclusions. The audit findings on procurement and supply chain of drugs are discussed in Chapter-II, and the findings on reimbursement of claims made by Health Care Organisations (HCOs) are discussed in Chapter-III. CGHS provided the data for the period April 2016 to March 2021 in June 2021*via* an online link. Audit analysed the data tables related to prescription, procurement, storage, supply of medicines and reimbursement of medical claims of HCOs. The outcomes of the analysis are discussed in **Chapter-II** and **Chapter-III**. Conclusions and Recommendations are given in **Chapter-IV**.

1.10 Previous audit findings

The Procurement of Drugs in CGHS was also reviewed earlier by the C&AG and the audit findings were included in Para no.6.3 of CAG's Audit Report no.19 of 2013. The Report was discussed by the Public Accounts Committee and the observations and recommendations on 'Procurement of Allopathic Drugs in CGHS' were brought out in their 22nd Report (13 August 2015, 16th Lok Sabha). The Public Accounts Committee (PAC) further brought out the 52nd Report (22 November 2016, 16th Lok Sabha) on Action Taken by the Government on the observations/ recommendations contained in their 22nd Report. Recommendations of the PAC in this regard and present status of compliance by the Ministry is detailed in **Table 1.2**:

Table 1.2

Recommendations of PAC	Assurance given by Ministry to PAC	Status of compliance
Ministry should formulate a comprehensive and reliable policy for procurement of drugs in CGHS so as to ensure that the entire procurement process becomes more transparent.	Ministry replied that there have been systematic improvements in different modes of procurement and procurement of drugs only at lowest price, and increase in reliance on procurement of generic drugs. Nevertheless it is true that as in any other system there is scope for improvement.	Procurement policy has not been formulated by the Ministry. Accordingly, substantial amounts of drugs are procured through Authorised Local Chemists (ALC) instead of MSO.
Ministry should revise drug formulary at regular intervals.	Ministry replied that views of the committee are noted and it is admitted that there is need to remove the perceived shortcomings in the procurement system of CGHS.	Drug formulary has been revised after a gap of seven years in February 2022. Audit observations in this regard are included in Para 2.2.2
Ministry should make earnest efforts for finalisation of rates of all generic drugs in formulary.	Ministry submitted that tenders have been floated for finalisation of rate contract of drugs.	Out of 2030 drugs listed in formulary rates of only 220 to 641 drugs were finalised during 2016-17 to 2020-21. (Para 2.2.3)
Ministry should make complete shift towards procurement and distribution of good quality generic drugs.	Ministry submitted that guidelines have been issued from time to time for promoting use of generic drugs.	CGHS has incurred 93.61 *per cent* expenditure on procurement of branded drugs through Authorised Local Chemists and only 6.39 *per cent* on generic drugs listed in formulary. (Para 2.7.1)

1.11 Good Practices in CGHS

CGHS follows several good practices with the objective of providing good services to beneficiaries as detailed below:

- CGHS Beneficiaries can avail medical facilities in any Wellness Centre across cities covered by CGHS all over India.
- CGHS has started (August 2020) Tele-consultation services through e-Sanjeevini application to facilitate beneficiaries.
- Restricted Drugs (Life Saving Medicines) are now delivered at CGHS Wellness Centres at Noida, Faridabad, Ghaziabad and Gurugram of NCR region. Earlier these medicines were available only at CGHS, MSD, Gole Market New Delhi.
- CGHS has launched a mobile app called myCGHS on which services like booking appointment, medical history, card details, medical re-imbursement details, etc can be accessed by the beneficiaries.
- CGHS has introduced an SMS alert system for appointment with doctors and issue of medicines to CGHS beneficiaries.

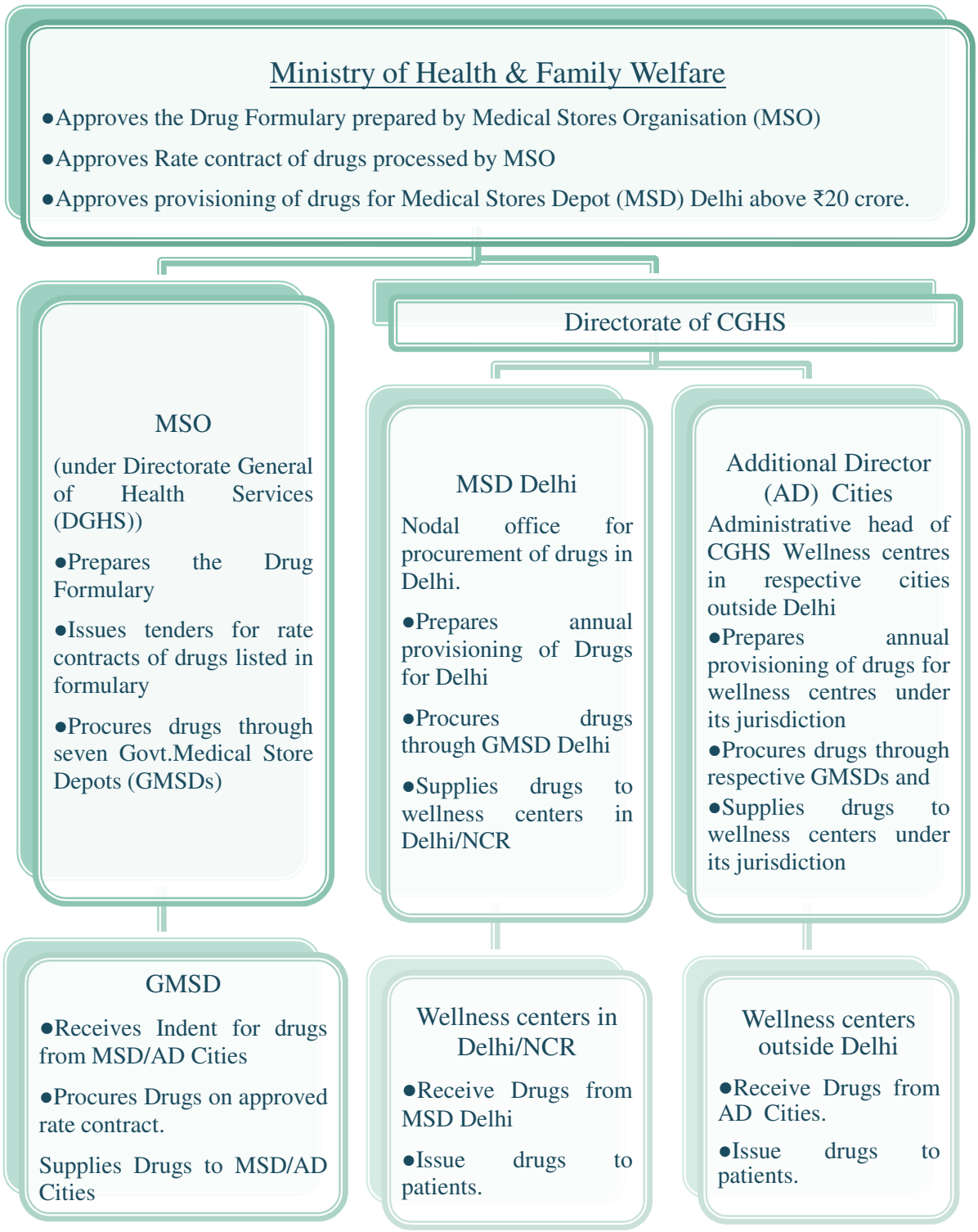
1.12 Acknowledgement

Audit acknowledges the co-operation and the assistance extended by the Ministry of Health and Family Welfare, Director CGHS, CGHS (HQ), Additional Director (MSD Delhi), Additional Directors, Zonal Offices, CMOs of Selected wellness centres, MSO/Dy. Director General (Store) and GMSDs during conduct of this Performance Audit.

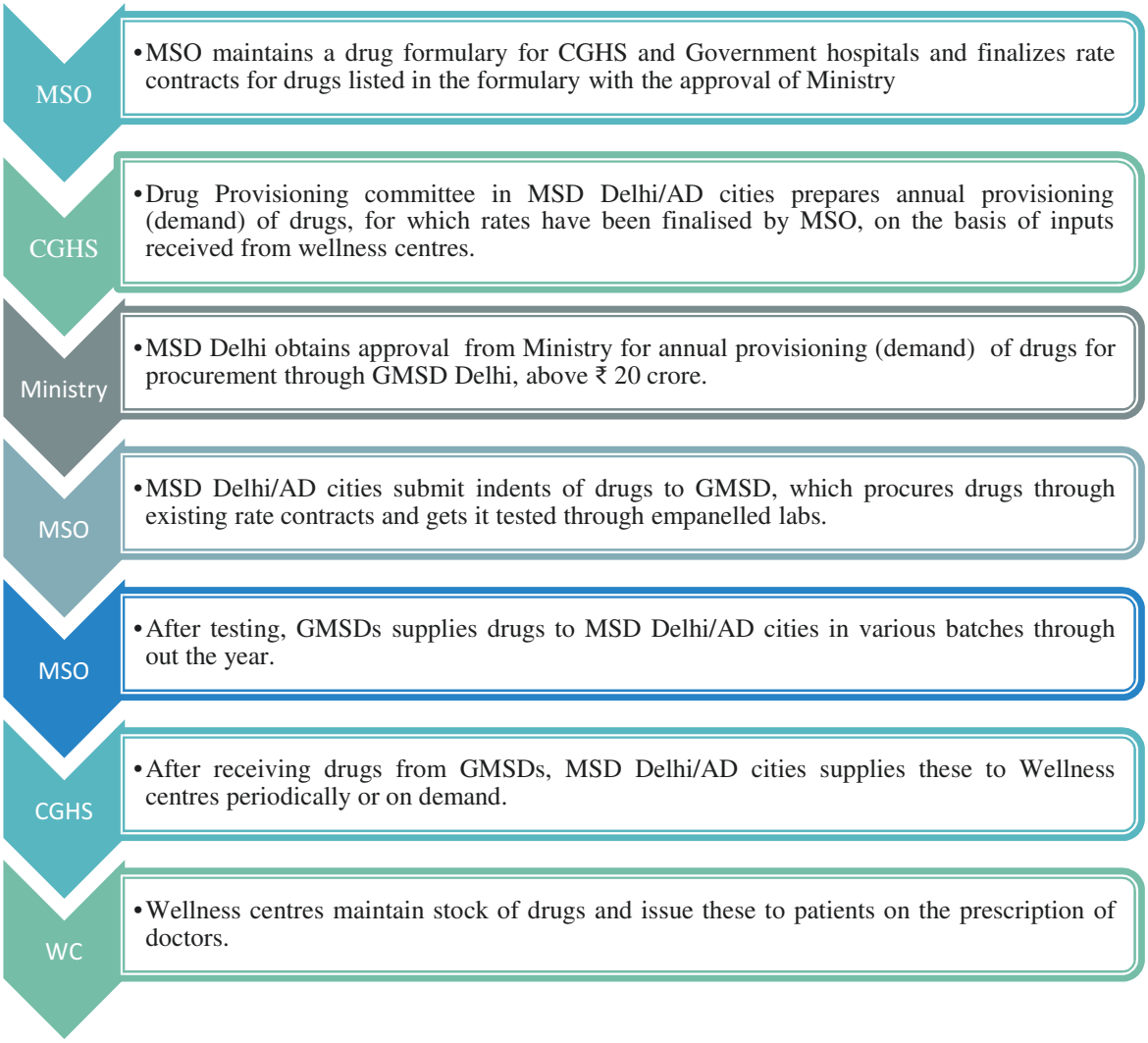
Chapter-II: Procurement and Supply of drugs

2.1 System of Procurement of drugs for CGHS

Several offices are involved in the process of procurement of drugs in CGHS under the Ministry of Health and Family Welfare. A Functional Chart of various offices involved in process of procurement of Drugs for CGHS is given below:



A graphical representation of the process of procurement and supply of drugs is given below:



The drugs procured by GMSDs, after their testing, are delivered to AD MSD Delhi and Additional Director (AD) Cities outside Delhi. These drugs are visible to wellness centres online and wellness centres send indents to respective Additional Director (AD) MSD Delhi/AD Cities as per their requirements and receive the supplies.

Drugs prescribed by doctors but not readily available in wellness centres are indented by the wellness centres for individual CGHS beneficiaries on a case to case basis through ALC appointed through E-tendering by AD MSD Delhi/AD Cities for supply of drugs at the percentage discount specified in the contract.

Anti-cancer and other restricted drugs are procured for individual CGHS beneficiaries on a case to case basis by AD MSD Delhi/AD Cities through manufacturer/ distributor and imports with due approval of the competent authority.

Generic drugs reserved for procurement under Pharmaceutical Purchase Policy 2013[4] are procured directly through Central Public Sector Enterprises[5] (CPSEs) identified by the Department of Pharmaceutical, Ministry of Chemical and Fertilizers.

2.2 Drug formulary and finalisation of Procurement Rate of Drugs

Medical Stores Organisation (MSO) maintains a formulary for 2030 generic[6] drugs, common for CGHS and Government hospitals. MSO is responsible for updating the drug formulary and finalisation of rate contracts of drugs listed in the formulary. CGHS procures drugs listed in formulary in bulk through MSO. Bulk procurement ensures ready availability of drugs in wellness centres at all times. The Audit findings on Drug Formulary and finalisation of Rate Contracts are discussed below.

2.2.1 Drug formulary

The Pharmaceutical Industry produces thousands of drugs, with different strengths and composition. A drug formulary helps to focus on commonly prescribed drugs and formulation, so that maximum numbers of diseases are reasonably covered and their availability can be ensured. The formulary helps doctors to restrict the treatment regime within these drugs and reduce the incidence of local purchase of other drugs. The formulary allows recognition of newer and latest drug formulation and removal of obsolete and unsafe drugs, and also provides a drug database for procuring entities to plan procurement action.

2.2.2 Delay in revision of drug formulary

Public Accounts Committee (PAC) had recommended[7] in November 2016 that the Ministry should revise drug formulary at regular intervals.

---

4 Pharmaceuticals Purchase Policy (PPP) is in respect of 103 drugs manufactured by pharmaceutical CPSEs and their subsidiaries. The policy is applicable to purchases by Central/State Government departments and their Public Sector Undertakings, etc. The pricing of the products is done by National Pharmaceutical Pricing Authority (NPPA). The procuring entity can purchase from pharmaceutical CPSEs and their subsidiaries.

5 CPSEs are those companies in which the direct holding of the Central Government or other CPSEs is 51 *per cent* or more.

6 Generic drugs are marketed under a non-proprietary name rather than a proprietary or brand name. Generic drugs are equally effective and inexpensive as compared to their branded counterparts. For example, Paracetamol is a generic drug and Crocin is the counterpart brand name drug.

7 PAC 52nd Report (22 November 2016), 16th Lok Sabha.

There was no prescribed schedule for revision of drug formulary, till October 2020, when the Ministry directed MSO to revise the formulary on half yearly basis. In compliance, a preliminary meeting[8] of Formulary Committee[9] was held in January 2021 and drug formulary of June 2015 was finally revised in February 2022 after a gap of seven years.

Audit observed that a static formulary defeats the very purpose of having a formulary viz. treatment with available medicines and the possibility of availing best possible rates through a contract mechanism. It also undermines the benefits of standardization of treatment and quality.

Due to delay in revision, new drugs commonly prescribed by doctors were not included in the existing drug formulary during 2016 to 2022, and CGHS could not procure and stock them. Drugs not available in wellness centres are purchased through local chemists at higher rates, A comparison of rates of top 500 drugs purchased through ALC revealed that rates of drugs purchased through ALC were one to 2599[10] *per cent* costlier than the rates finalised by MSO during 2016-17 to 2020-21, as discussed in detail in Para No. 2.7.2.

2.2.3 Non-Finalisation of rate contracts of drugs listed in formulary

Timely finalisation of rate contract of drugs is an important requirement for procurement of drugs and their supply to ultimate users. MSO is responsible for finalisation of rate contracts of drugs with manufacturers through tender process. CGHS can procure only those drugs for which rate contracts have been finalised by MSO. The audit findings in respect of finalisation of rates of drugs are discussed in the succeeding paragraphs.

PAC recommended (November 2016) that the Ministry should make earnest efforts for finalisation of rates of all generic drugs in formulary. However, audit observed that out of 2030 drugs listed in formulary, MSO finalised rate contracts only for 220 to 641 drugs during 2016-17 to 2020-21**,** as against the annual requirement of approximately 1169[11] drugs listed in the formulary as depicted in **Chart 2.1:**

---

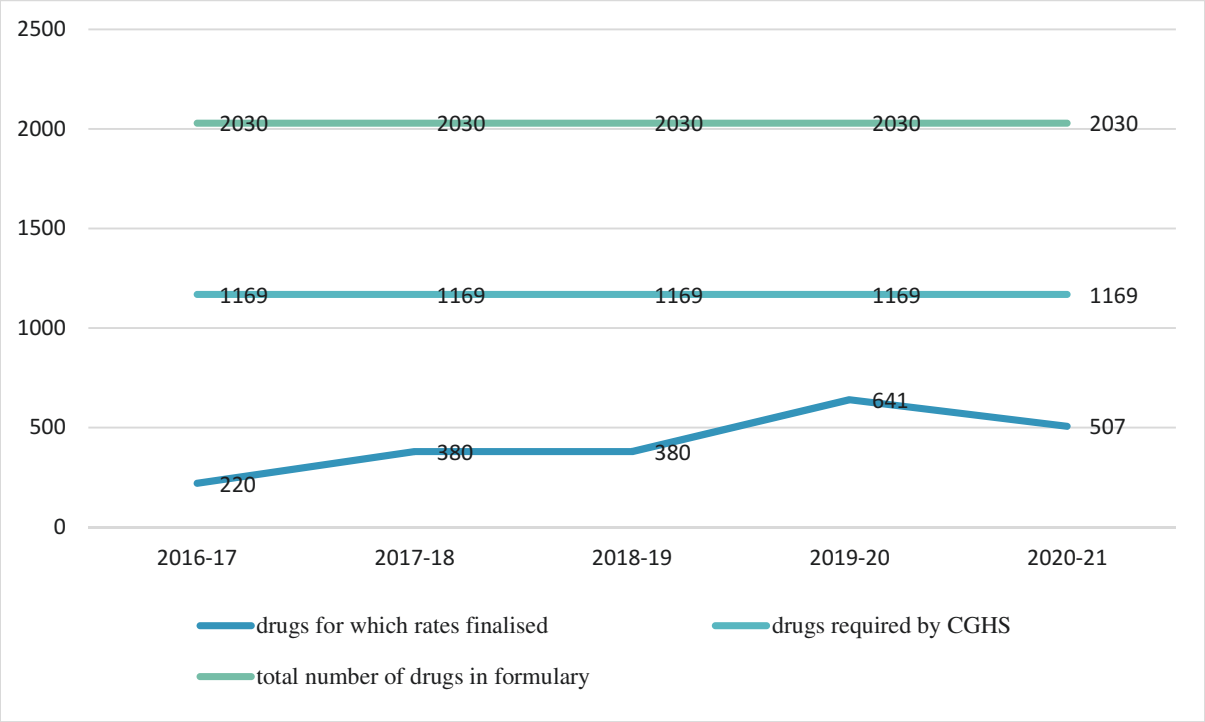
[8] In this meeting the modalities/selection of drugs to be included or deleted from the formulary, format for receipt of proposal for inclusion of new drugs/deletion, selection of technical experts for the Formulary Committee etc. were discussed. It was also decided that the Formulary Committee shall meet by the end of six month.

[9] Formulary committee comprised Chairman Addl. DGHS, Director, MS, Ram Manohar Lohia Hospital (RMLH), MS, Safdarjung Hospital (SJH), Assoc. Prof., SJH, Assoc. Prof, RMLH, Director (CGHS), AD MSD, DDG (St) Medical Stores Organisation.

[10] For example, MRP of Tab Rosuvas 20mg procured through ALC is 24.02 per tablet, after discount, but in MSO rate contract the price of same generic drug is 0.89 per tablet. The difference 23.13 per tablet is 2599 *per cent* higher.

[11] These are commonly prescribed and demanded drugs in CGHS.

Chart 2.1: Non-finalisation of rate contracts of drugs



Source: MSO/MSD

Since the annual provisioning and procurement of drugs is done only for the drugs for which valid MSO rates are available, in the absence of such rates, CGHS could not procure all of the required drugs resulting in shortage of drugs in wellness centres.

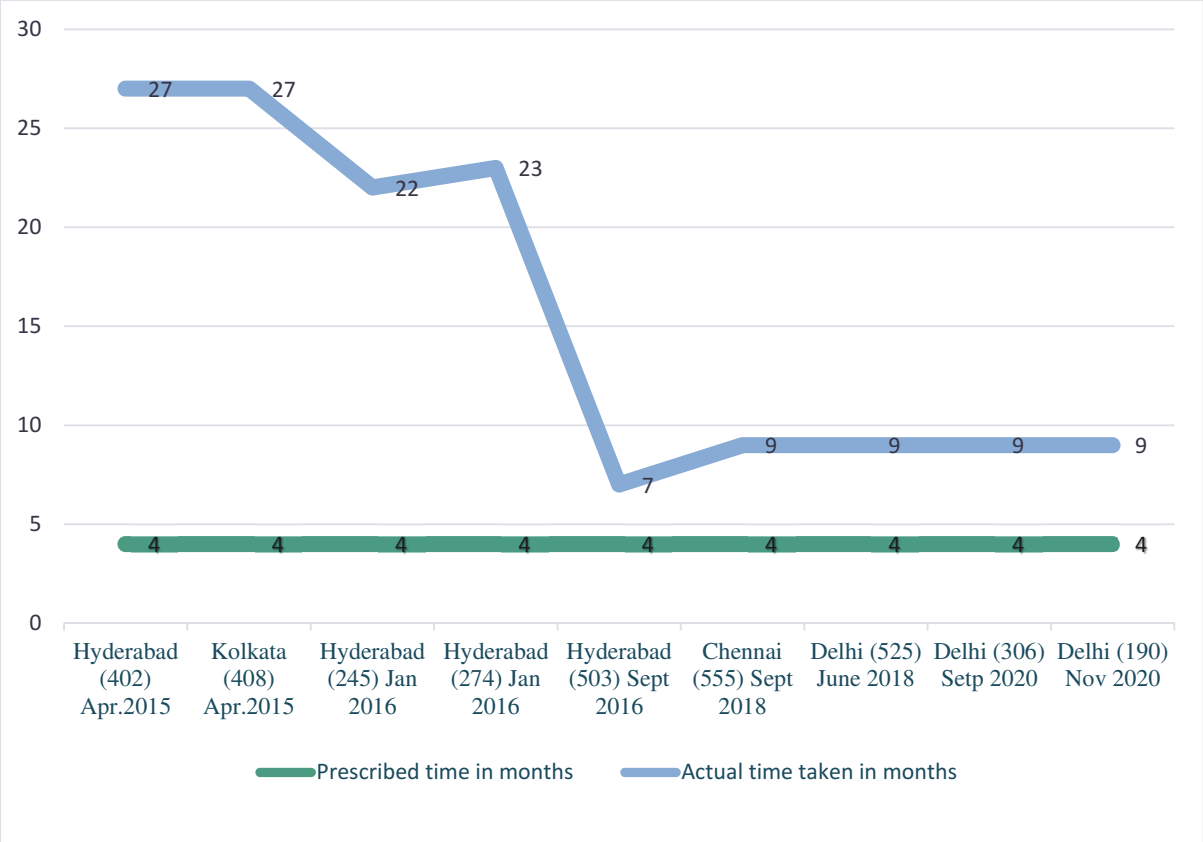
Audit further noted that there was substantial delay in finalisation of rates of all drugs listed in the tender as detailed in succeeding paragraphs.

a) Delay in finalisation of rate contract of drugs by MSO

The Procurement Manual of MSO does not prescribe any time frame for finalisation of rate contracts. The Ministry also did not prescribe any time frame till December 2020, when it directed MSO to issue tender for small batches of drugs and complete the tender process within eight weeks. In the absence of any criteria prior to December 2020, audit observed that against the original validity of bids of four months prescribed in General Financial Rules (GFR)[12]there was delay of 7 to 27 months in finalisation of rate contract through various tenders issued by GMSDs as depicted in **Chart-2.2**:

[12] GFR 2017, Rule 174.

Chart-2.2: Time taken for finalisation of rate contract of drugs



(Numbers in brackets indicate numbers of drugs in the Tender issued)

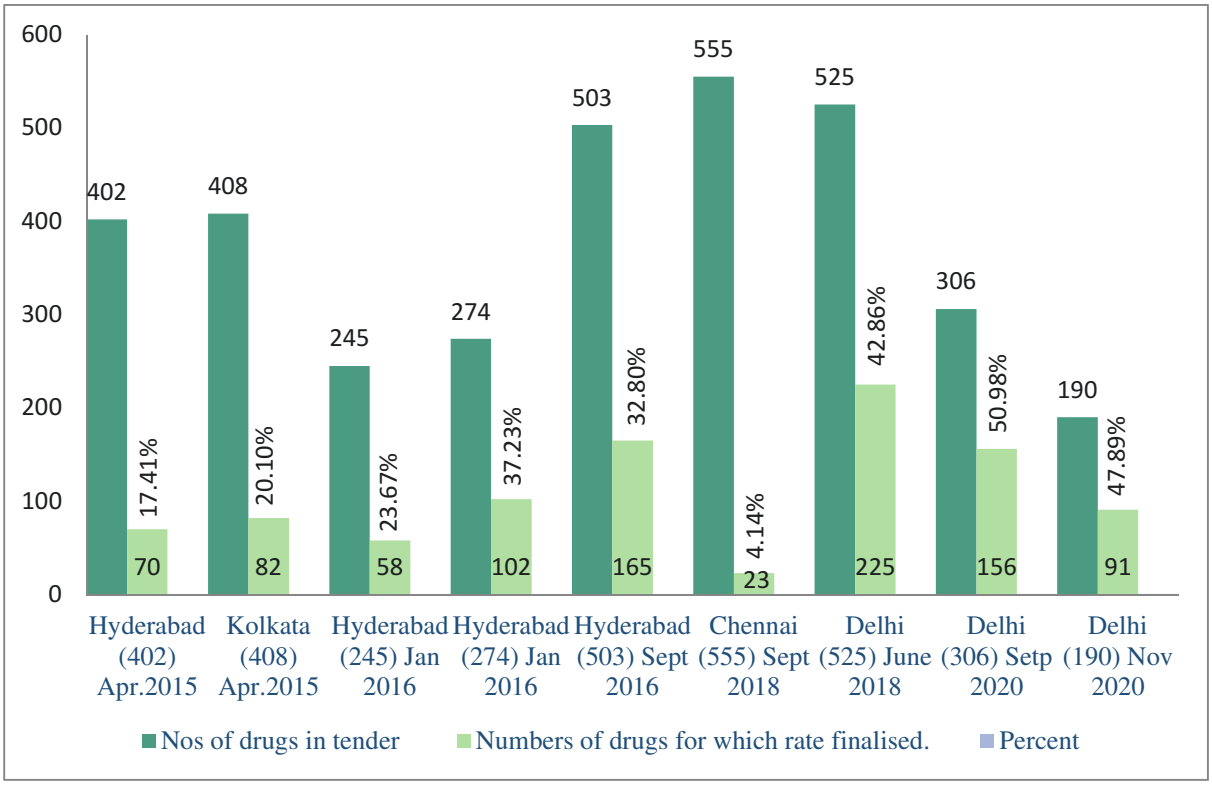
Source: MSO

Audit observed that the reasons for delay in finalisation of rate contracts were non-submission of complete documents by bidders at initial stage, repeated meetings held to complete the documents leading to delay in technical evaluation, etc. Due to delay in finalisation of rates of drugs listed in formulary CGHS could not procure the same resulting in shortage of drugs in wellness centres as detailed in para 2.6 and procurement of drugs from ALCs as detailed in para 2.7.

b) Rates for very few drugs finalised in tender

Audit noted that percentage of finalisation of rates was very low in the tender enquiries issued for rate contracts by MSO. Rates of only 23 out of 555 drugs (4.14 *per cent*) at the minimum and 156 out of 306 drugs (50.98 *per cent*) at the maximum were finalised in tenders as depicted in **Chart-2.3**:

Chart-2.3: Number of drugs for which tender was issued and rates finalised



Source: MSO

MSO replied (January 2022) that reasons for non-finalisation of rates of drugs were: Bidders did not participate as Earnest Money Deposit (EMD) of bidders remained blocked for long time due to delay in finalisation of tender process, absence of assured demand clause in tender, reduced interest of bidders due to low profit margins in generic drugs, low participation of bidders for drugs, in formulary, not commonly prescribed, and shortage of staff. It was stated that before e-tendering the delays occurred because tender process was manual, many bidders submitted incomplete documents, and negotiation for finalisation of rates was time consuming. It was claimed that after introduction of e-tendering and removal of fall clause and EMD, delays had been reduced substantially.

The reply is not acceptable since the already existing delays in completing the tendering process by MSO within the prescribed time frame[13] had led to blockage of EMD of bidders resulting in their non-participation in subsequent tenders. Further, MSO did not initiate steps to make required modifications in tender clauses in order to ensure higher participation of bidders. Although after initiating e-tendering in 2018, delays in finalisation of tenders had reduced significantly, the MSO could not complete the tender process within the prescribed time (Chart 2.2) and did not finalise rates of all drugs in tenders as detailed in **Chart-2.3** above. Selection of drugs for formulary is made by experts and these are essentially required

[13] Rule 174 of GFR prescribes that tender process shall be completed within period of original validity of bids, which in this case was 4 months as already discussed in para 2.2.3(a).

by CGHS and hospitals. Therefore, MSO has to finalise rates of all drugs listed in the formulary, since in the absence of rates drugs could not be procured, defeating the very purpose of preparing a drug formulary.

2.3 Annual Provisioning and submission of Indents

The annual provisioning (projection of demand) of drugs is prepared by the Provisioning Committee[14] constituted in the office of AD (CGHS) in every city covered by CGHS, on the basis of past consumption pattern. After approval of the provisioning by the Ministry, indent is placed upon MSO/GMSD as the case may be. In Delhi, annual provisioning of drugs prepared by the Provisioning Committee is approved by the Ministry and thereafter AD MSD Delhi submits indent of drugs to GMSD Delhi. The Audit findings on annual provisioning and submission of indents are discussed below.

2.3.1 Delay in finalisation of annual demand of drugs and submission of Indent by AD MSD Delhi

For an efficient management of the procurement of drugs, the annual projection of demand should be planned, prepared and finalised before the commencement of the subsequent financial year. Ministry did not prescribe any timeframe for submission of proposals for annual provisioning (demand) of drugs by CGHS in order to ensure timely finalisation of provisioning. A review of the annual provisioning in Delhi revealed that CGHS did not finalise the annual demand of drugs before commencement of the next financial year, i.e. before March end. The proposal for annual demand of drugs was submitted by CGHS for approval of the Ministry after commencement of the financial year for which provisioning was being made[15] as detailed in **Table-2.1**:

Table-2.1

Provisioning for the Year	Submission of annual demand of drugs by CGHS to Ministry	Approval of Ministry	Submission of indent to GMSD Delhi
2016-17	March 2016	April 2016	May 2016
2017-18	April 2017	June 2017	July 2017
2018-19	December 2017	April 2018	May 2018
2019-20	June 2019	July 2019	January 2020
2020-21	June 2020	October 2020	October 2020

Source: MSO/MSD

Thereafter, MSD Delhi placed indents on GMSD Delhi between May to October during 2016-17 to 2020-21 as detailed above.

[14] In Delhi Provisioning committee comprised Additional Director AD CGHS (HQ), AD MSD, AD of all zonal offices, one Chief Medical Officer from wellness centres in each zone, and CMO Drugs in MSD. In cities outside Delhi the Provisioning committee shall comprise AD Cities, 4-5 CMO of wellness centres and CMO stores.

[15] Except in FY 2016-17 when proposal of provisioning was submitted in March 2016, just before commencement of the year.

Audit observed that delay in finalisation of annual provisioning had a cascading effect on placing of indents to GMSDs and subsequent procurement of drugs leading to delay in supply of drugs by GMSDs to wellness centres.

CGHS replied (April 2022) that new rate contracts were finalised by MSO in April /May 2019. Provisioning was delayed due to Covid-19 lockdown in March 2020.

The reply is not satisfactory as the reason cited was relevant only for a limited period, whereas there was delay in submission of annual demand by CGHS in four out of five years (2016-17 to 2020-21) covered in audit.

2.3.2 Schedule for submission of indents

Government Medical Stores Depot (GMSD)[16] accepts only online indents for drugs from its indentors. However, there was no prescribed date or schedule[17] for opening of online window till December 2020, when the Ministry directed MSO to open online window on quarterly basis. During 2016-17 to 2020-21, GMSD opened the online window one to seven times in a year in an irregular manner. Audit observed that this irregular schedule for submission of indents jeopardized the efficient planning for preparation and submission of indents by CGHS, resulting in further delays in supply of drugs to CGHS and shortage of drugs in wellness centres.

MSO replied (January 2022) that as CGHS is their major indentor, MSO opened its online window as soon as provisioning of drugs in CGHS was approved by the Ministry. It was further informed that since April 2021, based on directions of Secretary (Health) in December 2020, the online window for indents was now being opened by the MSO on a quarterly basis.

Audit observed that till March 2021(during the period of Audit), delay in finalisation of annual provisioning had a cascading effect on placing of indent to GMSD and subsequent procurement of drugs leading to delay in supply of drugs by GMSD to wellness centres as detailed in para 2.3.1 and 2.4.1 respectively.

2.3.3 Short quantity of drugs indented by AD MSD Delhi

After approval of provisioning by the Ministry, indent is placed on GMSD by CGHS for supply of drugs. Audit observed that AD MSD Delhi did not place indent on GMSD Delhi for the entire quantity of drugs approved by the Ministry resulting in shortage of drugs in wellness centres.

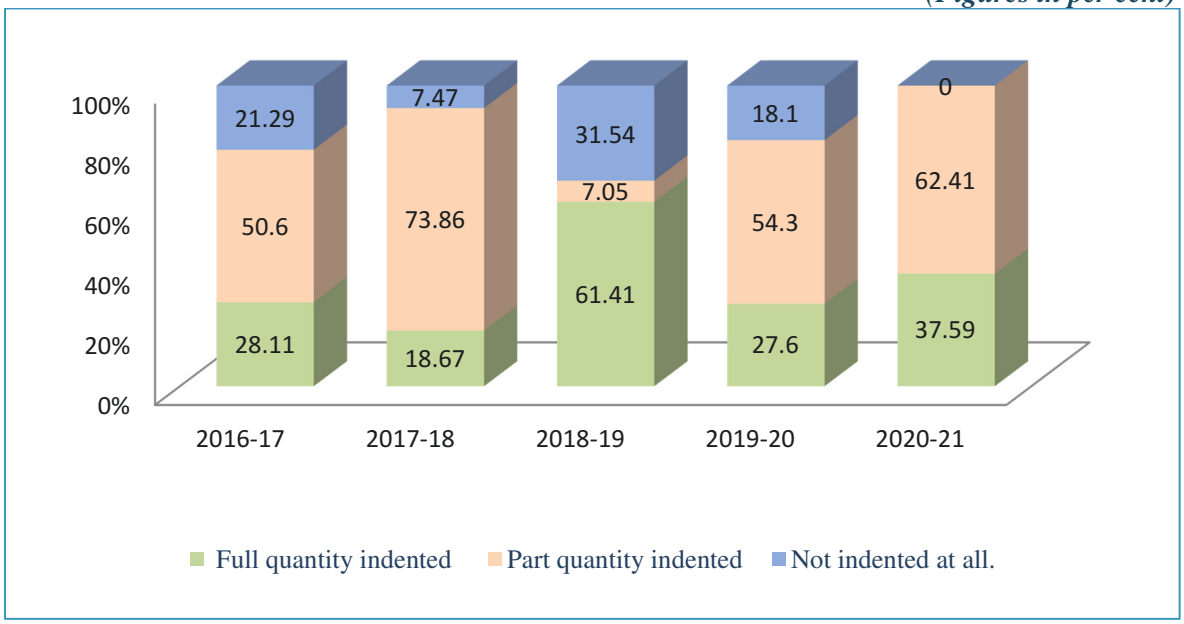
During 2016-17 to 2020-21, 7.47 to 31.54 *per cent* of drugs listed in approved annual provisioning were not indented at all. Only 18.67 to 61.41 *per cent* of drugs were indented for

[16] GMSDs are the field offices of MSO which procure and supply the drugs.
[17] Since June 2021 MSO is opening online window for receipt of indents four times a year or quarterly.

approved quantity. In remaining cases, quantity of drugs was short indented in various degrees against approved quantity as depicted in **Chart-2.4**:

Chart-2.4: Short quantity of drugs Indented against Provisioning in Delhi

(Figures in per cent)



Source: MSO/MSD

CGHS replied (April 2022) that many medicines included in the formulary were not required in, wellness centres. Indent cannot be placed for medicine indented in previous cycle and not received till the time of placing the indent for next cycle and indent is not placed for items which are available in sufficient quantity from previous cycle indent.

Reply is not acceptable as the drugs in question were those which had been approved by the Ministry based on provisioning made by CGHS as per requirement. However, indent was not placed for all the drugs in approved provisioning despite persistent shortage of drugs in wellness centres.

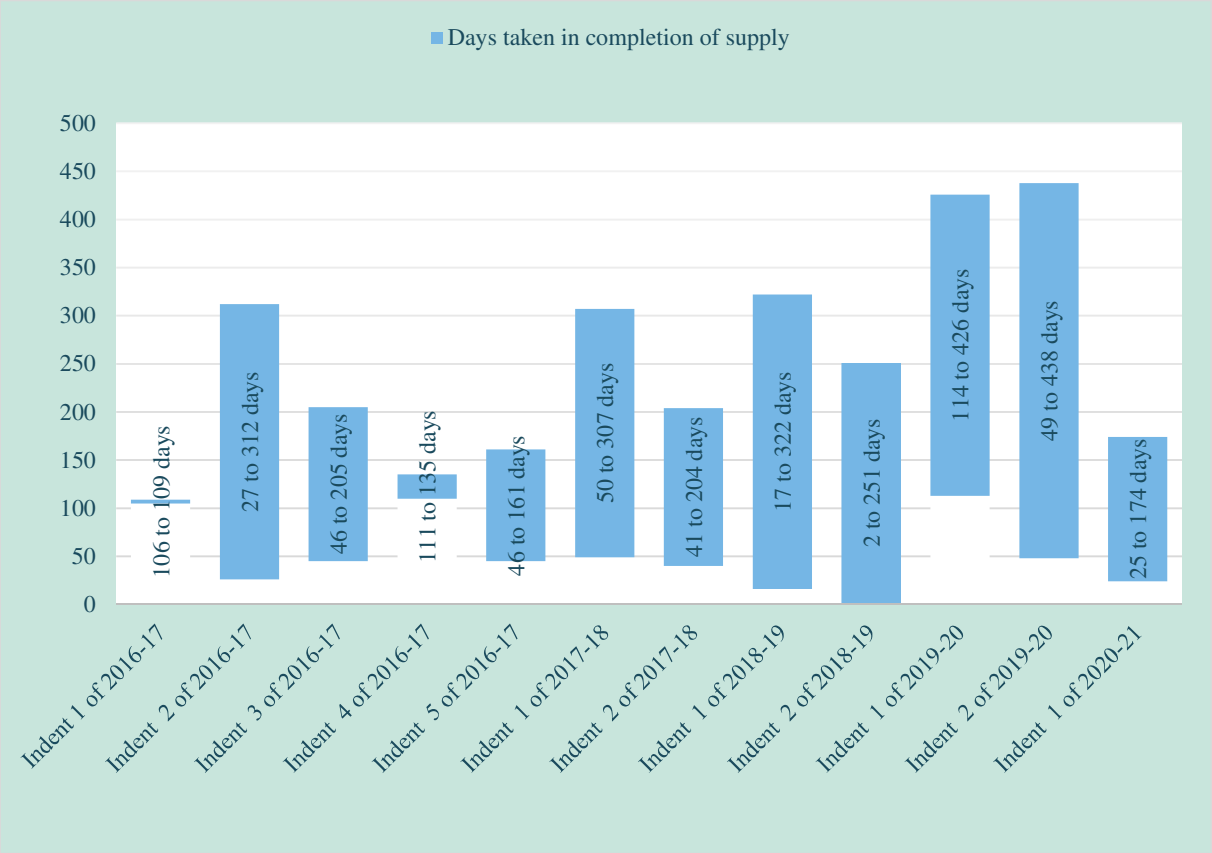
2.4 Supply of drugs by GMSDs

After receiving indent from CGHS, GMSD procures drugs from suppliers and supplies to CGHS in various lots. Audit observed that MSO did not prescribe a period within which GMSDs should supply drugs to indenters after receipt of indent. As a result, GMSDs all over the country supplied drugs to the respective units of CGHS after substantial delay resulting in shortage of drugs in CGHS wellness centres. The Audit findings on supply of drugs by GMSDs are discussed in the succeeding paragraphs.

2.4.1 Delay in supply of drugs by GMSDs

Audit noted that time taken by GMSD Delhi for supply of drugs was 2 to 438 days as detailed in **Chart-2.5**:

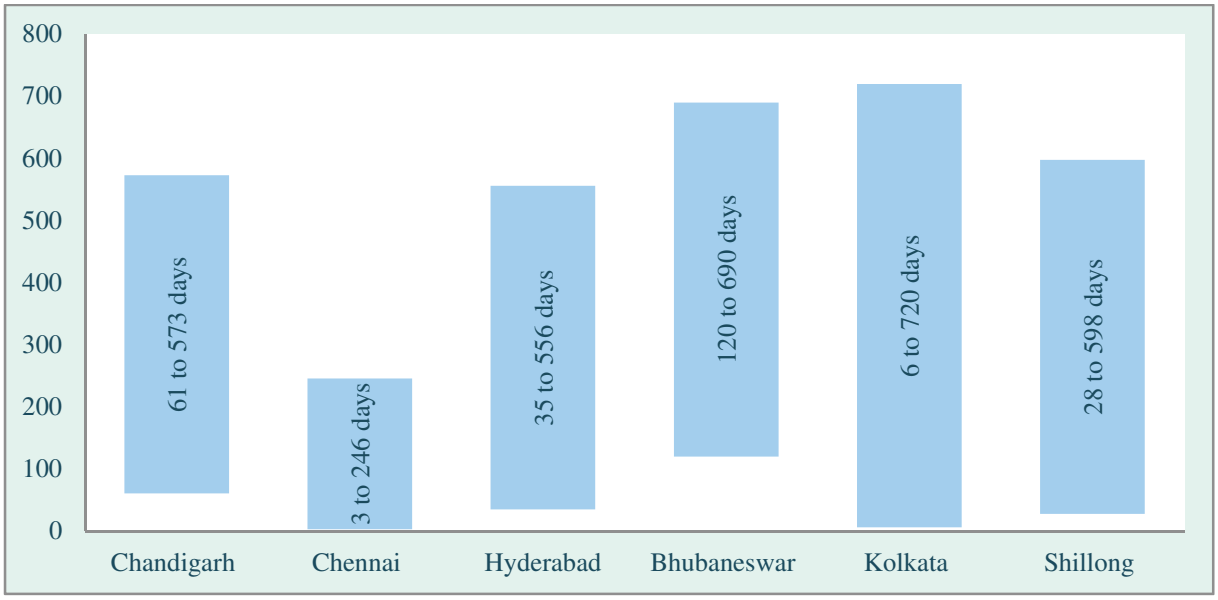
Chart-2.5: Time taken for supply of drugs by GMSDs to AD MSD Delhi



Source: GMSD

In cities outside Delhi time taken in supply of drugs was 3 to 720 days by respective GMSDs to AD Cities as detailed in **Chart-2.6**:

Chart-2.6: Time taken for supply of drugs by GMSDs to AD Cities outside Delhi

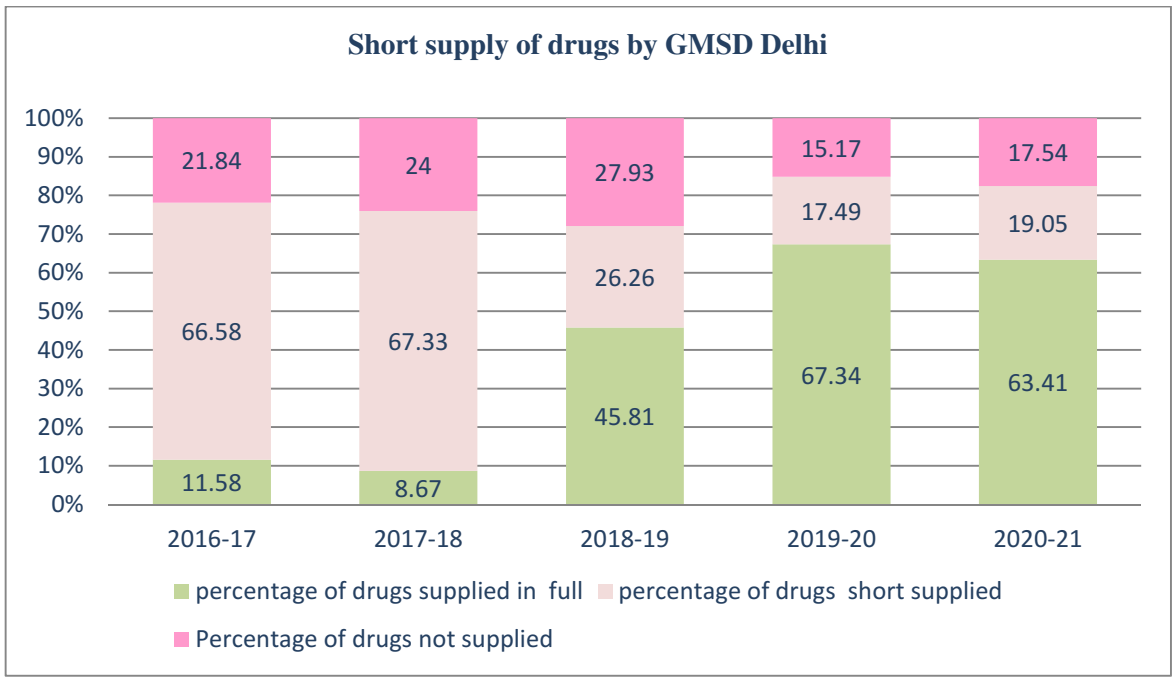


Source: Audit findings in States

2.4.2 Short supply of drugs by GMSDs

Audit noted that all the GMSDs did not supply entire quantity of drugs indented resulting in shortage of drugs in wellness centres. Data analysis revealed that in Delhi, out of total number of drugs indented by AD MSD Delhi, GMSD Delhi supplied entire quantity of drugs only in 8.67 to 67.34 *per cent* cases, made no supply for 15.17 to 27.93 *per cent* drugs and made short supply for 17.49 to 67.33 *per cent* of drugs indented during 2016-17 to 2020-21 as depicted in **Chart-2.7**:

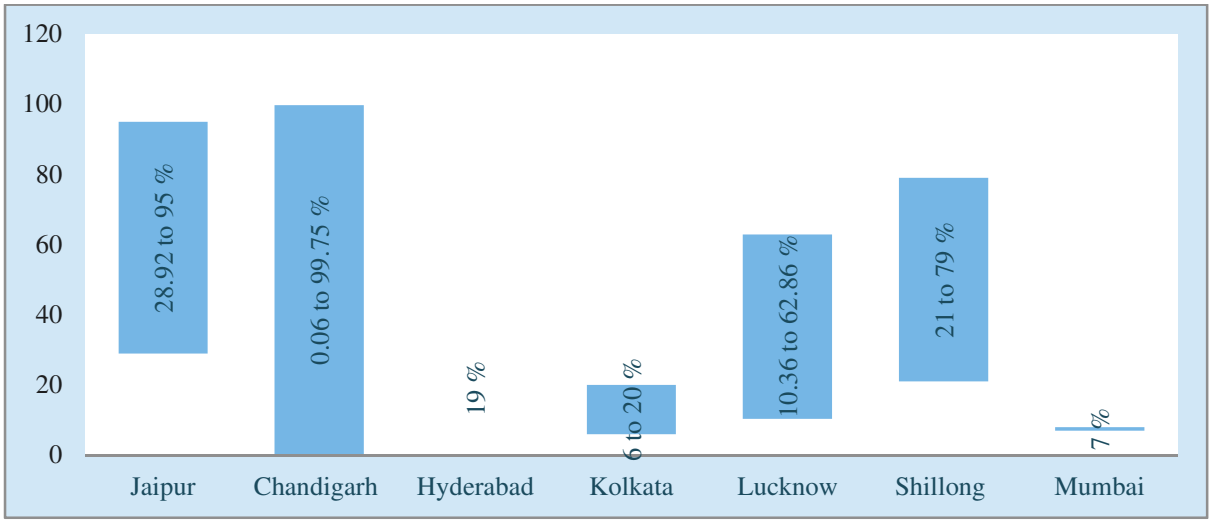
Chart-2.7



Source: GMSD

In cities outside Delhi 0.06 to 99.75 *per cent* of drugs were short supplied by their respective GMSDs to AD Cities during 2016-17 to 2020-21 as depicted in **Chart-2.8**:

Chart-2.8: Percentage of drugs short supplied by GMSDs outside Delhi



Source: Audit findings in States

Apart from the above 37 *per cent* drugs in Hyderabad and 16 to 38 *per cent* drugs in Kolkata were not supplied at all by the respective GMSDs.

2.5 Supply of drugs to wellness centres

After receiving drugs from GMSD, AD MSD Delhi and AD Cities supply them to wellness centres. Quarterly supply of drugs in bulk quantity by AD MSD Delhi and AD Cities ensures ready availability of adequate number and quantity of drugs in wellness centres for long time. Therefore, AD MSD Delhi has prescribed quarterly submission of indents of drugs by wellness centres on the basis of quarterly consumption.

However, Audit noted that instead of submitting quarterly indents in a year, the selected[18] wellness centers have submitted on an average 9 to 89 indents in a year during 2016-17 to 2020-21. As a result, AD MSD Delhi and AD Cities were unable to supply drugs for the entire quantity demanded. Hence, the chain of demand and supply between AD MSD Delhi/AD Cities and wellness centres was not streamlined resulting in shortage of drugs in wellness centres.

Examination in audit revealed that in selected wellness centres there was short supply of drugs in 25.03 *per cent* cases during 2016 to 2021 as per details given in **Table-2.2:**

[18] Audit has selected 30 wellness centres in Delhi and 47 wellness centres outside Delhi by sampling for this audit. Our audit observations are limited to these selected wellness centres.

Table-2.2: Short supply of drugs to wellness centres

Total number of cases of supply of drug against demand	Total Number of cases of full quantity supplied.	Total Number of cases of short quantity supplied	Qty. Short supplied up to 25%	Qty. Short supplied between 25 to 50 *per cent*	Qty. Short supplied above 50 *per cent*
2,02,125	1,51,541	50,584	20,310	15,869	14,405
In *per cent*	74.97%	25.03%	10.05%	7.85%	7.13%

Source: CGHS Database
Qty/quantity denotes number of tablets/capsules etc.

Audit observed that among selected wellness centres the highest number of cases of short supply of drugs were 2768 cases with 1,23,71,789 units in Avadi in Tamil Nadu, followed by 1142 cases with 1,54,49,069 units[19]in Yamuna Vihar Wellness Centre in Delhi. The lowest numbers of cases of short supply were 32 cases with quantity 12,486 in Central Secretariat wellness centre in Delhi.

Details of cases of short supply of drugs by AD MSD Delhi/AD cities with quantity in selected wellness centres are given in **Annex-2.1**.

In reply, wellness centres stated that number of drugs in their indents were restricted to availability of drugs, as visible online, and also that all indented drugs were not supplied in entire quantity. Therefore, frequent indents had to be raised.

CGHS replied (April 2022) that only quantity projected by wellness centre at the time of provisioning could be issued to it. In case they asked for more, it needed to be curtailed to ensure that all wellness centres received as per their projected requirement. CGHS also stated that GMSD did not supply full quantity in one go and AD MSD Delhi/AD cities needed to issue a certain percentage of projected requirements to ensure that it was supplied to all wellness centres to avoid ALC Purchase.

The reply is not acceptable as the key reason for huge number of indents is severe shortage of drugs in wellness centres as discussed in para 2.6. The reply also highlights the lack of co-ordination between CGHS and MSO/GMSD. Hence, the Ministry needs to ensure that there is co-ordination between CGHS and MSO/GMSD in order to establish a robust supply chain to ensure that sufficient quantities of drugs are procured from GMSDs and supplied in a timely manner to all wellness centres.

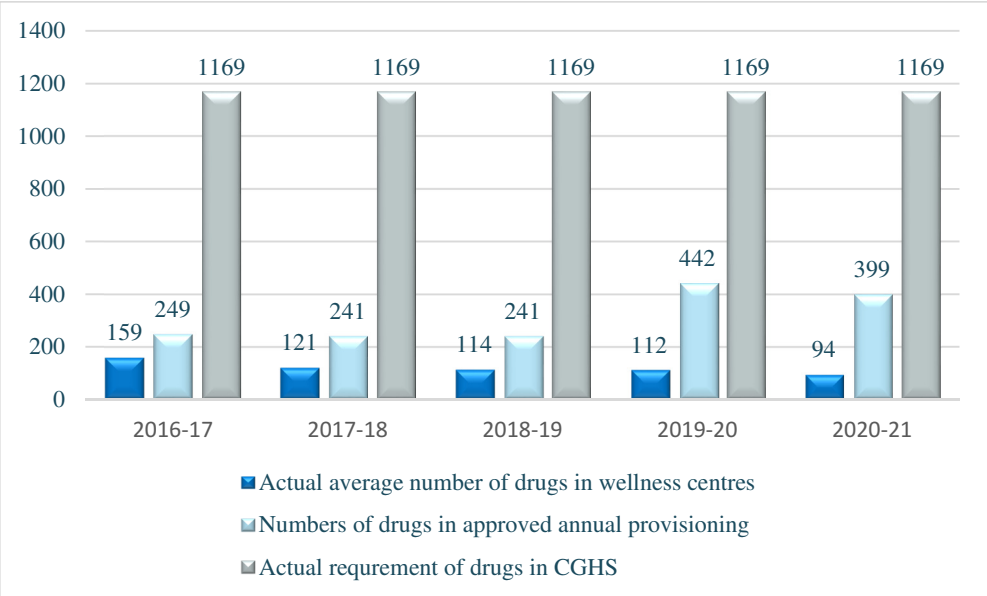
[19] Units denotes number of tablets/capusles etc.

2.6 Severe shortage of number of drugs in wellness centres in Delhi and other cities

According to guidelines for procurement of drugs in CGHS, drugs listed in formulary and covered under rate contract of MSO can be procured in bulk through MSO/GMSD, and Central Public Sector Undertakings (CPSUs)[20]. Bulk procurement ensures ready availability of formulary drugs in wellness centres all the time. Ready availability of drugs in wellness centres is important for convenience and satisfaction of beneficiary and is also economical. Drugs not available in wellness centres are procured through ALCs which is neither convenient for patients nor economical.

CGHS had intimated (September 2021) that it requires 1169 number of drugs annually which were commonly prescribed and demanded, but due to non-finalisation of procurement rate contracts by MSO as already pointed out in para 2.2.3, AD MSD Delhi prepared provisioning/demand for only 241 to 442 drugs, for wellness centres in Delhi, during 2016-17 to 2020-21. Audit observed that against this provisioning, the average yearly stock position of number of drugs in selected wellness centres in Delhi was only 94 to 159 drugs during 2016-17 to 2020-21 as shown in **Chart-2.9**:

Chart-2.9: Number of drugs available in wellness centres in Delhi



Source: MSD/CGHS Database

Details of average stock position of selected wellness centers in Delhi are given in **Annex-2.2**. Audit observed that the shortage of drugs in selected wellness centres against approved provisioning in Delhi had increased from 36.14 *per cent* in 2016-17 to 76.44 *per cent* in 2020-21 as detailed in **Table-2.3:**

20 Drug manufacturing Central Public Sector Enterprises (CPSEs) in India are. Karnataka Antibiotics & Pharmaceuticals Limited (KAPL), Bangalore. Rajasthan Drugs & Pharmaceuticals Limited (RDPL), Jaipur. Hindustan Antibiotics Limited (HAL), Pimpri, Pune, Bengal Chemicals & Pharmaceuticals Limited (BCPL), Kolkata, Indian Drugs & Pharmaceuticals Limited (IDPL), Gurgaon and HLL Lifecare Limited.

Table-2.3

Year	Actual requirement of number of drugs in CGHS	Numbers of drugs in approved annual provisioning	Actual average number of drugs in wellness centres	Percentage of drugs in wellness centres against annual provisioning	Percentage of shortage of drugs against annual provisioning
2016-17	1169	249	159	63.86	36.14
2017-18	1169	241	121	50.21	49.79
2018-19	1169	241	114	47.30	52.70
2019-20	1169	442	112	25.34	74.66
2020-21	1169	399	94	23.56	76.44

Source: MSD/CGHS Database

AD Cities did not take adequate steps to procure sufficient quantity of drugs through MSO/GMSDs and CPSUs. Average numbers of drugs in selected wellness centres in cities outside Delhi were between 6 in Mahim wellness centre in Maharashtra to 290 in Shimla wellness centre in Himachal Pradesh against the annual requirement of 1169 drugs. Details of average number of drugs in selected wellness centres are as detailed in **Annex-2.3**.

CGHS replied (April 2022) that data available with CGHS showed increase in number of drugs available and supplied to wellness centres. Further, there was a gap of six to nine months between the finalisation of rate contract by MSO and supply of those medicines to AD MSD Delhi for onward distribution to wellness centres. Indent could only be placed when MSO / GMSD opened online indent window and only for items with valid rate contract at the time of opening of online indent window.

CGHS further added that ideal would be that all rate contract items were always present in MSD and in turn in all wellness centres in sufficient quantity. That could only be possible if demand placement and supply was a continuous process rather than jerky one with loading of supply at one time and empty stores at another time and this cycle goes on.

Reply is not acceptable as the data which formed the basis for the audit finding was taken from the data dump provided by CGHS. As pointed out earlier, apart from the lack of a valid rate contract for all items, CGHS did not finalise its provisioning before commencement of a financial year, did not indent for full quantity of drugs as approved by the Ministry and also did not coordinate with GMSD, to get supplies of drugs timely and in full quantity as indented resulting in shortage of drugs in wellness centres.

2.7 Procurement of Drugs through Authorised Local Chemist (ALC)

Drugs prescribed by doctors but not available in wellness centres are procured through Authorised Local Chemist (ALC). Procurement of drugs through ALC is inconvenient for

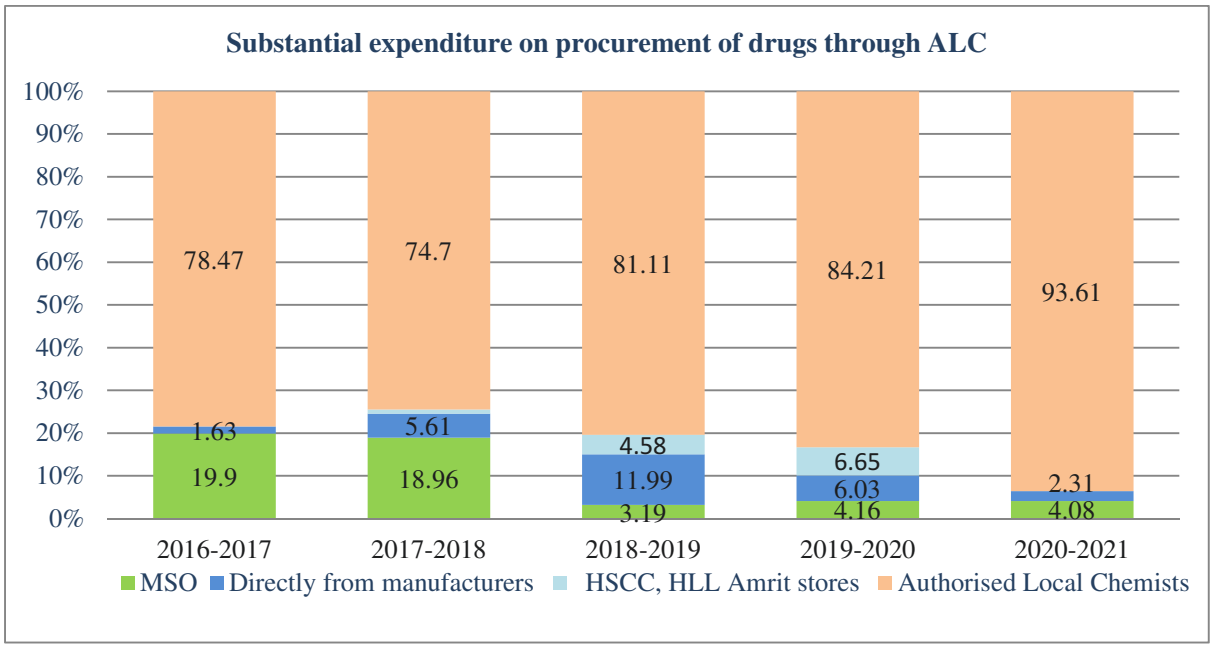
patients as they have to make second[21] visit to wellness centres to collect the drugs and it is also expensive as compared to generic drugs procured through MSO. Since patients have to wait till the medicines are made available for collection, sometimes more than two-three days and there may be an immediate requirement, patients are invariably forced to buy medicines from the market.

2.7.1 Substantial procurement of branded drugs through ALC in Delhi

Audit noted that due to shortage of drugs in wellness centres, substantial amounts of branded drugs were procured through Authorised Local Chemists (ALC) at higher costs[22].

PAC had recommended in November 2016 that the Ministry should make complete shift towards procurement and distribution of good quality generic drugs. However, audit observed that the expenditure on procurement of branded drugs through ALC in Delhi has increased from 74.70 to 93.61 *per cent* during 2016-17 to 2020-21 as detailed in **Chart-2.10:**

Chart-2.10



Source: MSD Delhi

CGHS replied (April 2022) that increase in indented medicines was due to discontinuation of pilot project[23], increase in number of beneficiaries, permission of referral to OPD in private

[21] Drugs not available in wellness centres are purchased through ALC. As per norms ALC should supply drugs on next working day after receiving indent. So, patient has to visit again on next working day and some time it may be holiday or sometimes drugs are delayed.

[22] Drugs listed in formulary are generic drugs for which rate contract for bulk purchase is finalised by MSO therefore these are cheaper. Drugs purchased through ALC are branded drugs. Therefore, these are costlier.

[23] Under Pilot Project monthly requirement of commonly procured 235 drugs in each wellness centre, calculated on basis of past consumption, was sent online to supplier at the end of each month and drugs were supplied directly to wellness centre at the beginning of each month. This project was however discontinued in December 2017.

empanelled hospitals where specialists did not prescribe generic medicines and therefore medicines prescribed needed to be indented through ALC. Further, supply from GMSD being irregular resulted in overlap of supplies from different cycles and over provisioning of some medicines and shortage of other medicines resulting in increase in ALC indent.

This reply is not satisfactory, since as per orders[24] if generic version of a branded drug prescribed by a specialist doctor is available in wellness centres the same may be issued to the patient. Despite these orders, the prime reason for increase in indented drugs was thus the shortage of drugs in wellness centres.

2.7.2 Procurement of rate contracted drugs through ALC at higher rates

Deficiencies in the supply chain in CGHS led to non-availability of generic drugs in wellness centres, for which MSO rate contracts were available. Therefore wellness centres raised indent, on ALC, for supply of branded drugs corresponding to these generic drugs. Branded drugs are costlier as compared to generic drugs procured by CGHS through MSO. Audit noted that out of top 500[25] drugs procured through ALC, 70.80 to 81.80 *per cent* drugs were branded substitutes of generic drugs listed in formulary. Out of these even though rate contracts for 6.20 to 37.00 *per cent* related generic drugs were available as detailed in **Table 2.4**. CGHS incurred avoidable expenditure of ₹ 206.89 crore in procuring these drugs through ALC during 2016-17 to 2020-21, due to non-availability of generic drugs, as detailed below:

Table-2.4

(₹ in crore)

Year	Out of top 500 branded drugs procured through ALC				
	Branded substitutes of drugs listed in formulary	Percentage of branded substitutes	Branded substitutes of drugs for which rate contracts* were available	Percentage of branded substitutes for which rate contracts* were available	Avoidable exp. due to higher rates of branded drugs
2016-17	354	70.80	68	13.60	3.13
2017-18	374	74.80	31	6.20	4.86
2018-19	409	81.80	88	17.60	37.87
2019-20	378	75.60	185	37.00	102.85
2020-21	372	74.40	121	24.20	58.19
Total					**206.89**

*rate contracts for the corresponding generic drugs

Source: CGHS Database

Audit recommends that the supply chain of drugs in CGHS and MSO may be improved so that generic drugs, for which rate contracts are available, are stocked in wellness centres in

[24] F no.25-1/09-10/CGHS/MSD/(CGHS(P) dt.30September 2009.

[25] Number of transactions of drugs procured through ALC in selected wellness centres all over India during 2016-17 to 2020-21 run into several crore entries and therefore analysis of only top 500 drugs (by amount) procured through ALC has been made.

sufficient quantities and expenditure on procurement of drugs through ALC could be minimized.

2.7.3 Prescribed drugs not supplied by ALC

A particular brand of a drug is manufactured only by one particular company. Other companies can manufacture the same drug with different brand name. According to terms and conditions of contract, ALC shall supply the same brand of drug as indented by wellness centre and not substitute it with drug of a different manufacturer. In case ALC supplies any substitute brand of drug, then ALC will be penalized by ₹ 1,000 along with the cost of the specific brand of medicines for each such default. The conditions of contract also prescribe that ALC should have facilities for scanning bar-code[26] of drugs.

Audit noted that ALCs all over the country did not supply the prescribed brand of drug as indented by the wellness centre and instead supplied drugs manufactured by different companies. During analysis of data of top 500[27] drugs procured through ALC audit observed that in details of drugs supplied there were 5 to 3099[28] different manufactures mentioned against each prescribed brand of drug. In some cases, incorrect details of manufacturer of drug were also mentioned by ALC. Hence, ALC did not supply the prescribed brand of drug as indented by wellness centre.

This also indicates that ALC did not use the system of bar-coding of drugs, prescribed in conditions of contract, to upload correct details of drugs in online supply to CGHS. As details of drugs and manufacturers were entered manually in the system by ALC, audit could not derive assurance about correctness of details and authenticity of drugs supplied by ALC.

Wellness centres also did not object to supply of substitute brand of drugs by ALC and did not propose any action against the ALC in this regard. This was in violation of conditions of contract with ALC.

A few examples of different brands of drugs supplied by ALC are given in **Annex-2.4**.

CGHS replied (April 2022) that each salt was available in the market by several brands. Some of the prescribed brands might not be freely available. In such cases the Chief Medical Officer (CMO) might permit the pharmacist to receive a similarly popular brand so that the beneficiary need not revisit the wellness centre or if the beneficiary was unwilling to purchase and reimburse.

Reply is not satisfactory as ALC has to supply the same brand of drug as per the conditions of contract.

---

[26] Bar-code label of drug stores data comprising brand name, batch no, date of manufacturing and expiry of drug etc.

[27] Data pertaining to drugs procured through ALC during 2016-17 to 2020-21 involves crores of transactions therefore a test check of only top 500 drugs, by amount, procured through ALC during 2016-17 to 2020-21 is taken.

[28] For example Tab Allegra is manufactured only by Sanofi India Ltd. However, in supply details ALC has mentioned manufacturers as German remedies, Glenmark, Glaxo, Sun pharma and also incorrect names like fgfdgdfg and gfgdfgdh as detailed in Annex-2.4.

2.7.4 Delay in supply of indented drug by ALC to wellness centres

According to prescribed norms, indented drugs shall be received in wellness centres from ALC on the next working day. In the event of delay/non-supply, ₹ 500/- will be deducted from the bill of the Chemists for each day or part thereof of delay in respect of each brand.

Delay in issue of drugs causes inconvenience to patients. In the selected wellness centres, Audit observed that there were delays of more than two days in receipt of drugs in the wellness centres in 36.40 *per cent* cases. There were delays of three to seven days in 34.98 *per cent* cases, and more than seven days in 1.42 *per cent* cases during 2016-17 to 2020-21 as detailed in **Table-2.5:**

Table-2.5

Total Number of cases of supply against indent	Total number of cases of no delay	Total number of cases of delay of more than two days *	Details of delay	
			Delay of 3 to 7 days	Delay above 7 days
2,75,47,256	1,75,20,578	1,00,26,678	96,35,878	3,90,800
In *per cent*	63.60%	36.40%	34.98%	1.42%

Source: CGHS Database

*(*In order to account for cases where next working day is a holiday, criteria of more than two days is taken)*

Audit observed that in selected wellness centres the highest percentage of cases of delay were 98 *per cent* in both KK Nagar wellness centre in Tamil Nadu and in Lucknow-3 in Uttar Pradesh followed by 95 *per cent* in Avadi wellness centre in Tamil Nadu. Details of percentage of cases of delay in selected wellness centres are given in **Annex-2.5**.

CGHS replied (April 2022) that normally indent of medicines was submitted at 2 pm and medicines were received at 7.30 am on the next day. The pharmacist checked the batch number, date of manufacture and expiry and distributed the medicine after signatures of the CMO. In overburdened wellness centres receiving the medicines takes more time and distribution could be done on the next day.

Reply is not satisfactory, since the data provided by CGHS revealed that the ALC had delivered the drugs in wellness centres with delay. Further, CGHS should take steps to ensure that after receipt of drugs from ALC, these are distributed to patients on same day to avoid any inconvenience to patients.

2.7.5 Short and excess supply of indented drugs by ALCs to wellness centres

According to terms of contract the ALC should supply same quantity of drugs as indented by wellness centres. Audit observed that in selected wellness centres, in 2.37 *per cent* cases there was short supply of drugs from 1 to 9210 quantity against indented quantity. Similarly, in

1.91 *per cent* cases there was excess supply of drugs from 1 to 9000[29] against indented drugs as detailed in **Table-2.6:**

Table-2.6

Total number of cases of drug supply against Indent	Total number of cases of short supply	Total number of cases of excess supply
2,75,47,256	6,51,530	5,26,298
In *per cent*	2.37%	1.91%

Particulars	Details of cases of quantity short/excess supply				Total
	1 to 100	100 to 500	500 to 1000	above 1000	
Cases of short supply	6,47,558	3710	159	103	6,51,530
Cases of excess supply	5,24,216	1815	214	53	5,26,298

Source: CGHS Database
Qty/quantity denotes number of tablets/capsules etc.

Data analysis revealed that the highest numbers of cases of short supply were 41,772 cases in Shahdara wellness centre followed by 37,563 cases in Gurugram wellness centre and 37,351 cases in Laxmi Nagar wellness centre, all in Delhi NCR. The lowest numbers of cases of short supply were 16 cases in Janta colony wellness centre in Rajasthan. Details of cases of short supply in selected wellness centres are detailed in **Annex-2.6**.

Similarly,audit observed that there were 45,636 cases of excess supply in Jankpuri wellness centre followed by 34,514 cases in Rohini wellness centre and 27,235 cases in Faridabad wellness centre, all in Delhi NCR. The lowest numbers of excess supply of drugs were three cases in Imphal wellness centres in Manipur. Details of cases of excess supply of drugs in selected wellness centres are given in **Annex-2.7**.

2.7.6 Irregularities in tender for empanelment of ALC in Delhi

According to General Financial Rules (GFR)[30] in order to safeguard against a bidder's withdrawing or altering its bid during the bid validity period in the case of advertised or limited tender enquiry, Bid Security (also known as Earnest Money) is to be obtained from the bidders. Amount of bid security should ordinarily range between two to five *per cent* of the estimated value of the goods to be procured.

In Delhi, CGHS issued E-Tender (August, 2016) for empanelment of Authorised Local Chemists (ALCs) for supplying medicines to 40 wellness centres of Delhi for one year. As

[29] Numbers of Tablets/capsules etc.
[30] Rule 170 of GFR 2017.

per prescribed norms the value of Earnest Money Deposit (EMD) for these 40 wellness centres was ₹ 1.80[31] crore. Audit noted that CGHS had specified only ₹ 4.00 lakh as amount of EMD to be deposited for these 40 wellness centres in this tender. As per clause 5.08 of tender document the earnest money was to be forfeited if a successful bidder either withdrew or failed to sign the contract.

During the tender process, M/s Aar Ess Remedies Pvt. Ltd was declared L-1 for 39 wellness centres and M/s Goel Medicos for one wellness centre. However, both bidders withdrew themselves from the tender process and the tender was finally cancelled (March 2017).

Audit observed that it was irregular on part of CGHS to specify a lower EMD of ₹ 4.00 lakh in tender against the prescribed ₹ 1.80 crore. The lower EMD failed to deter the bidders against withdrawing from the tender. As a result, CGHS failed to safeguard its interest against bidders and the whole tender process became unfruitful.

2.8 Procurement and Supply of Restricted drugs

Restricted drugs include chemotherapy medicines for cancer and other medicines as enumerated in the "restricted drugs" list of CGHS. Restricted drugs are procured for individual CGHS beneficiaries on case to case basis. Audit findings relating to restricted drugs are discussed in the succeeding paragraphs.

2.8.1 Restricted drugs being procured without inviting open tender

According to GFR[32] invitation of tenders by advertisement should be used for procurement of goods with an estimated value of ₹ 25 lakh and above.

In September 2014, AD MSD Delhi finalised a rate contract with various manufacturers/suppliers for restricted drugs through limited tender enquiry which was valid till March 2015. In March 2015, CGHS requested MSO for finalisation of rate contract of restricted drugs through open tender. MSO floated two tenders in this regard but could not finalise the rates due to fewer participation of bidders. Thereafter, no efforts were made by MSO to re-initiate the tender process. Audit observed that CGHS was procuring these drugs by extending the existing rate contracts of September 2014 in violation of General Financial Rules.

CGHS replied (April 2022) that the rates in restricted medicines were discovered by limited rate enquiry conducted by AD MSD Delhi on direction of competent authorities. These were single source medicines requiring Special Terms and Conditions (STC) validation.

---

[31] Being two *per cent* of average expenditure on procurement of drugs through ALC for these 40 wellness centres.

[32] Rules 144 and 158 to 161 of GFR 2017.

Reply is not satisfactory as there are several[33] drugs for which two or more brands exist in market. Hence, a tender should have been floated as per the rules of GFR to get the lowest rates in market.

2.8.2 Delay in supply of restricted drugs

According to conditions of contract, restricted drugs should be supplied by suppliers on the next working day. Audit noted that in selected wellness centres, during 2016-17 to 2020-21, there were delays of more than two days in supply of restricted drugs in 54.15 *per cent* cases (delay of three to seven days in 41.36 *per cent* and more than seven days in 12.78 *per cent* cases) as detailed in **Table-2.7**:

Table-2.7: Details of delay in supply of restricted drugs

Total number of cases of supply against indent	Total number of cases of delay of more than 2 days*	Details of delay	
		Delay of 3 to 7 days	Delay above 7 days
94,415	51,122	39,052	12,070
In *per cent*	54.15%	41.36%	12.78%

Source: CGHS Database
(In order to account for cases where next working day is a holiday, criteria of more than two days is taken)*

Audit noted that the highest numbers of cases of delay were 11,121 cases in Gurugram wellness centre followed by 6785 cases in Faridabad wellness centre and 3144 cases in Janakpuri wellness centre, all in Delhi NCR. The lowest number of case of delay in supply of restricted drug was one case in Pedder Road wellness centre in Maharashtra.

Details of cases of delay in supply of restricted drugs in selected wellness centres against indent by supplier have been shown in **Annex-2.8**.

CGHS replied that life-saving drugs (restricted drugs) were critical drugs, procured from single source and are imported. Due to logistic issues, pandemic and delays in international shipping also there were delays in supplies.

Reply is not satisfactory as being life-saving critical drugs, their availability without delay is very important and AD MSD Delhi/AD cities must ensure that patients get these drugs promptly.

2.9 Procurement of drugs on Beneficiary ID of wellness centres through ALCs

Drugs prescribed by doctors but not available in wellness centres are procured through ALC with reference to the beneficiary ID of concerned patient.

[33] There are more than one brands in market for drugs viz. Abiraterone, Adalimumab, Azacitidine, Bendamustine, Bevacizumab, Carboplatin, Collagenase clostridium histolyticum, Deferasirox, Denosumab, Docetaxel, Everolimus listed in restricted drugs.

Audit observed that in selected wellness centres drugs were procured by wellness centres through ALC on Beneficiary ID of wellness centres, amounting to ₹ 1.49 crore, which was irregular.

In response to audit observation, wellness centres replied that these drugs were purchased in emergency cases due to shortage of stock of drugs. On being pointed out by audit, this practice was discontinued and beneficiaries IDs of all the wellness centres were blocked centrally on the orders of the higher authorities.

2.10 Supply of expired and short expiry drugs

Audit observed that there were instances of supply of expired and short expiry drugs in CGHS at various stages of supply as detailed in paras below:

2.10.1 Drugs having short shelf life supplied by GMSD.

CGHS procures drugs by raising indent on GMSD. Procurement Manual of MSO/GMSD prescribes that at least five-sixths (5/6th) shelf life should remain at the time of receipt of drug from suppliers, whereas Procurement Manual does not prescribe the balance shelf life at the time of dispatch of drug to indentors/wellness centres.

Audit observed that CGHS received drugs having shelf life of 50 *per cent* and less from GMSD, HLL Lifecare Limited[34], HSCC and Amrit pharmacy in 308 cases during 2016-17 to 2020-21. CGHS did not initiate any action against suppliers.

Short shelf life of drugs may result in early expiry of drugs and issue of short expiry drugs to patients. Details of cases of supply of drugs having less than 50 *per cent* shelf life are detailed in **Table-2.8:**

Table-2.8

Particular	Number of cases	Quantity
Drugs having half and less shelf life on date of receipt	306	90,78,324
Supply of expired drugs	2	5,460
Total	**308**	**90,83,784**

Source: CGHS Database
Qty/quantity denotes number of tablets/capsules etc.

Details of such cases are given in **Annex-2.9**.

MSO replied (January 2022) that erosion of shelf life of drug beyond 5/6th in GMSD was due to time consumed in inspection and testing of drugs, segregation of drugs for various indentors and hiring of transport, etc. Reply of MSO is not acceptable since drugs having less

[34] Due to exigency some drugs were procured through HLL Lifecare Limited, HSCC India Ltd. and Amrit pharmacy.

shelf life were supplied to CGHS only because MSO did not prescribe a reasonable shelf life that should remain at the time to supply of drugs to CGHS.

CGHS replied (April 2022) that National Informatics Centre (NIC) Pharmacy module did not allow transfer of medicines with less than 90 days shelf life.

Reply is not acceptable, since as per the data analysis AD MSD Delhi/AD cities had received and supplied drugs which were due to expire within 90 days. Further, CGHS should fix responsibility on officials for accepting drugs which were expired or had less than prescribed shelf life. CGHS should also ensure that the relevant software does not allow entry of such drugs in the system.

2.10.2 Supply of expired and short expiry drugs

Audit noted that in 74 cases, against indent raised by wellness centres, and in 226 cases, without any indent of wellness centres, AD MSD Delhi/AD cities supplied drugs, that were already expired or were due to expire within 90[35] days (short expiry) as detailed in **Table-2.9**. The supply of such expired and short expiry drugs to wellness centres is a health risk for patients.

Table-2.9: Details of supply of expired/short expiry drugs against indent

Particulars	Number of cases	Quantity of drugs supplied
Supply of expired drugs against demand	15	1,30,380
Supply of short expiry drugs against demand	59	33,322
Total	**74**	**1,63,702**

Qty/quantity denotes number of tablets/capsules etc.

Details of selected wellness centres with numbers of cases of supply of expired or short expiry drugs against indent by AD MSD Delhi/AD Cities has been shown in **Annex-2.10**.

Details of supply of expired/short expiry drugs without indent

Particulars	Number of cases in which drugs supplied after expiry	Quantity of drugs supplied
Supply of expired drugs without demand	3	2,500
Supply of short expiry drugs without demand	223	6,23,887
Total	**226**	**6,26,387**

Source: CGHS Database
Qty/quantity denotes number of tablets/capsules etc.

[35] As per norms in CGHS Drugs for chronic diseases may be issued to patients for 3 months (90 days) at a time against the valid prescription of a specialist doctor. Therefore, drugs issued to patients shall have shelf life of at least 90 days.

Details of numbers of cases of supply of expired or short expiry drugs without demand by AD MSD Delhi/AD Cities to selected wellness centres have been shown in **Annex-2.11**:

CGHS replied that NIC pharma module did not permit issue of expired drugs or those with less than three months shelf life. Drugs having less than 50 *per cent* shelf life were issued to wellness centres on basis of demand received from them or based on their provisioning data.

Reply is not acceptable as the cases of supply of expired and short expiry drugs cited above have been taken from the data dump provided by CGHS itself. Further, CGHS should fix responsibility on officials for supplying drugs which were expired or had less than prescribed shelf life. CGHS should also ensure that the relevant software does not allow supply of such drugs to wellness centres.

2.10.3 Supply of expired/short expiry drugs by ALCs to wellness centres

Audit noted that in 52577 cases expired/short expiry drugs were supplied by the ALCs to selected wellness centres. As mentioned earlier, the supply of such expired/short expiry drugs to wellness centres is a health risk for patients.

Details of cases of supply of expired/short expiry drugs by ALC during 2016 to 2021 are given in **Table-2.10**:

Table-2.10

Particulars	Number of cases	Quantity of drugs supplied	Amount in ₹
Supply of expired drugs	11,140	2,93,591	53,51,083
Supply of short expiry drugs	41,437	10,52,068	2,03,84,988
Total	**52,577**	**13,45,659**	**2,57,36,071**

Source: CGHS Database
Qty/quantity denotes number of tablets/capsules etc.

In selected wellness centres the largest numbers of cases of supply of expired/short expiry drugs by ALC were 5138 cases with 1,28,473 units[36] in Laxmi Nagar wellness centre followed by 3535 cases with 62,456 units in Yamuna Vihar wellness centre, both in Delhi. The lowest numbers of cases were 11 with 190 units in Aishbagh wellness centre in UP.

CGHS should fix responsibility on officials for accepting drugs which were expired or had less than prescribed shelf life. CGHS should also ensure that the relevant software does not allow entry of such drugs in the system.

Details of selected wellness centres with cases of supply of expired/short expiry drugs by ALC are given in **Annex-2.12**.

[36] Units denotes number of Tablets/capsules etc.

2.10.4 Supply of expired/short expiry of restricted drugs

Audit noted that in 88 cases restricted drugs which were expired /short expiry were supplied by supplier to AD MSD Delhi/AD cities of cities against indent of wellness centres. The supply of expired/short expiry restricted drugs is dangerous for cancer patients.

Details of supply of expired /short expiry restricted drugs during 2016 to 2021 are given in **Table-2.11**:

Table-2.11

Particulars	Number of cases	Quantity of drugs supplied	Amount in ₹
Supply of expired drugs	45	488	9,36,979
Supply of short expiry drugs	43	522	9,75,089
Total	**88**	**1010**	**19,12,068**

Source: CGHS Database
Qty/quantity denotes number of tablets/capsules etc.

Further, details of selected wellness centres with supply of expired or short expiry drugs are given in **Annex-2.13**.

CGHS replied that AD MSD Delhi/AD cities module did not permit issue of expired drugs. There had been discrepancy in the data entry as retail invoice showed the correct expiry date as against the wrong expiry date mentioned in indent voucher.

Reply is not acceptable as CGHS had provided retail invoices for only 17 cases showing error in data entry. Further, CGHS had admitted the lapse in the system and stated that it had made modification in the module so that no restricted drugs with less than six months shelf life remaining could be accepted.

CGHS should fix responsibility on officials for accepting drugs which were expired or had less than prescribed shelf life. CGHS should also ensure that the relevant software does not allow entry of such drugs in the system.

2.10.5 Supply of drugs by ALC without specifying the manufacturing date

According to the conditions of contract with Authorized Local Chemists (ALC) for supply of drugs to CGHS the shelf life of drugs supplied should not have passed more than half of its shelf life at the time of supply.

Further, as per clause 6.2(i) of the tender, the bill raised by ALC should clearly indicate the details of batch number, date of manufacture and expiry. Several clauses[37] of tender also specify that the ALC should install equipment for bar coding of drugs.

[37] Clause B(h) of bidders eligibility in technical bid, 8 (f) inspection of bidders, 4.2 packing, 7.1 online connectivity,

Audit observed that the bar-coding system had not been utilized while uploading the online data for supply of indented drugs to wellness centres. Details of supplies were filled manually by ALC and the column of manufacturing date was not filled. In the absence of date of manufacturing, shelf life of drugs supplied by ALC to CGHS could not be calculated. In the absence of these details, audit could not ensure and verify that drugs supplied by ALC to wellness centres were within the prescribed shelf life.

Further, instances of expired and short expiry drugs supplied by the ALCs to wellness centres noticed have been detailed in para 2.10.3.

CGHS had accepted the audit observation and stated that Date of manufacture had now been added to the ALC vouchers. Further, we recommend that CGHS should ensure that ALC uploads details of drugs supplied by using bar-code system as prescribed in contract.

2.10.6 Drugs expired in Medical Store Depot (MSD) Delhi and AD Cities.

Audit noted that during 2016-17 to 2020-21 huge quantities of various drugs were removed from stock records of MSD in Delhi, Hyderabad and Jaipur as these had become expired as detailed in **Table-2.12**. This indicated that the planning for procurement of drugs was not efficient as drugs procured could not be utilised resulting in expiry of drugs.

Table-2.12

Name of AD CGHS	Quantity of drugs expired.
Delhi NCR	25,87,809
Hyderabad	65,583
Jaipur	37,092

Source: CGHS Database
Qty/quantity denotes number of tablets/capsules etc.

2.11 Quality Assurance and Testing of drugs supplied by MSO to CGHS

GMSD gets the drugs tested from empanelled labs before delivering the same to CGHS. GMSD at Mumbai, Kolkata, and Chennai have Chemical Testing Laboratories attached to them to ensure quality of drugs purchased from the firms. Drugs procured by CGHS directly through manufactures and CPSEs are sent for testing by AD MSD Delhi/AD Cities to empanelled labs. The drugs purchased through ALCs and anti-cancer drugs are not subject to testing as these are procured and delivered to patients/beneficiaries by the next working day.

PAC had recommended in November 2016 that the Ministry should establish an effective centralised mechanism to monitor the quality of generic drugs. An examination of the records revealed significant deficiencies in the monitoring of the quality of drugs, as given below.

2.11.1 Issue of substandard drugs to patients

As per Procurement and Operational Manual for MSO Quality Assurance ensures procurement of consistently good quality product. Quality Assurance helps in eliminating risk of sourcing substandard, counterfeit or contaminated drugs. In this regard sample testing[38] of drugs is conducted from empanelled laboratories by MSO.

Audit noted that drugs that were declared substandard during testing in labs were issued by GMSD to AD Cities in following cities, some of which were already issued to patients as detailed in **Table-2.13**:

Table-2.13

AD Cities	Substandard drug issued by GMSD to CGHS(units)	Drugs issued to patients(units)
Shillong	20,800	19,465
Kolkata	3,22,310	2,97,918
Mumbai	26,45,860	11,42,861
Nagpur	3,79,460	2,69,904
AD Cities	**Substandard drug issued by GMSD to CGHS (₹ in lakh)**	**Drugs issued to patients (₹ in lakh)**
Hyderabad	28.33	24.87
Bhubaneswar	3.25	NA

Source: Audit findings in States
Units denotes number of tablets/capsules etc.

Further, in Jaipur and Chennai among drugs procured from HLL Lifecare Limited, HSCC and directly from manufacturers only 3.43 *per cent* and 11.46 *per cent* drugs, respectively, were tested before issuing the same to patients. AD MSD Delhi, did not provide lab test reports of specific batches of drugs procured through HLL Lifecare Limited, HSCC, and Amrit stores in certain test checked cases.

In such circumstances audit could not derive assurance that drugs procured by CGHS through various sources and issued to patients were of prescribed standard and quality.

2.12 Non-Monitoring of procurement of drugs in CGHS

A Monitoring, Computerization and Training Cell (MCTC) was created in August 2013 in CGHS with the objective to act like 'Nerve Centre' for CGHS and assist the higher authorities in decision-making and improving the functioning of CGHS. As per the concept note, main objectives of MCTC included online Monitoring of activities of Wellness Centers/AD Offices at random on daily basis, using MIS module and generate reports for perusal of higher authorities, organize and conduct through a panel of senior CMOs /Pharmacists/Accounts Officials, an Audit/Physical verification in every CGHS city as per specified checklist and suggest steps for systemic improvement based on such finding.

[38] Lab tests are carried out to examine drug assay, disintegration, dissolution, and detect defects viz. presence of spots, lump formation, chipping, brittle tablets, contamination etc.

However, following the merger of computerization cell and e-Tendering cell, monitoring activities were not being carried out by MCTC, whose prime focus now is computerization followed by e-tendering.

Audit observed that a regular system of monitoring was not established in CGHS. As a result, timely indenting for adequate quantity of drugs, getting adequate supply of drugs from GMSDs and other sources, status of stock of drugs in wellness centres and huge procurement of drugs through ALC was not monitored. Hence, there were irregularities in every stage of procurement and supply of drugs leading to shortage of drugs in wellness centres and huge procurement of drugs through ALC.

2.12.1 Outstanding payments from CGHS to GMSDs amounting to ₹ 484.66 crore

As per para 11.1 of 'Procurement and Operation Manual' of MSO, indenters will submit online indents to MSO, after getting their budget allocation for the financial year for which indent is submitted. Thus, the indentor has to ensure availability of funds before making indents for drugs.

Despite this, CGHS did not make payment for the supplies made by GMSDs all over the country. An amount of ₹ 484.66 crore was outstanding from CGHS as on 31 March 2021. Details of outstanding dues are given in **Annex-2.14**.

In response, Additional Director, CGHS Hyderabad and Nagpur replied that payments were outstanding due to shortage of funds. The Additional Director, CGHS, Kolkata and Chandigarh stated that outstanding amounts needed to be reconciled before payment could be made.

CGHS replied (April 2022) that payment of ₹ 91 crore had been made in the financial year 2021-22.

2.12.2 Quality of data in CGHS database

Data quality measures the accuracy, completeness, consistency, reliability and timeliness of data. Data should be checked for quality to minimise errors so that it can be used for accurate decision making. For maintaining data quality, essential validation checks should be incorporated in the software so that the erroneous entries are restricted at the time of data entry itself.

Audit noticed, during analysis of data in CGHS database, that adequate validation checks were not incorporated in the system resulting in inaccurate and unreliable database. During audit, CGHS provided data dump for the period 2016 to 2021. However, the data revealed several inaccurate and erroneous entries *viz* Invalid or abnormal dates of manufacturing and expiry, date of expiry being earlier than manufacturing, quantities of receipt and issue of

drugs appearing as negative values, exorbitant values of quantities, essential columns showing null values etc.

Details of such cases are given in **Annex-2.15**. Due to inadequate validation checks and in the absence of mandatory filling of essential fields, audit could not derive assurance about accuracy, completeness, and reliability of data in CGHS software. Hence, the quality of data maintained through CGHS software was not of desirable standards.

CGHS has accepted the observation and stated (April 2022) that these suggestions shall be implemented.

Further CGHS should fix responsibility on storekeepers for not maintaining accuracy in data of stock of drugs.

2.13 Beneficiary Survey

A Beneficiary Survey was conducted in 20 out of 30 selected wellness centres to assess the availability of drugs in Delhi NCR. In each wellness centre, 10 beneficiaries were interviewed and overall a total 200 beneficiaries were interviewed. The beneficiaries were interviewed through a structured questionnaire. In the survey, 95.5 *per cent* beneficiaries stated that all drugs should be available in wellness centres so that the patient could get drugs on the same day, while 34.5 *per cent* beneficiaries stated that drugs were received from the local chemist after delays during their illness. 72 *per cent* beneficiaries stated that the quality of drugs of ALC and AD MSD Delhi was the same, whereas 24 *per cent* beneficiaries stated that quality of drugs procured from ALC was of better quality. 32 *per cent* beneficiaries stated that they did not get the same drug as per prescription of their doctor. Seven *per cent* beneficiaries stated that short expiry (expiry within 90 days) drugs were issued to them, and 10.5 *per cent* beneficiaries stated that the quantity of drugs issued to them by wellness centres was less than prescribed. The detailed results of Beneficiary Survey are given in **Annex 2.16.**

2.14 Conclusion

CGHS caters to the healthcare needs of Central Government employees and pensioners, ex and sitting Members of Parliament, Freedom Fighters. The healthcare facilities and drugs are provided through a large network of wellness centres, polyclinics and labs. Audit of the procurement process revealed significant shortcomings in each stage of the procurement cycle in terms of lack of prescribed timelines, non-adherence to scheduled timelines, where available, deviation from norms and absence of adequate monitoring, thus effecting the entire process of procurement of drugs and impacting timely delivery of service to beneficiaries and the quality of drugs supplied to them as follows:

- The Ministry had not prescribed periodic revision of the drug formulary prior to October 2020. The formulary was finally revised only in February, 2022 after a gap of seven years.
- Out of 2030 drugs listed in the formulary, MSO finalised rate contracts only for 220 to 641 drugs during 2016 to 2021. CGHS did not place indent on GMSD, for all the drugs and for the entire quantity as approved by the Ministry. Further, the supply of indented drugs by GMSD was neither timely nor for the entire quantity. Against the annual requirement of 1169 drugs, there were only 6 to 290 drugs available in wellness centres. This resulted in persistent shortage of drugs in wellness centres.
- Due to shortage of drugs in wellness centres, huge quantities of drugs were purchased through ALC. In Delhi, 74.7 to 93.61 *per cent* of expenditure was incurred on procurement of drugs through ALC.
- As generic drugs were not available in wellness centres, it raised indents on ALC for procurement of branded drugs at higher rates. There were delays, short supply and excess supply as well as supply of expired/short expiry drugs by ALC to wellness centres and ALCs all over the country did not supply the prescribed brand of drug as indented by the wellness centre.

Chapter-III: Reimbursement of Medical Claims

3.1 System of reimbursement of medical claims of Health Care Organizations (HCOs) by CGHS

The Ministry provides comprehensive health care facilities through CGHS to eligible beneficiaries enrolled under the scheme. These services include outpatient/inpatient treatment, medical investigations and specialist consultations etc. CGHS also reimburses the cost of health care provided to CGHS beneficiaries by private Health Care Organizations (HCOs)[39]. CGHS beneficiaries[40] obtain permission from wellness centres before seeking admission/treatment/diagnosis in the HCOs. In emergency cases, a CGHS beneficiary may be admitted directly to the Hospital. After providing treatment/diagnosis, the HCOs submit the medical claims to the Bill Clearing Agency (BCA), which scrutinizes the bills and forwards to the CGHS for final approval. Thereafter, CGHS scrutinizes 10 *per cent* of bills upto ₹ 10,000, 25 *per cent* of bills upto ₹ 25,000 and 100 *per cent* bills above ₹ 25,000. After approval of bills, CGHS forwards them to the Pay and Accounts Office (PAO) for payment of approved amount to BCA. The PAO makes the payment to BCA, which finally makes payment to HCOs.

3.1.1 Engagement of Bill Clearing Agency

CGHS engaged M/s. UTI Infrastructure Technology and Services Limited (UTIITSL) as BCA on 4 March 2010 for the processing of claims submitted by the HCOs in a time bound manner. The agreement executed with the firm was initially for three years and was further extended from time to time. The BCA scrutinizes and processes each bill and deducts the amounts overbilled by the HCOs and submits the bill to CGHS for final approval.

Office of the Additional/ Joint Director, CGHS of the concerned city again examines certain *per cent* of bills and deducts overbilling, if any, which were overlooked by BCA.

3.1.2 Empanelment of private HCOs by CGHS

With a view to ensuring comprehensive health care to CGHS beneficiaries, apart from Government Hospitals, CGHS has been also, empanelling private HCOs by floating tenders/inviting applications periodically. The scrutiny of the applications and finalisation of the lists of eligible HCOs of a particular city shall be done by a committee under the chairmanship of Additional Director/Joint Director (AD/JD), CGHS of concerned city with two senior most Chief Medical Officers (CMO) of that city as members. AD/JD of concerned

[39] Private Hospitals, exclusive eye hospitals/centres, exclusive dental clinics, cancer hospitals/units, Diagnostic laboratories and Imaging centres.

[40] These includes Central Govt. pensioners and their dependents, Ex-Members of Parliament, Freedom Fighters and Such other categories of CGHS cardholders as notified by the Government.

CGHS city would inform the eligible HCOs to submit the letters of acceptance of the terms and conditions of the empanelment process.

ADs/JDs shall send the details of eligible HCOs to Director, CGHS after signing Memorandum of Agreement (MoA) with eligible HCOs and obtaining Performance Bank Guarantee (PBG) so that the eligible HCOs shall be notified by the Ministry as empanelled HCOs under CGHS. The empanelment shall be for a period of two years from the date of notification or till a new empanelment process, whichever is earlier. All the HCOs shall however, have to participate in the new empanelment process, as and when initiated in order to continue their empanelment under CGHS. Provisionally HCOs are empanelled for two years and are required to get inspected/recommended by Quality Council of India (QCI) within one year of their empanelment.

CGHS has empanelled approximately 2,008 HCOs in 74 cities all over India as on 2 May 2022.

3.1.3 Process of Reimbursement of Claims

Upto September 2015, BCA made provisional payments to HCOs on the basis of admitted claims by the BCA which was modified in October 2015. The process of reimbursement of medical claims up to September 2015 and since October 2015 to 31 March 2021 is given in **Table-3.1:**

Table-3.1

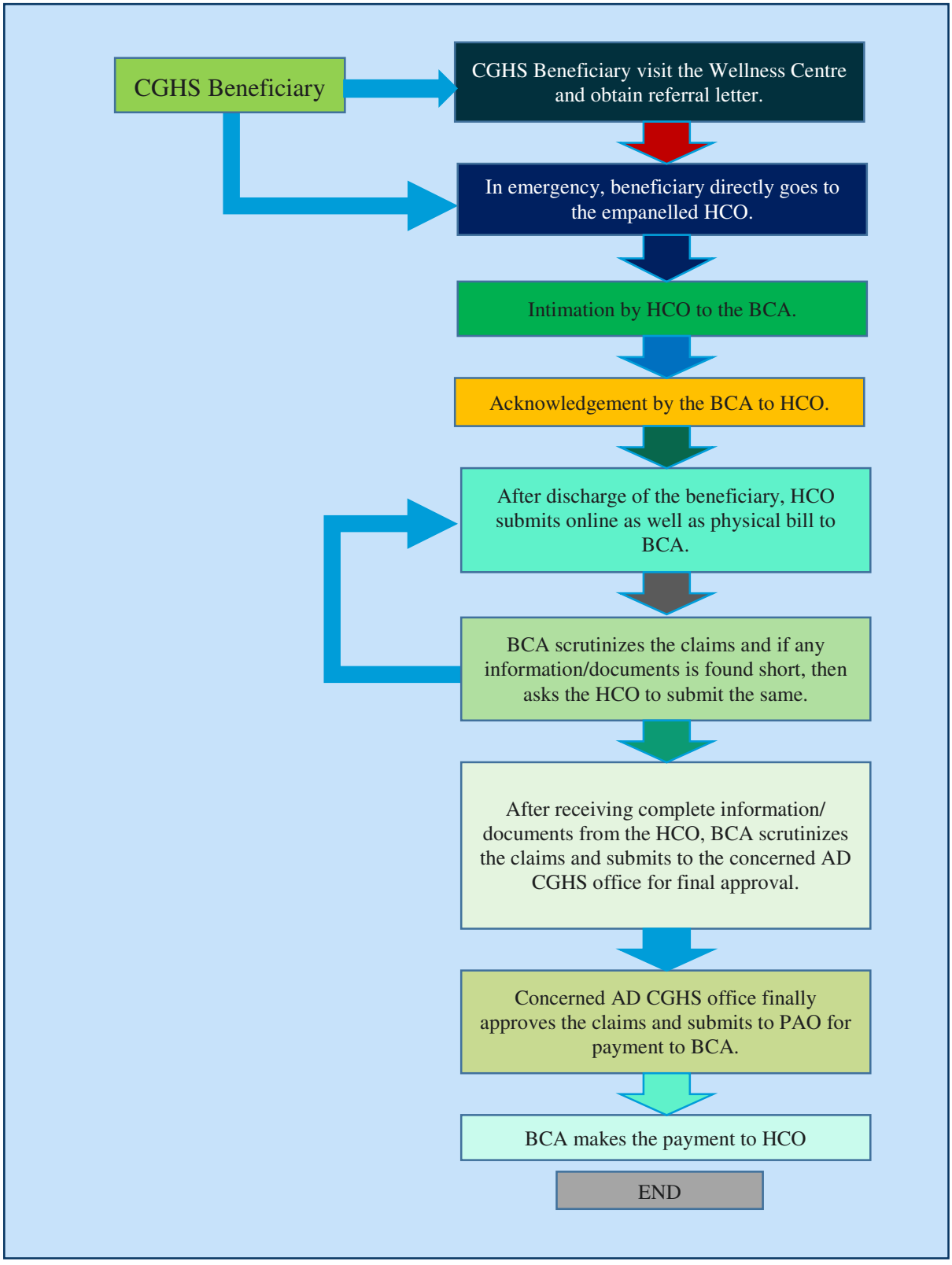
Process	Method of reimbursement of medical claims till 30 September 2015	Method of reimbursement of medical claims from 1 October 2015 to March 2021
Provisional Payment	❖ On receipt of claims from the HCOs, BCA made the payment to HCOs, which was called "provisional payment"[41]. ❖ After prescribed checks, the BCA thereafter, on a weekly basis, forward to the AD (CGHS) of the concerned State, separate claim for each beneficiary duly supported by vouchers along with summary sheet indicating the beneficiaries' wise details and certificate to the effect that the amount included in the claim have been actually paid by BCA to the respective HCOs.	BCA processes the bills, but does not make provisional payment to the HCOs and submit the bills to CGHS for further examination and approval.

[41] For the purpose of "provisional payment", CGHS made advance payment of ₹ 70 crore to the BCA in June 2010.

Scrutiny and finalisation of Claim by CGHS for payment	❖ After that claims were scrutinized by CGHS and sanctions issued to the PAO and any excess payment subsequently noticed during scrutiny of bills by CGHS, intimated to the PAO. ❖ PAO made the payment to the BCA for the amount sanctioned by CGHS towards the recoupment of advance.	❖ The bills received from BCA are processed by CGHS and submitted to PAO for payment of approved amount to BCA. ❖ PAO makes the payment to BCA of amount approved by the CGHS.
Responsibility of BCA in case of excess billing by HCO	❖ It was the responsibility of the BCA to recover the excess payment from the HCOs concerned.	❖ BCA makes the payment to empanelled HCOs. ❖ Excess payment if any noticed by CGHS to HCOs during later date are to be adjusted in subsequent bills of the HCOs.
The Ministry notified (June 2021) that processing of HCOs claims shall be on board at the IT Platform managed by National Health Authority (NHA) as discussed in detail at para no. 3.7.		

The process of reimbursement of medical claims to Hospitals/diagnostic centres is also depicted in **Chart-3.1**:

Chart-3.1 Process of reimbursement of medical claims to HCOs during 2016-17 to 2020-21



3.1.4 Timeline for settlement of claims of HCOs by CGHS

The timelines specified in the Agreement (March 2010) entered with BCA and MoAs entered with HCOs from submission of claims by HCO to approval by CGHS are given in **Chart-3.2**:

Chart-3.2

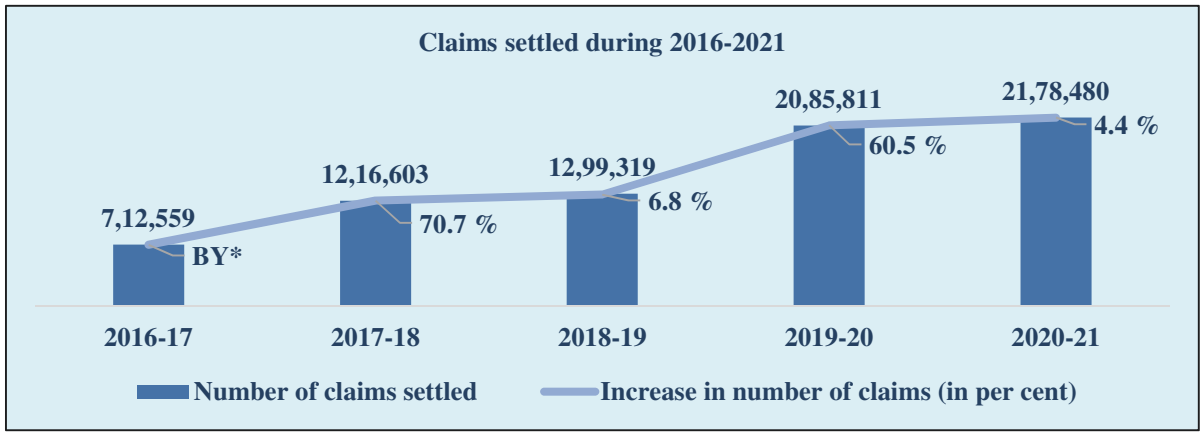
Timeline for settlement of claims

HCOs	• Submission of claim by HCOs to BCA within seven working days after the discharge of patient since 20.02.2015.
BCA	• BCA approves the claims within four working days from the date of receipt of Physical folders from HCOs.
CGHS	• CGHS approves the claim within seven working days after receiving the claim from BCA

3.2 Data Analysis

CGHS provided (April 2021) the data relating to Medical Reimbursement Claims (MRCs) of empanelled HCOs submitted on e-claim system for 2016-17 to 2020-21 in five Excel files. These files contain claims settlement details viz. Claim ID, Name of Hospital, CGHS Region, Admission / OPD Date, Discharge Date, Card Id of Patient, Beneficiary Name, Claimed Amount (by HCOs), Approved Amount (by BCA) and Recouped Amount (by CGHS) etc. The following chart depicts the year-wise claims settled during 2016-17 to 2020-21 (**Chart-3.3**):

Chart-3.3



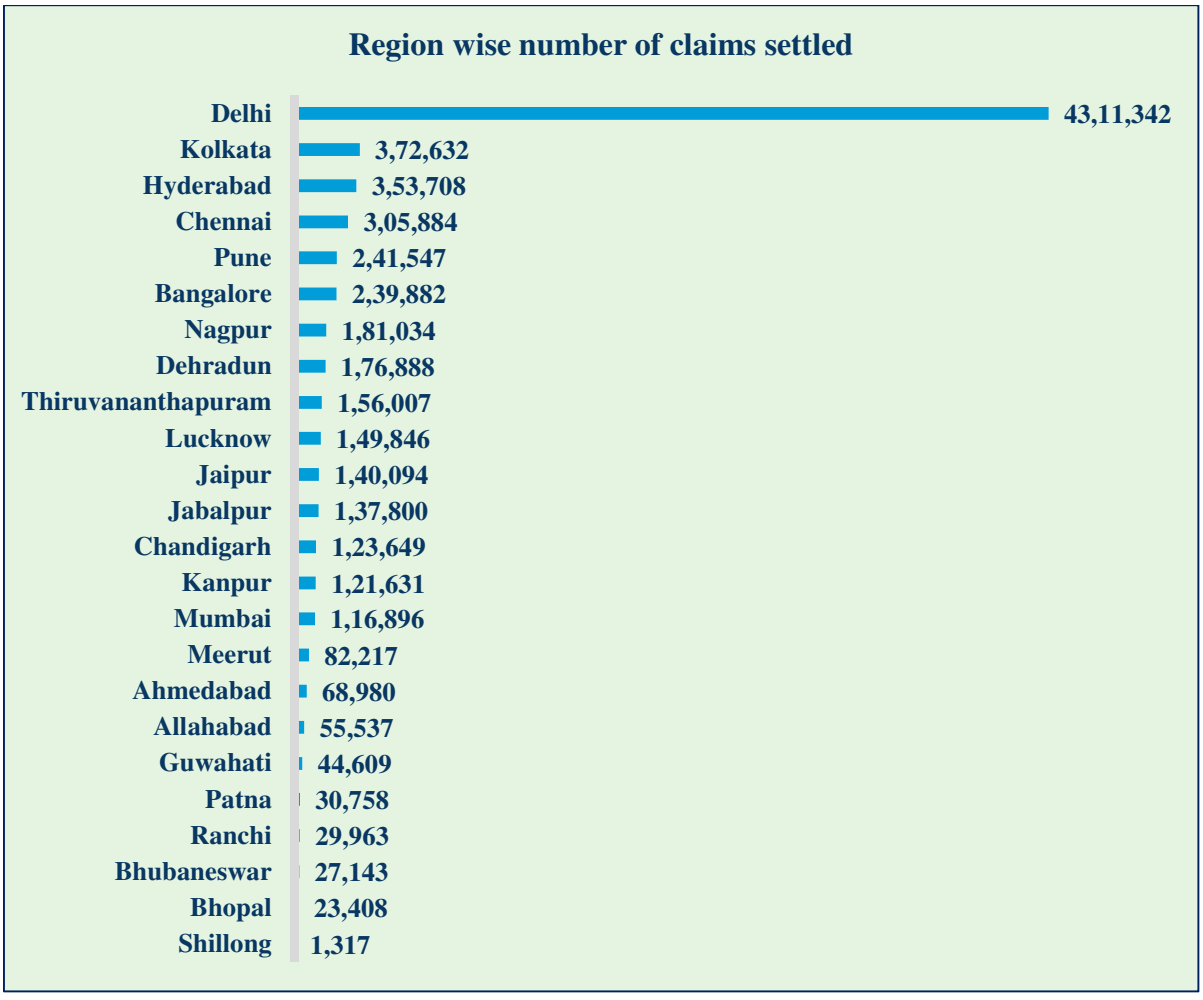
Source: CGHS Database (e-claims system)

*2016-17 is taken as base year for the purpose of calculating the annual growth rate of number of claims settled by CGHS

Number of claims settled in 2017-18 increased by 70.7 *per cent* from 2016-17, in 2018-19, 6.8 *per cent* from 2017-18, in 2019-20 increased by 60.5 *per cent* from 2018-19 and in 2020-21 increased by 4.4 *per cent* from 2019-20 respectively.

Data analysis revealed that out of total 74.93 lakh claims settled by CGHS during 2016 to 2021, 43.11 lakh claims pertain to Delhi NCR Region which is 57.54 *per cent* of total claims. Moreover, apart from Delhi NCR, Kolkata, Hyderabad, Chennai and Pune were top cities with respect to Hospital claims. Details of region wise claims settled during 2016 to 2021 are given in **Chart-3.4**:

Chart-3.4



Source: CGHS Database (e-claims system)

Further, Year-wise and Region-wise analysis of the claims settled during 2016 to 2021 is given in **Annex-3.1**.

3.2.1 In-patient/out patient

Data analysis revealed that out of 74.93 lakh claims settled by CGHS during 2016 to 2021, 9.43 lakh claims (12.59 *per cent*) pertained to inpatient treatment while the remaining

65.50 lakh claims (87.41 *per cent*) were for OPD treatment. Year-wise positions of inpatient and outpatient claims settled during 2016 to 2021 are given in **Table-3.2**:

Table-3.2

(₹ in crore)

Year	In-patient		Out-patient	
	Number	Claim amount	Number	Claim amount
2016-17	1,26,585	578.22	5,85,974	79.01
2017-18	1,84,956	915.19	10,31,647	145.15
2018-19	1,77,491	846.29	11,21,828	141.81
2019-20	2,29,616	1,299.06	18,56,195	259.48
2020-21	2,24,667	1,428.99	19,53,813	293.39
Total	**9,43,315**	**5,067.75**	**65,49,457**	**918.84**

Source: CGHS Database (e-claims system)

From the above it is evident that out of total claims of ₹ 5,986.59 crore settled by CGHS, ₹ 5,067.75 crore were for inpatient treatment (84.65 *per cent*) and ₹ 918.84 crore were for OPD treatment (15.35 *per cent*).

The findings of data analysis are discussed in the succeeding paragraphs.

3.2.2 Over-billing from approved rates of procedures/packages by Health Care Organizations

According to clause 18 (4) and 19 (C) of MoA between CGHS and HCOs, in case of over-billing from the approved rates for a particular procedure/package[42] deal as prescribed by the CGHS, bank guarantee shall be forfeited and the CGHS shall have the right to derecognize the HCOs.

Data analysis revealed that out of 74.93 lakh claims settled during 2016 to 2021, HCOs submitted 15.37 lakh claims amounting to ₹ 4,146.14 crore which were reduced by the CGHS to ₹ 3,575.11 crore detailed in **Table-3.3**:

[42] "CGHS "Package Rate" shall mean all inclusive – including lump sum cost of inpatient treatment / day care / diagnostic procedure for which a CGHS beneficiary has been permitted by the competent authority or for treatment under emergency from the time of admission to the time of discharge.

Table-3.3

(₹ in crore)

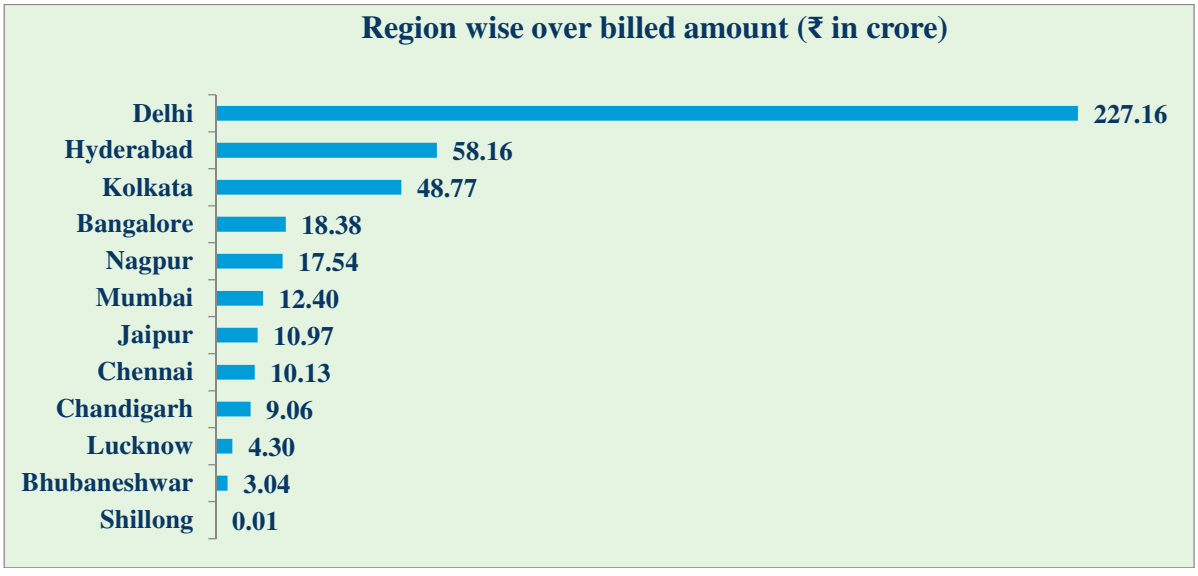
Year (1)	Total Number of claims (2)	Total amount of claims (3)	Difference in claim amount by HCOs and CGHS approved amount				
			Number of claims (4)	HCOs claim amount (5)	CGHS approved amount (6)	Difference in Amount (7) (5-6)	Percentage of claim amount overbilled (7/3*100)
2016-17	7,12,559	657.23	1,63,917	475.94	404.79	71.15	10.83
2017-18	12,16,603	1,060.34	2,79,835	775.43	654.31	121.12	11.42
2018-19	12,99,319	988.10	2,45,512	681.79	589.13	92.66	9.38
2019-20	20,85,811	1,558.54	4,08,923	1,031.76	897.72	134.04	8.60
2020-21	21,78,480	1,722.38	4,38,466	1,181.22	1,029.16	152.06	8.83
Total:	**74,92,772**	**5,986.59**	**15,36,653**	**4,146.14**	**3,575.11**	**571.03**	**9.54**

Source: CGHS Database (e-claims system)

It is evident from the table above that HCOs had over-billed amounting to ₹ 571.03 crore. The amount of overbilling had increased from ₹ 71.15 crore in 2016-17 to ₹ 152.06 crore in 2020-21.

Further, in 12 selected AD offices, (Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Nagpur and Shillong) HCOs over-billed ₹ 419.92 crore, which is given in **Chart-3.5**:

Chart-3.5



Source: CGHS Database (e-claims system)

Audit observed that 1709 HCOs submitted inflated/overbilled claims. The frequency of overbilling by various HCOs ranged from 1 to 33,364 times during the period of review. The reasons attributed to overbilling were as under;

i. HCOs separately claimed for items which were included in package/ procedures *viz.* ECG included in ICU charges, medical consumables included in packaged rate of any procedures and MRI screening charges included in MRI Brain charges, etc.

ii. HCOs made claim for items which are inadmissible *viz.* mouthwash, bed bath, etc.

iii. HCOs made claim for items at the rate which was more than CGHS approved rate.

CGHS replied (April 2022) that whenever HCOs made claim for mouth-wash, bed bath etc. it was disallowed. Difference is seen only where conservative management is billed where discretion and wisdom of the person checking the claim comes into play, largely for items outside the rate list and consumables. These are not instances of overbilling.

Reply is not acceptable as HCOs claimed separately for items which were already included in package/ procedures, items which were inadmissible and for items at the rate which was more than CGHS approved rate.

Further, audit observed that there were instances of overbilling by the HCOs by claiming higher rates, which were overlooked and paid by the CGHS to HCOs as detailed in para 3.2.5.

3.2.3 Claims amounting to ₹ 527.62 crore pending for settlement

CGHS hired the BCA to settle claims submitted by HCOs in a time bound manner. Further, as per agreement with BCA and CGHS (Office memorandum dated 14 January 2015), later shall settle the claims within 11 working days from the date of receiving physical folder of bills from HCOs (four working days by the BCA to process the claims and seven working days by CGHS for final settlement of the claims). However, audit noted that 6.32 lakh claims amounting to ₹ 527.62 crore were outstanding as on 31 March 2021. CGHS replied (April 2022) that due to budget deficit, amounts remained outstanding.

3.2.4 Non-recovery of ₹ 39.87 crore from BCA/HCOs

After engaging the BCA on 4 March 2010 for the process and settlement of claims submitted by the empanelled HCOs in a time bound manner, CGHS released ₹ 70 crore to BCA in June 2010 for making payments to HCOs towards the reimbursement of medical claims. The provisional payment to HCOs was discontinued in October 2015. However, ₹ 38.70 crore was still lying with BCA as on 31 March 2021. Further, an amount of ₹ 1.17 crore (recovery pointed out by CGHS after the provisional payment made by the BCA to HCOs till September 2015) was recoverable from 78[43] HCOs. Out of these HCOs, 72 HCOs had already been de-empanelled and an amount of ₹ 1.01 crore was recoverable from them as of 31 March 2021. CGHS neither recovered ₹ 38.70 crore from BCA nor ₹ 1.17 crore from 78 HCOs.

[43] HCOs from which, less than ₹ 100 were recoverable are not included.

In reply, CGHS (January 2022) stated that final settlement will take place when CGHS closes all dealings with the BCA. Further with regards to recovery of ₹ 1.17 crore from 78 HCOs, CGHS intimated (April 2022) that recovery had been marked by CGHS but could not be affected by UTI-ITSL as the HCOs were de-empanelled. Verification is under process and if found correct it is proposed to send notices to the HCOs.

3.2.5 Excess payment amounting to ₹ 39.32 lakh made to HCOs

As per the agreement[44] executed between CGHS and the HCOs, the empanelled HCOs shall raise claims as per rates prescribed by the CGHS for a particular procedure/package deal. Audit noted during detailed scrutiny of medical claims submitted by the HCOs to CGHS, that in 264 cases, CGHS paid ₹ 39.32 lakh in excess to the rates prescribed to HCOs during 2016-17 to 2020-21 as given in **Table-3.4**:

Table-3.4

(₹ in lakh)

Sl. No.	Item/Procedures	Number of HCOs involved	Number of cases	Amount of overpayment
1.	Covid related payment for excess room rent/ package rate viz. NABH rate to Non-NABH HCOs & payment for number of days more than the number of days patient was actually in hospital (Extra day)	12	84	22.40
2.	Covid related excess payment for item which were included in package rate viz. investigation/lab charges (except Covid test & IL-6 test), and medicines (except experimental therapies-e.g. Ramdesivir etc.)	28	107	8.22
3.	Excess payment for Optical Coherence Tomography (OCT)	3	25	2.36
4.	Payment for metal crown on missing/ extracted tooth	1	10	0.40
5.	Excess rate for removable partial denture	1	29	2.42
6.	Implant charges for knee replacement in excess	3	4	1.18
7.	Other charges which were not admissible *viz.* hospital income	5	5	2.34
		Total	**264**	**39.32**

Source: CGHS Claims Vouchers

[44] Clause 6 and clause 12 (e) of the agreement.

Audit observed that overcharging was due to various reasons *viz.* metal crown fitted on missing/extracted tooth, excess rate, inadmissible covid room charge, medicines/ lab charges included in package for a particular procedure. Hospital wise details of over payment are given in **Annex-3.2**.

CGHS replied (April 2022) that the cases would be verified and amounts recovered if claim of overpayment was found to be correct.

3.2.6 Irregular payment of ₹ 23.70 lakh to HCOs pertaining to serving CGHS beneficiaries

As per the agreement[45] executed with the HCOs, for serving employees (other than CGHS/DGHS/Ministry of Health and Family Welfare), the payment will be made by the patient for treatment/procedures/services to the HCOs and he/she will claim reimbursement from his/her office subject to the approved rates as prescribed by CGHS under clause 6 of MoA. In respect of the following categories of beneficiaries, treatment/procedures/services shall be undertaken/ provided on credit and no payment shall be sought from them by the HCOs.

1. Pensioners,
2. Ex-Members of Parliament,
3. Sitting Members of Parliament,
4. Freedom Fighters,
5. Serving CGHS/DGHS/Ministry of Health and Family Welfare employees,
6. Such other categories of CGHS cardholders as notified by the Government.

For category number 1, 2, 4 and 6, bills shall be submitted to the BCA and for sitting Members of Parliament and serving CGHS beneficiary mentioned at category number 3 and 5 respectively, HCOs renders bills directly to the concerned Ministry/Department. Thus, in no case serving employee bills should be forwarded to the BCA by HCOs. Audit noted that CGHS approved and made payments to HCOs for 1848 claims amounting to ₹ 23.70 lakh pertaining to serving employees as detailed in **Table 3.5**:

Table-3.5: Payment pertaining to serving employees

(₹ in lakh)

Year	Number of claims	Amount
2016-17	218	2.50
2017-18	325	4.10
2018-19	647	8.09
2019-20	397	4.53
2020-21	261	4.48
Total	**1,848**	**23.70**

Source: CGHS Database (e-claims system)

[45] Terms and condition No.7 of the agreement.

Test check of scanned/hard copies of certain bills revealed that these bills pertains to the employees of the offices of Supreme Court, MoH&FW, Central Public Works Department (CPWD), Central Industrial Security Force (CISF), Defense Secretariat and Department of Post etc.

Audit is of the view that in the above-mentioned cases possibility of simultaneous claims raised by serving employee from their respective departments, could not be ruled out. Further, the main reasons for admitting the serving employee's claims by BCA from HCOs are attributed to non-integration of e-Claim system with master database.

Accepting the facts CGHS stated (April 2022) that the beneficiary ID was not integrated with the UTI-ITSL bill clearing system and thus the serving bills could not be identified and rejected. The data will be verified and recovery from concerned department to be initiated if found to be correct.

Since the unauthorized payments were made to the HCOs, recovery should be made from the concerned HCOs.

3.2.7 Unreliable checks exercised by the BCA before settling the claims

As per clause 4.2 (a) of the agreement, BCA shall check the following aspects during processing of claims:

(a) Appropriateness of treatment including screening of patients records to identify unnecessary admission and unwarranted treatment;

(b) Whether a planned treatment has been shown as emergency treatment;

(c) Whether the diagnostic, medical or surgical procedures were shown in the bill, which were not required;

(d) Whether the treatment/services have been provided as per the approved rates, package rates best suited to the beneficiary;

(e) Whether the patient was kept admitted for a period which was not necessary.

Data analysis revealed that after the amount approved by the BCA for HCOs, recovery of ₹ 123.06 crore was pointed out by CGHS during 2016-2021 detailed in **Table-3.6:**

Table-3.6

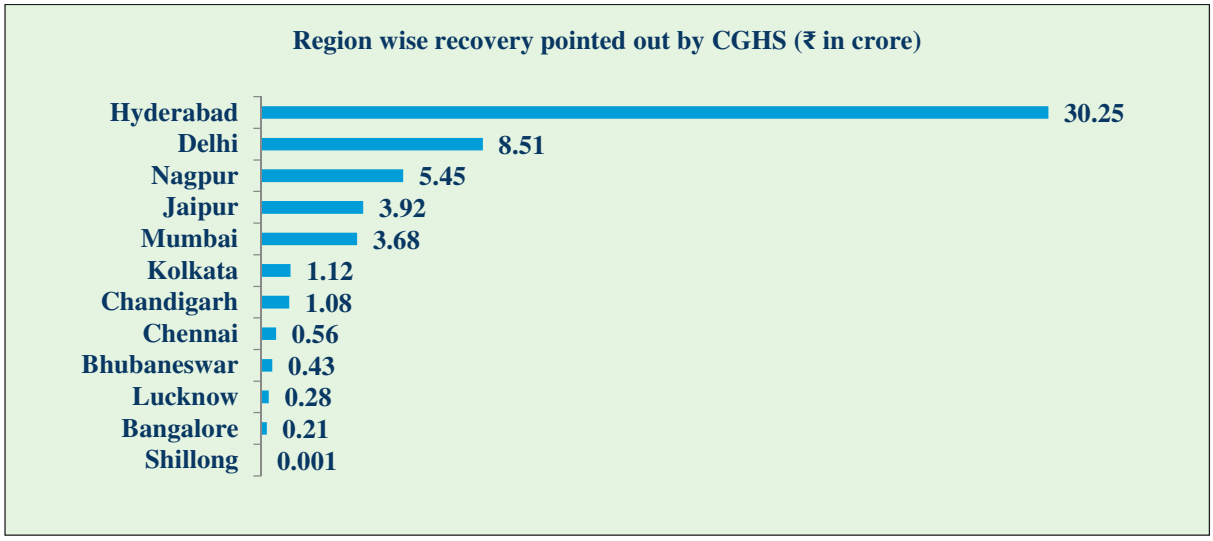
(₹ in crore)

Year	Claims where CGHS pointed recovery	Difference in amount approved by BCA and amount approved by CGHS		
		BCA approved amount (1)	CGHS approved amount (2)	Difference (1-2)
2016-17	25,344	91.73	78.38	13.35
2017-18	34,458	132.83	110.76	22.07
2018-19	35,600	145.43	126.26	19.17
2019-20	47,526	215.16	185.39	29.77
2020-21	40,756	249.30	210.60	38.70
Total:	**1,83,684**	**834.45**	**711.39**	**123.06**

Source: CGHS Database (e-claims system)

Further, in all selected AD offices (Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Nagpur and Shillong) after the amount processed for approval by the BCA for HCOs, recovery of ₹ 55.50 crore was pointed out by CGHS during 2016-2021 as detailed in **Chart-3.6**:

Chart-3.6



Source: CGHS Database (e-claims system)

Audit noted that the excess amount of the claim processed by BCA for approval was due to items which were otherwise inadmissible were admitted by BCA. It is evident from the above that this was a regular phenomenon in each year that BCA approved the claims in excess to CGHS approved rates. However, no action as per Agreement has been taken by the CGHS against the BCA.

CGHS replied (April 2022) that CGHS exercises medical audit over these checks as such the discrepancy between BCA approved and CGHS approved amount is therefore expected.

The reply is not satisfactory as the BCA was processing the claims since 2010 and also had the CGHS approved rate list for each procedure/package, a strict application of which should have prevented the large number of excess payment. However, CGHS did not take adequate steps from time to time to monitor and control such cases and as a result the discrepancies have persisted. It is pertinent to mention that BCA was engaged specifically to avoid the need for CGHS to scrutinize each and every claim and to ensure that no claim should be overrated or inflated to safeguard the Government's money.

3.2.8 Unauthorized payment of ₹ 27.79 lakh to HCOs despite rejection of claims by CGHS

During data analysis, audit observed that 301 claims submitted by HCOs were approved by the BCA which were subsequently rejected[46]by CGHS during scrutiny. However, payments of ₹ 27.79 lakh were made to HCOs by the BCA on these 301 rejected claims. Details of such cases are given in **Table-3.7:**

Table-3.7

(₹ in lakh)

Year	Number of Claims approved by BCA but rejected by CGHS	HCOs claim amount	BCA approved amount
2016-17	12	6.56	5.44
2017-18	244	22.93	18.87
2018-19	7	1.80	1.52
2020-21	38	1.99	1.96
Total	**301**	**33.28**	**27.79**

Source: CGHS Database (e-claims system)

CGHS replied (April 2022) that the cases are to be verified and recovery will be initiated if found correct.

3.2.9 Delay in Submission of claims by HCOs

In case of beneficiaries (pensioners and others as defined in Para No. 3.1), where credit bills are sent to CGHS, the empanelled HCOs shall submit the physical bill as well as electronic bill to the BCA for processing of claims. Further, CGHS Office Memorandum (OM) dated 20.02.2015 stipulates that HCOs should submit the online bills to BCA within seven working days after the discharge of patient. Moreover, as per clause 18 of MoA, in case of any violation of any provision of the MoA by the empanelled HCOs, CGHS shall have right to forfeit the performance bank guarantee as well as de-empanel the HCO.

Data analysis revealed that during 2016 to 2021, CGHS settled 74.93 lakh claims of ₹ 5,986.59 crore, out of which 14.91 lakh claims amounting to ₹ 1,800.73 crore were

[46] CGHS approved amount was zero.

submitted by the HCOs with a delay of 1 to 2,841[47] days. These delays are shown in periods of months/years in **Table-3.8:**

Table-3.8

(Number of claims)

Delay in submission	Delay in submission of claims by HCOs					
	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Upto 1 month	2,41,357	1,95,381	1,40,709	1,79,105	2,89,923	10,46,475
1 month to 1 Year	73,837	80,605	65,919	74,289	1,28,030	4,22,680
1-2 Year	1,957	1,351	2,042	3,762	6,793	15,905
2-3 Year	269	302	704	738	1,486	3,499
3-4 Year	47	67	482	251	1,025	1,872
4-5 Year	8	83	119	47	317	574
Above 5 Years	0	67	226	37	38	368
Total:	**3,17,475**	**2,77,856**	**2,10,201**	**2,58,229**	**4,27,612**	**14,91,373**

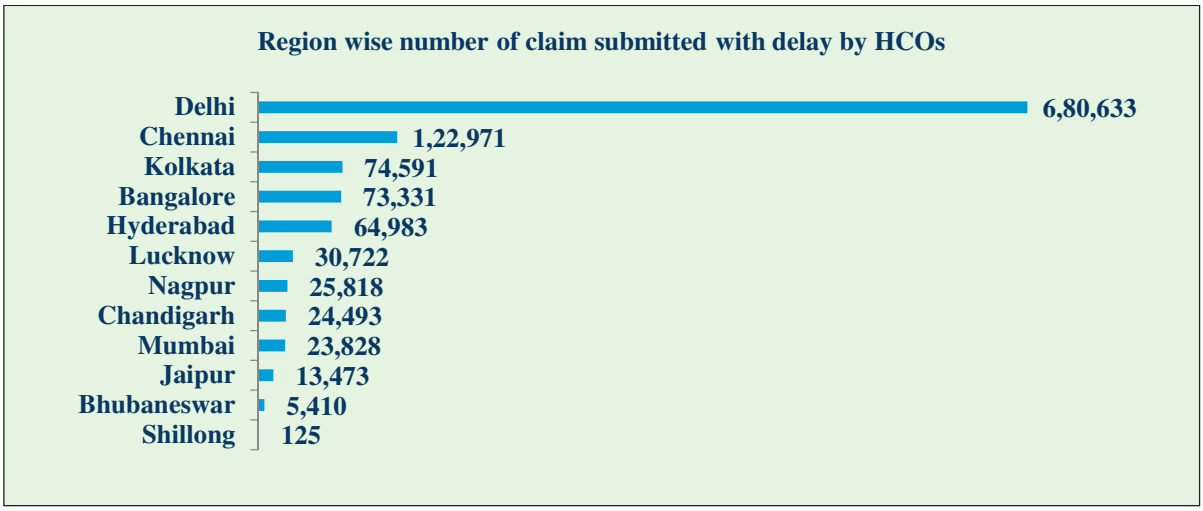
Source: CGHS Database (e-claims system)

The above Table reveals that HCOs delayed in submission of claims in 10,46,475 cases for upto one month, in 4,22,680 cases for more than one month to one year, in 15,905 cases for more than one to two years, in 3,499 cases for more than two to three years, in 1,872 cases for more than three to four years, in 574 cases for more than four to five years and in 368 cases for above five years. Detailed analysis of the above is given in **Annex-3.3**.

The trend of delays in submission of claims was noticed in the test checked AD offices (Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Nagpur and Shillong), where 11.40 lakh claims were submitted by the HCOs with a delay of 1 to 2,595 days is shown in **Chart-3.7**:

[47] The audit calculated the delay beyond the time of 10 days after giving due consideration for in between holidays.

Chart-3.7



Source: CGHS Database (e-claims system)

Audit noted that these claims were regularized by CGHS by accepting affidavit from HCOs which cited the reason for delay as shortage of dealing hand/staff and non-availability of network.

CGHS replied (January 2022) that in all the cases delays are accepted with proper reasons and Indemnity Bond. Reply is not satisfactory as reasons given in the Indemnity Bond were invariably of similar nature, viz. shortage of dealing hand and non-availability of network. Audit is of the view that merely on these reasons the delay of upto seven years cannot be justified. Further, CGHS clarified (in April 2022) that there is no distinction in the OM regarding justifiable and unjustifiable reason. All delays were condoned by indemnity bond submitted by HCOs as per CGHS OM/Guidelines. It was ascertained that services were provided.

Reply is not satisfactory as the non-prudent approach of CGHS allows HCOs to submit the claims as per their convenience by simply submitting an affidavit /indemnity bond.

3.2.10 Delay in settlement of claims by the BCA

As per agreement, BCA shall approve the claims within four working days from the date of the receipt of physical folders from HCOs. Audit calculated the delay beyond the time of 10 days given to BCA for approval of claims.

Data analysis revealed that during 2016 to 2021 BCA approved 74.93 lakh claims amounting to ₹ 5,986.59 crore, out of which 25.54 lakh claims amounting to ₹ 2,695.06 crore, were approved with delay of 1 to 3,664 days. These delays are shown in periods of months/years in **Table-3.9**:

Table-3.9

(Number of Claims)

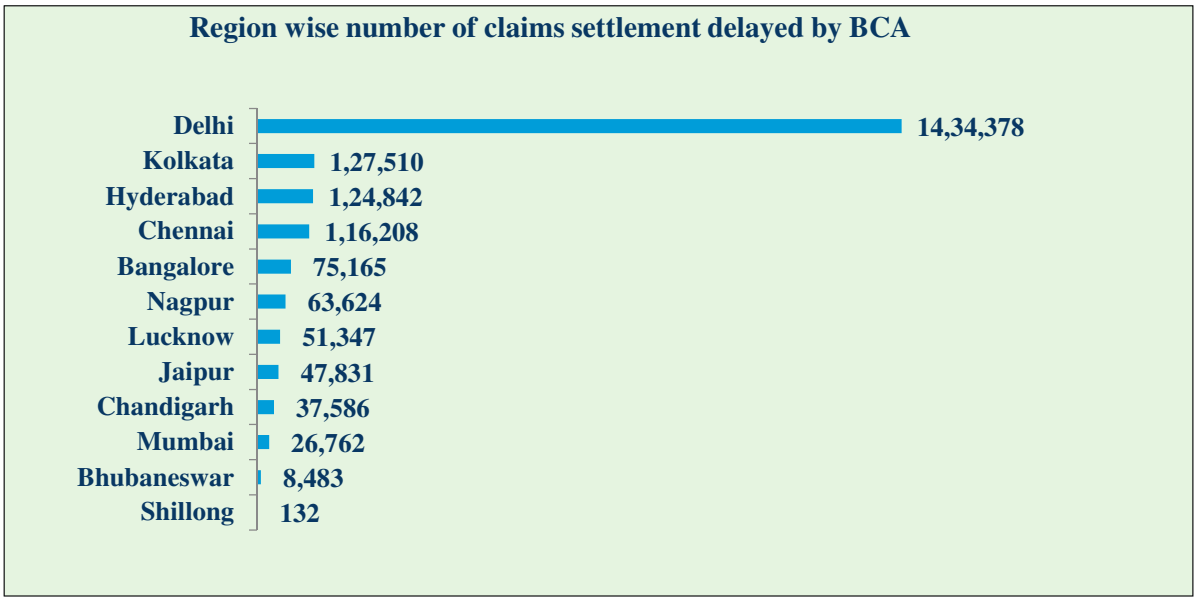
Delay in process	Delay in processing the HCOs claim by BCA					
	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Upto 1 month	2,43,905	3,55,160	4,60,222	3,20,572	1,55,144	15,35,003
1 month to 1 Years	1,63,278	5,574	6,69,863	1,25,149	29,453	9,93,317
1-2 Years	1	232	0	4,340	5,591	10,164
2-3 Years	0	273	0	2,277	2,290	4,840
3-4 Years	1	74	16	1,747	2,017	3,855
4-5 Years	0	105	0	1,609	1,165	2,879
Above 5 Years	0	51	0	1,690	2,323	4,064
Total	**4,07,185**	**3,61,469**	**1,13,0101**	**4,57,384**	**1,97,983**	**25,54,122**

Source: CGHS Database (e-claims system)

Further analysis for the delay during 2016 to 2021, audit noted that BCA delayed in processing of claims in 15,35,003 cases for upto one month, in 9,93,317 case for more than one month to one year, in 10,164 cases for more than one to two years, in 4,840 cases for more than two to three years, in 3,855 cases for more than three to four years, in 2,879 cases for more than four to five years and in 4,064 for above five years. Detailed analysis of above given in **Annex-3.4**.

The trend of delays in the 12 test checked AD offices (Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Nagpur and Shillong), where 21.14 lakh claims amounting to ₹ 1,939.70 crore, were approved by BCA with a delay of 1 to 3,476 days, is given in **Chart-3.8:**

Chart-3.8



Source: CGHS Database (e-claims system)

Delay in processing of HCOs claims may result in unwillingness of hospitals to provide services to CGHS beneficiaries.

CGHS replied (January 2022) that delay was mostly from hospital side either in providing intimation, submission of fresh or more information. However, in few instances delay from BCA side was due to unforeseen circumstances.

Reply submitted by CGHS is not convincing as the audit has calculated the delay from the date of acquiring all the information required for processing of the claim and the date of final approval by BCA.

3.2.11 Delay in finalisation of claims by the CGHS

As per arrangement between CGHS and BCA, on receipt of claims[48] from the HCOs, BCA processes the claims and submits to CGHS. Thereafter, CGHS shall approve the payments of these claims. Further, as per an internal decision, from 14 January 2015, CGHS shall approve the claims within seven working days after receiving the claims from BCA.

Data analysis in respect of the claims approved during 2016 to 2021, showed that delay in processing the claims by CGHS to give the final approval, ranges between one to 60 months. Year-wise details of delay by CGHS for processing the claims are given in**Table-3.10.**Audit calculated the delay beyond the time of 10 days from receipt of claims.

Table-3.10

(Number of Claims)

Delay in process	Delay by CGHS to process the claim approved by BCA					
	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Upto 1 month	1,18,230	4,41,282	5,57,694	4,85,309	7,98,284	24,00,799
1 month to 1 Year	5,85,243	6,51,103	6,88,209	15,37,819	13,10,816	47,73,190
1-2 Year	3202	11,458	2,239	5,743	1,835	24,477
2-3 Year	161	2	4	127	35	329
3-4 Year	4	0	1	1	35	41
4-5 Year	0	1	0	0	7	8
Total:	**7,06,840**	**11,03,846**	**12,48,147**	**20,28,999**	**21,11,012**	**71,98,844**

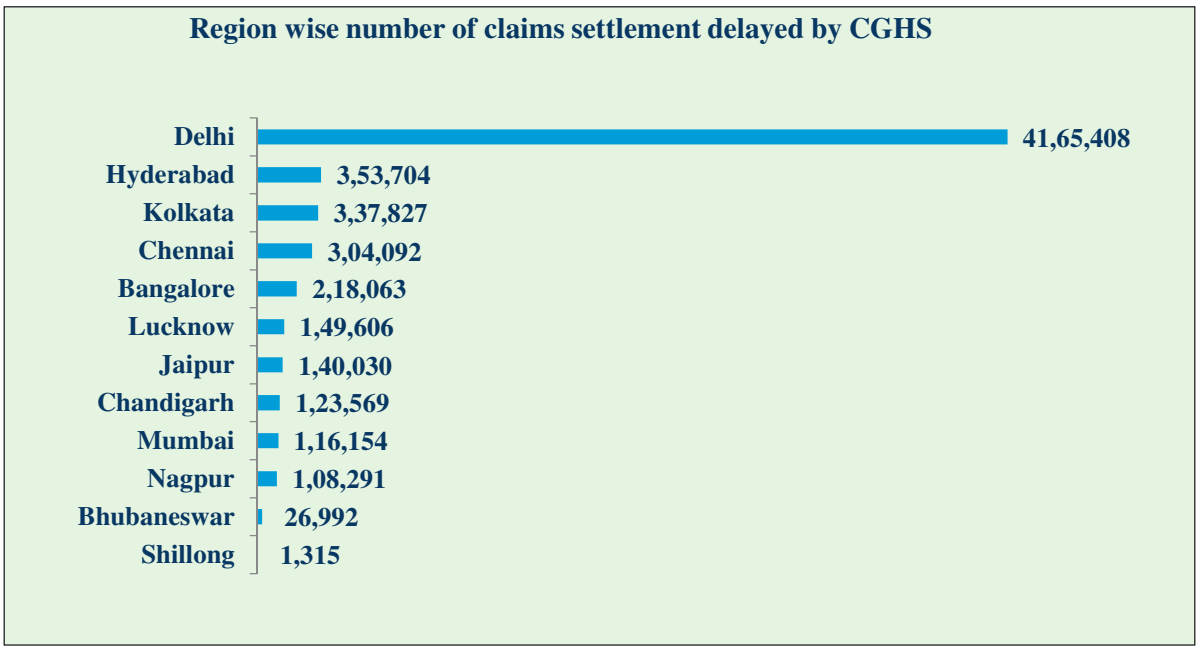
Source: CGHS Database (e-claims system)

Further, analysis revealed that CGHS delayed in processing of claims in 24,00,799 cases for upto one month, in 47,73,190 cases for one month to one year, in 24,477 cases for more than one to two years, in 329 cases for more than two to three years, in 41 cases for more than three to four years and in eight cases for more than four to five years. Detailed analysis of above given in **Annex-3.5**.

[48] Claims with effect from 1 October 2015 to March 2021.

Further, in 12 test checked AD offices (Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Nagpur and Shillong) 60.45 lakh claims amounting to ₹ 4,157.04 crore, were approved by CGHS with a delay ranging 1 to 1,735 days detailed in **Chart-3.9:**

Chart-3.9



Source: CGHS Database (e-claims system)

Delay in payment of bills may result in unwillingness of hospitals to provide services to CGHS beneficiaries.

CGHS accepted (April 2022) the above facts and intimated that, the heavy work load and limited staff led to delay.

3.2.12 Approval of Hospital Claims without receiving intimation of treatment

As per clause 10 of MoA between CGHS and empanelled HCOs, in case of emergency admission of CGHS beneficiary, the concerned hospital needs to intimate the BCA and CGHS within two hours of such admission and the BCA is to respond with due authorization in four hours. Further, where the CGHS beneficiary visits the hospital with proper referrals, the hospital shall submit information of admission to BCA and CGHS.

During data analysis, audit observed that hospital claims (In Patient) were approved and made payments by CGHS to the HCOs without receiving intimation from HCOs. Details of claims settled without receiving intimation from concerned HCO with respect to in-door treatment are given in **Table-3.11:**

Table-3.11

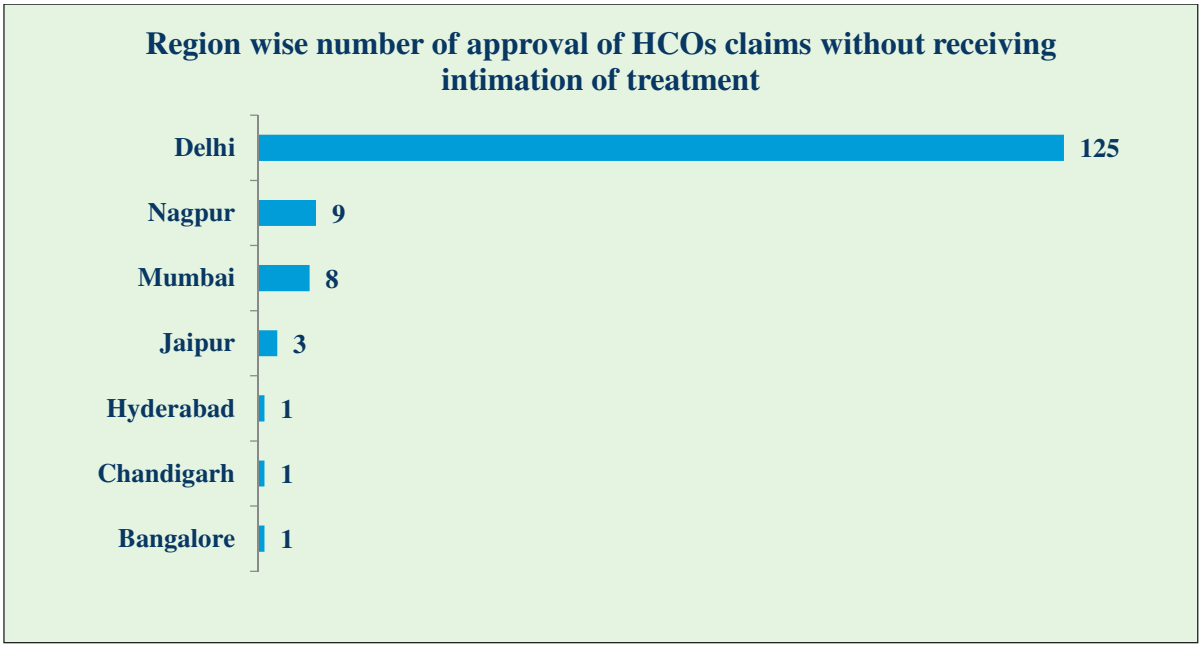
(₹ in lakh)

Year	Number of claims without intimation	Hospital claim amount	BCA approved amount	CGHS approved amount
2016-17	6	12.14	4.08	4.08
2017-18	2	0.31	0.31	0.31
2018-19	103	17.24	16.71	15.91
2019-20	36	20.53	18.42	18.42
2020-21	40	34.44	33.04	31.25
Total	**187**	**84.67**	**72.56**	**69.97**

Source: CGHS Database (e-claims system)

Further, in seven selected AD offices (Bangalore, Chandigarh, Delhi, Hyderabad, Jaipur, Mumbai and Nagpur) payment of ₹ 46.90 lakh for 148 claims were made without receiving intimation as detailed in **Chart-3.10**:

Chart-3.10



Source: CGHS Database (e-claims system)

Audit noted that though the empanelled HCOs did not follow the terms and conditions of the MoA and failed to intimate about the admission of beneficiaries, BCA still processed these claims and CGHS approved the payments. This clearly indicates the violation of terms and conditions of MoA and a weak system of checks and balances.

Accepting the fact CGHS stated (April 2022) that only random checks are made by CGHS. The CGHS card and documents uploaded which include the case sheet are used to ensure genuineness of claims. The system is now changed to National Health Authority (NHA) to overcome this deficiency.

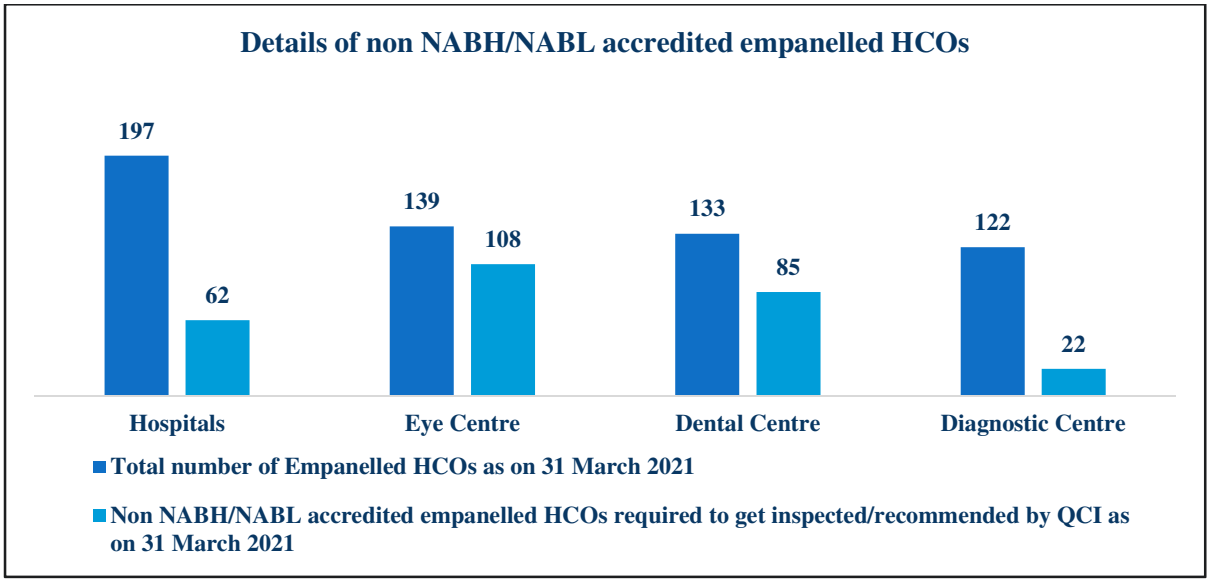
3.2.13 Non-Accreditation of National Accreditation Board for Hospital (NABH) and National Accreditation Board for Laboratory (NABL)

CGHS aspires to provide to all its beneficiaries high quality medical care services that are affordable. With this objective, CGHS has prescribed vide Office Memorandum dated 17 February 2015, that all HCOs provisionally empanelled under CGHS and not accredited with NABH/NABL are required to get inspected/ recommended by Quality Council of India (QCI) within one year. The HCOs which fail to get inspected/ recommended by QCI within prescribed timeline shall be liable to be removed from the panel of CGHS and 50 *per cent* of their Performance Bank Guarantees (PBG) would be forfeited.

As on 31 March 2021, 591 private HCOs were under CGHS empanelment in Delhi NCR regions. Out of these197 (33 *per cent*) are Hospitals, 139 (34 *per cent*) are Eye centres, 133 (22 *per cent*) are Dental centres and 122 (21 *per cent*) are Diagnostic centres.

Audit observed that out of total 591 HCOs empanelled in Delhi NCR, 277 HCOs, which were empanelled for more than one year were not accredited with NABH/NABL as on 31 March 2021 as given in **Chart-3.11**:

Chart-3.11



Source: CGHS

CGHS replied (January 2022) that Non- NABH/Non-NABL accredited HCOs are required to obtain either NABH/NABL accreditation or QCI recommendation.

Audit noted that CGHS did not take any action to remove these HCOs from empanelment or for forfeiting the PBG and no record of QCI recommendations was maintained by Hospital Empanelment Cell (HEC), CGHS. On being pointed out by audit, CGHS asked QCI (January 2022) to provide details of HCOs inspected and recommended by QCI.

In reply CGHS stated (April 2022) that verification was under way to stream line the system. Thus, CGHS compromised on its aim to provide high quality medical care services to its beneficiaries by not ensuring that all the HCOs empanelled must have NABH/NABL/QCI recommendation within specified timeline.

3.3 Monitoring

The successful implementation of a scheme depends on effective monitoring from apex to field level to ensure that the objectives of the scheme are fully achieved. Observations regarding the ineffectiveness of the monitoring mechanism are discussed in the succeeding paragraphs.

3.3.1 Monitoring and Reconciliation of advance given to BCA

According to the arrangements upto September 2015, on receipt of claims from the HCOs, BCA made the payment to HCOs, which was called "provisional payment". In this regard CGHS released (June 2010) advance of ₹ 70 crore to BCA for making provisional payments to HCOs towards the medical claims. Further, as per arrangement between BCA and CGHS, after making provisional payments to HCOs, BCA shall recoup the above amount from CGHS. In this regard, following instances of inadequate monitoring and non-reconciliation of advances were noticed:

i. Pending decision at the CGHS end with respect to bills destroyed by fire of ₹ 17.03 crore

On 11 August 2013, 45,154 bills amounting to ₹ 34.91 crore were lost due to fire at the premises of BCA at New Delhi. Out of these BCA had already approved 13,777 claims (HCOs claim amount ₹ 22.14 crore) and released ₹ 17.03 crore to HCOs (approved amount ₹ 19.05 crore less discount ₹ 2.02 crore).

Audit noted that due to fire, these 13,777 claims amounting to ₹ 17.03 crore could not be forwarded to CGHS and is pending for approval from CGHS since August 2013.

The remaining 31,377 claims amounting to ₹ 12.77 crore (₹ 34.91 crore minus ₹ 22.14 crore) were neither approved nor forwarded to CGHS and were lying outstanding since August 2013. Audit noted that though BCA has been continuously approaching CGHS for settlement of these outstanding claims, no decision had been taken by the CGHS. It was also observed that CGHS had not raised this matter with the higher authority nor had the Ministry conducted any investigation in the matter so far.

ii Claims submitted to CGHS for recoupment are not traceable.

During 27 December 2010 to 2 May 2014, claims amounting to ₹ 4.86 crore which were forwarded by the BCA to CGHS for approval were lost and are not traceable at CGHS.

iii Claims pending for want of expert opinion

Claims pertaining to the period before June 2017, amounting to ₹ 3.30 crore were forwarded by the BCA to CGHS for approval. However, these claims were withheld by CGHS for further review/expert opinion, which are still pending for final disposal.

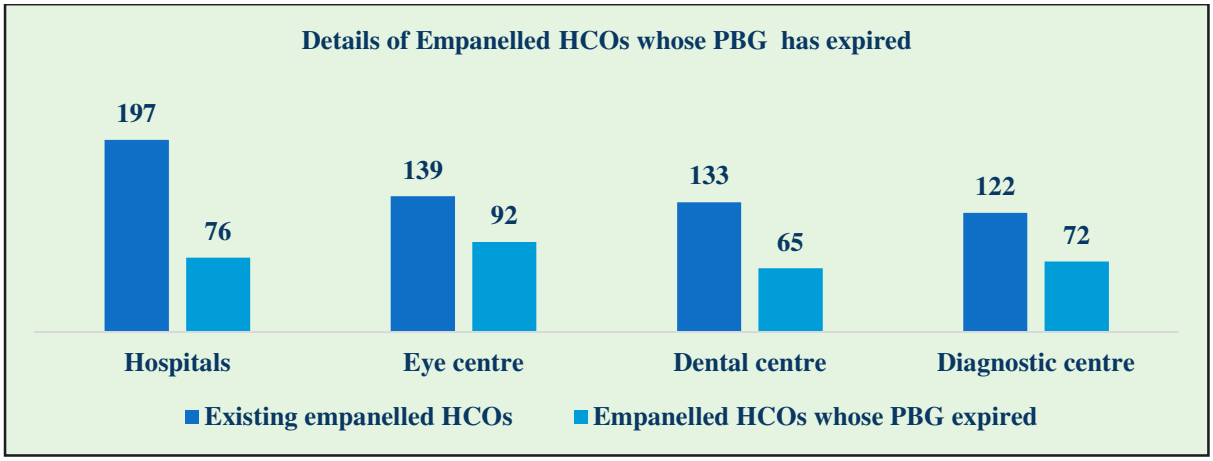
Accepting the fact, CGHS intimated (April 2022) that the matter will be decided at the earliest.

3.3.2 Non submission of Performance Bank Guarantee (PBG) by HCOs

As per clause 17 of MoA between HCOs and CGHS, HCOs that are recommended for empanelment after the initial assessment shall have to furnish a PBG valid for 30 months, six months beyond empanelment period to ensure efficient service and to safe guard against default. HCOs already empanelled under CGHS are to submit a new PBG after the validity of the existing PBG is over.

Audit noted that 591 HCOs were on the CGHS empanelled list for Delhi NCR as on 31 March, 2021. However, 305 HCOs which were already empanelled did not submit a new PBG after the validity of the existing PBG was over as detailed in **Chart-3.12**:

Chart-3.12



Source: CGHS

Further, as per clause 19 of the MoA, in case of violation of any clause, an amount equivalent to 15 *per cent* of the amount of PBG will be charged as liquidated damages by the CGHS. However, the total amount of the PBG will be maintained intact being a revolving[49] guarantee.

Audit noted that in 45 cases, CGHS imposed penalty at the rate of 15 *per cent* of PBG as liquidated damages for violation of clause of MoA and amount was recovered from PBG.

[49] Revolving bank guarantee is like an open ended credit account that can be used and paid down repeatedly as long as account remains open.

However, CGHS could not confirm, whether the amount of the PBGs were maintained intact being a revolving guarantee by receiving the bank guarantee for 15 *per cent* amount recovered by the CGHS.

CGHS AD (Headquarter), Delhi accepted (January 2022) these facts and intimated that records of PBGs of HCOs had been scrutinized and it was noticed that the validity of a number of PBGs had expired. Further, an order was issued to HCOs in May 2021 to submit fresh PBG and in response most of the HCOs had submitted the same. An order was again issued to the remaining HCOs in December 2021 to submit PBGs.

CGHS further intimated (April 2022) that a system was being created to keep a check on expired PBGs and to update it on time. This process is under development to stream line the system.

CGHS accepted (January 2022) the audit observations and added that integration of beneficiary database will eliminate these errors and observations raised by the audit will be taken up for strengthening the system.

3.3.3 Meetings with HCOs

As per clause 3 (I) of MoA with HCOs, Authorized signatory/representative of the empanelled HCOs shall attend the periodic meetings held by AD/JD/Department/Establishment of CGHS required in connection with improvement of working conditions and for redressal of grievances. Audit noted that no meeting was held with the HCOs by the CGHS Regional offices (Chandigarh, Delhi NCR, Jaipur and Shillong) during 2016-17 to 2020-21.

CGHS replied (April 2022) that these are to be initiated.

3.3.4 Submission of Annual Report by HCOs

As per clause 3(F) of MoA with HCOs, HCOs were required to submit an Annual Report inter-alia indicating the number of referrals received, admitted CGHS beneficiaries, bills submitted to the CGHS and payment received etc. to the Additional Directors/Joint Directors of CGHS of concerned City.

Audit noted that Annual Reports were not submitted by the HCOs in the CGHS Regional office (Bangalore, Bhubaneswar, Chandigarh, Delhi NCR, Hyderabad, Jaipur, Kolkata, Lucknow and Shillong) during 2016 to 2021.

In CGHS Regional office, Mumbai and Nagpur no Annual Report was submitted by the HCOs during 2016 to 2019. However, 43 out of 92 HCOs (46.73 *per cent*) in 2019-20 and 86 out of 96 HCOs (89.58 *per cent*) in 2020-21 had submitted Annual Reports.

CGHS replied (April 2022) that it is to be initiated.

3.4 Grievances

CGHS beneficiaries may lodge their grievances if any *viz.* misdemeanors, negligence, misconduct by HCOs staff or deficiency in services/ overbilling by HCOs via "Centralized Public Grievance Redress and Monitoring System (CPGRAMS)" portal or through offline mode. Further, as per the time limit prescribed by the CGHS, grievances cases should be disposed within four months from the date of receipt.

During the period 2016 to 2021, CGHS received 850 complaints against HCOs (online through CPGRAMS) out of which 838 complaints were settled and remaining 12 complaints (received in the month of March 2021) were pending as on 31 March 2021.

In addition to above, Grievance Cell of AD CGHS Delhi NCR received 592 complaints in offline mode. Year-wise position of offline grievances cases received during 2016 to 2021 is given in the **Table-3.12**:

Table-3.12

	2016-17	2017-18	2018-19	2019-20	2020-21
Total number of grievance cases received	149	90	116	160	77
Cases where no action required	38	28	45	47	23
Cases in which liquidated damage charged	11	09	02	19	04
Cases in which instructions /warning were issued to HCOs	18	04	28	35	24
Cases in which recovery from the HCOs were made for excess amount charged by HCOs.	35	17	11	18	7
Cases in which Hospital Cell, CGHS was directed to recover the overcharged amount from the concerned HCO's future claim and refund the same to the concerned beneficiaries.	17	23	23	31	14
Cases in which CGHS directed the concerned beneficiaries to get the refund amount from the concerned HCO's (which agreed to refund)	7	7	1	10	3
No further progress due to non-providing of document by the complainant.	23	02	06	00	02

Source: CGHS

Audit noticed that in 45 cases, CGHS penalized and recovered an amount of ₹ 71.60 lakh as liquidated damage from the PBG of HCOs. In 88 cases, an amount of ₹ 25.61 lakh was recovered from the HCOs on account of over billing and refunded to the concerned beneficiaries.

Audit noted that the grievance system of CGHS was largely effective. However, CGHS is not maintaining the record in the proper format containing the details such as the date of receipt, date of disposal and the time taken to dispose the grievance. Thus, CGHS should maintain the proper records relating to grievance cases.

CGHS replied (April 2022) that this had been initiated and would be implemented.

3.5 Deficiencies in e-Claims System

BCA used e-CLAIM GENERIC SYSTEM (e-Claim) for the processing and settlement of claims submitted by the empanelled HCOs. With respect to e-Claim System following shortcomings/irregularities observed by audit.

i. Non integration of the e-Claims System with the master database containing beneficiary's details

The BCA was engaged to facilitate the CGHS in processing of claims of beneficiaries. For this, BCA was authorized to scrutinize the authenticity/ correctness of amount charged in each and every claim during claims processing. Thereafter the BCA forwards the claims to CGHS for its final approval. CGHS with the help of NIC maintains a list of all CGHS beneficiaries known as 'Master List of beneficiaries'. Further, CGHS periodically updates the list to reflect any addition or deletion of beneficiary.

Audit noted that 'e-Claim system' has not been integrated with the master database containing beneficiary details. As a result, BCA was not able to verify whether the claim submitted by empanelled HCOs pertains to valid beneficiaries.

CGHS replied (April 2022) that this had been addressed in the NHA system for pensioner beneficiaries.

ii. Non-existence of SMS alert system to beneficiaries regarding their treatment/expenses in empanelled HCOs

With a view to exercise an effective check on the possibility of misuse of CGHS cards by non- Card holders and pilferage of medicines from the CGHS wellness centres, an 'SMS-Alert' system has been introduced in July, 2012 by CGHS. Under this system, whenever a CGHS card is used for issue of medicines from the CGHS dispensary, a system generated message is sent to the CGHS beneficiary indicating that medicines had been issued in the beneficiary's name from the CGHS dispensary.

Audit noted that there is no similar SMS based alert system for beneficiaries who are eligible for treatment on credit facility regarding their treatment/ expenses/follow up on post hospitalization in empanelled HCOs. SMS alert on the claim raised against the treatment of particular beneficiary may prevent the false/inflated claim amount by HCOs.

CGHS replied (April 2022) that these provisions will be included in the NHA system to overcome these deficiencies.

iii. Non-existence of red-flag/ alarm system for suspicious claims

During 2016 to 2021, CGHS settled 74.93 lakh claims. With such large numbers of claims, it is practically impossible to scrutinize each and every claim manually. Hence, there was an enormous risk of fraudulent or suspicious claims which may remained unnoticed by CGHS. Therefore, in view of risk involved, a system for putting up red flags in the e-Claim system may control suspicious claims by identifying claims involving multiple claims by the same beneficiary ID, age of dependent son being greater than 25 year etc. In the absence of a red-flag/alarm system, payments against such irregular/unauthorized claims cannot be ruled out.

iv. Non-integration of e-Claims system with PAO (Public Financial Management System-PFMS) system

As the e-Claims system is not integrated with the PAO (PFMS) system, the dates on which the PAO made payments to the BCA and the dates on which BCA made payment to the concerned hospitals were not forthcoming from the data furnished by the BCA. In the absence of an integrated system, transparency in payments received by BCA from PAO and timely paid to the concerned HCOs is not being maintained.

v. No pre-validation of data captured through e-Claim System

For speedy settlement of hospital claims, e-Claim System provides an online form which needs to be filled by the empanelled HCOs. The above form contains fields such as Hospital ID, Hospital Name, Region, Admission No, Admission OPD Date, Discharge Date, Card ID, Beneficiary Name, Patient Name, Age and Relation etc. along with attachment option for scanned copy of discharge bill/summary.

A robust system should not accept data in any particular field which is logically not possible or which is beyond the CGHS defined criteria. For example: Card ID field should only accept numeric value as defined by CGHS or name field should only accept alphabets or age should range between 0 to 150 years, etc.

However, during analysis of claim settlement data for the period 2016-17 to 2020-21, following deficiencies were observed:

a. **Null Data:** Data fields such as Card ID, Beneficiary name and other should not be Null. However, in certain cases, claims settled, Card ID fields were Null. This was a significant shortcoming of the e-Claim. Details of all such other fields containing Null data are given in **Annex-3.6**.

b. **Age of Patients more than 150 years:** Age of pensioners /patients should be limited to a reasonable possible range. However, it was observed that 'Age' field/column of

e-Claim system had accepted data which is logically not possible such as age greater than 150 years. A few cases are highlighted in **Table-3.13:**

Table-3.13

Period	Claim ID	Name of the patient	Age (years)
2016-17	4144196	DAMINI RAMESH CHANDRA SHAH	636
2016-17	3041930	REWA DEVI AGRAWAL	830
2020-21	9691966	NIRMAL KUMARI AROAR	848
2020-21	8117438	ARJUN DASS GROVER	995

Source: CGHS Database (e-claims system)

Details of such cases where age of patients greater than 150 years are given in **Table-3.14:**

Table-3.14

Sl. No.	Period	Number of claims settled where patient's age greater than 150 years
1	2016-17	264
2	2017-18	518
3	2018-19	711
4	2019-20	1,024
5	2020-21	842

Source: CGHS Database (e-claims system)

c. **Invalid Card ID:** e-Claim System should accept only valid Card ID allotted by CGHS. Audit observed that e-Claim System has no pre-validation system in place for verification of genuineness of Card ID, which resulted in accepting claims with invalid Card ID. A few cases are highlighted in **Table-3.15:**

Table-3.15

(Claims settled with In-valid Card ID)

Period	Claim ID	In-valid Card ID number
2016-17	3560863	'GirjaBai'
2016-17	3395253	'INVESTIGAT'
2017-18	4408213	'AMITAPAUL'
2017-18	4313671	'P51762java'
2018-19	5426597	'KRKOSTA'
2018-19	6287533	'A K S RAO'
2019-20	6131630	'DASARATHA'
2019-20	9041405	'AMBIKA BAG'
2020-21	302197	'BLANK'
2020-21	10714518	'SAROJ'

Source: CGHS Database (e-claims system)

d. Card ID/ Beneficiary ID: In e-Claim system in the field in which Card ID was to be filled, the e-Claim system accepted both IDs *viz.* Card ID as well as Beneficiary ID.

Inadequate pre-validation checks and absence of mandatory filling of essential fields resulted in poor record/data quality. Therefore, audit could not derive assurance about accuracy, completeness, and reliability of data in the e-Claim system.

CGHS accepted (January 2022) the audit observations and added that integration of beneficiary database will eliminate these errors and observations raised by the audit will be taken up for strengthening the system.

3.6 Short deduction of TDS of ₹ 14.30 crore

As per Central Board of Direct Taxes (CBDT)'s Circular[50] read with Section 194J of the Income-tax Act, 1961, Tax deduction at source (TDS) of 10 *per cent* (7.5 *per cent* for the period 14 May 2020 to 31 March 2021) has to be effected from HCOs on reimbursement of medical claims.

Audit noted that there was short deduction of TDS amounting to ₹ 14.30 crore in 1,48,099 claims/bills of HCOs settled by CGHS, as detailed in **Table-3.16:**

Table-3.16

(₹ in crore)

Year	No of claims where short deduction of TDS made	Claim amount approved by CGHS	TDS to be deducted as per 194 J	TDS deducted	Short deduction
2016-17	13,237	12.21	1.22	0.12	1.10
2017-18	18,067	14.57	1.46	0.07	1.39
2018-19	26,433	29.88	2.99	0.15	2.84
2019-20	43,312	58.10	5.81	0.78	5.03
2020-21	455*	1.29	0.13	0.01	0.12
	46,595**	59.21	4.44	0.62	3.82
Total	**1,48,099**	**175.26**	**16.05**	**1.75**	**14.30**

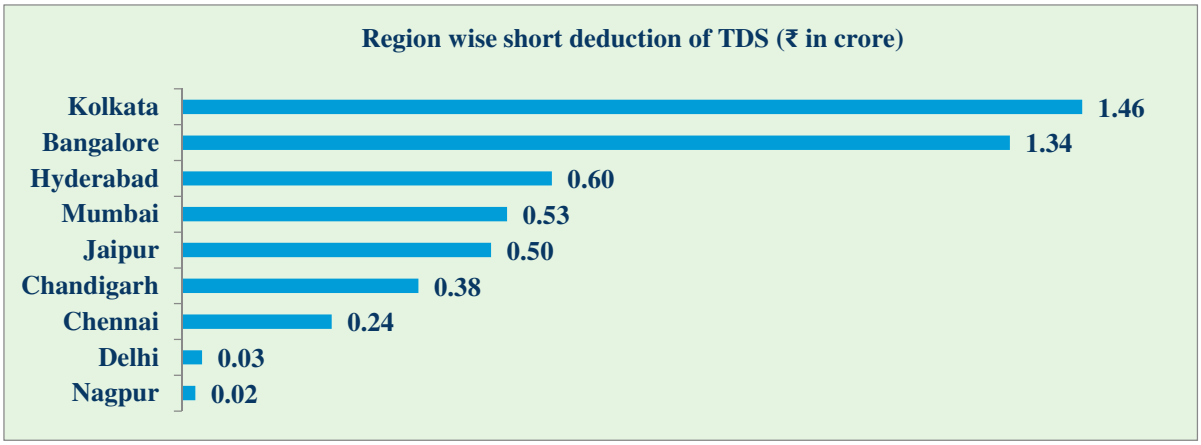
Source: CGHS Database (e-claims system)

*Under Section 194J of income Tax Act, Upto 13 May 2020 TDS rate was 10 *per cent.*
**As per CBDT circular dated May 13, 2020, from 14 May 2020 to 31st March 2021 TDS rate was 7.5 *per cent.*

Further, in nine selected AD offices for test check, (Bangalore, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Mumbai and Nagpur) short deduction of TDS of ₹ 5.10 crore was noticed as detailed in **Chart-3.13:**

[50] No. 8/2009 [F.NO. 385/08/2009-IT(B)], Dated 24-11-2009.

Chart-3.13



Source: CGHS Database (e-claims system)

CGHS replied (April 2022) that the Hospitals are submitting TDS exemption certificate issued by Income Tax office for availing exemption in TDS. However, no documentary proof was provided by the CGHS to establish this fact.

3.7 Processing of Hospital Bills of HCOs empanelled under CGHS on NHA IT Platform for paperless Hospital Billing

As per orders of the MoH&FW of 16 June 2021, the CGHS bill processing system shall be on board the National Health Authority (NHA) platform w.e.f. 25 June 2021 and HCOs empanelled under CGHS shall utilize this platform for uploading the bills pertaining to CGHS beneficiaries in a paperless environment.

CGHS has initiated the process of transitioning of Hospital Bills from UTI-ITSL to NHA IT platform to make the entire process smooth and paperless. As an extension of the existing system for issue of permissions and referral from CGHS Wellness Centres for OPD consultations, listed investigations, listed procedures follow-up, the system has now been made online and shall be accessed through the Transaction Management System (TMS), by the HCO where the beneficiary wishes to avail services. To achieve the above, all currently empanelled HCOs are required to register themselves with the NHA.

Each OPD consultations/investigations/ procedure /follow-up issued to beneficiary would be tagged to a system generated unique referral ID. On entering the referral ID in the TMS, the HCO would be able to access the components of the referral ID and accompanying remarks entered by the doctor in the CGHS Wellness Centre.

HCOs shall submit the claim on the NHA's Transaction Management system (TMS) online system and same will be processed by a panel of claim processing doctors at NHA and approved for payment by CGHS sanctioning authority through TMS. Public finance Management System (PFMS) system has been integrated with NHA's TMS system for processing the payment directly into bank account of HCOs, upon sanction by competent authority.

Since CGHS on boarded its claim processing on the TMS system from June 2021, which is beyond the purview of the current audit period, audit could not ascertain the functioning of the new system. Ministry may ensure that the deficiencies pointed out in this Report are addressed for smooth and error free functioning of the claim processing system.

3.8 Conclusion

Regarding reimbursement of medical claims by CGHS the Performance Audit revealed that:

- The empanelled hospitals over-billed an amount of ₹ 571.03 crore in 15.37 lakh cases during 2016 to 2021. The amount of overbilling had increased from ₹ 71.15 crore (10.83 *per cent* of total claim amount) in 2016-17 to ₹ 152.06 crore (8.83 *per cent* of total claim amount) in 2020-21.
- In spite of the amount approved by the BCA, recovery of ₹ 123.06 crore was pointed out by CGHS, which indicates improper scrutiny by BCA. BCA made payment of ₹ 27.79 lakh to HCOs despite the claims being rejected by CGHS. Audit also noticed excess payment amounting to ₹ 39.32 lakh made to HCOs in 264 cases.
- There were delays in submission of claims by the HCOs ranging upto seven years, delays in processing of claims by the BCA ranging upto 10 years and delays in settlement of claims by the CGHS ranging upto five years.
- CGHS is yet to take any decision in respect of the bills destroyed by fire of ₹ 17.03 crore and lost/untraceable bills amounting to ₹ 4.86 crore which were forwarded by BCA for approval. Claims amounting to ₹ 527.62 crore were pending in 6.32 lakh cases for settlement (March 2021). The recovery of ₹ 38.70 crore from BCA and ₹ 1.17 crore from HCOs is pending.
- Out of 591 HCOs empanelled in Delhi, 277 HCOs which were empanelled for more than one year had still not got Accreditation from NABH/NABL. There was non-submission of Performance Bank Guarantee (PBG) by 305 HCOs.

From the above, it is evident that despite the engagement of BCA, there were cases of delays in submission, processing and approval of Claims. Over-billings by HCOs and overpayment to HCOs were also noted during the course of Performance audit.

Chapter-IV: Conclusion and Recommendations

The Central Government Health Scheme (CGHS) was started in 1954 with the objective of providing comprehensive medical care to the Central Government employees, both serving and pensioners and their dependent family members and other categories of CGHS cardholders as notified by the Government. The facilities and drugs are provided through a large network of wellness centres, polyclinics and labs.

CGHS also reimburses the claims of certain beneficiaries who are eligible for cashless facility in the private Health Care Organizations (HCOs). For processing of claims submitted by the HCOs in a time bound manner, CGHS had engaged M/s. UTI Infrastructure Technology and Services Limited (UTIITSL) as Bill Clearing Agency (BCA) in March 2010. The BCA scrutinizes and processes each bill and deducts the amounts overbilled by the HCOs and submit the bill to CGHS for final approval.

An examination of the procurement and supply chain of drugs by the CGHS revealed various shortcomings and deficiencies in procurement and supply chain management such as non-revision of drug formulary periodically, delays and non-finalisation of rate contracts of drugs which had a cascading effect on the effective supply chain management of drugs. Check of the process of the reimbursement of claims made by Health Care Organisations (HCOs) by the CGHS revealed that, despite the engagement of BCA, there were cases of delay in submission, processing and approval of claims, over-billings by HCOs, and overpayment to HCOs.

Hence, the intended objective of CGHS as envisaged in its Vision Statement '*to be the first choice in providing quality healthcare services and ensuring holistic wellbeing across clients' entire life span*' remained to be fully achieved/fulfilled.

A summary of the focus areas discussed in this report and recommendations made thereon is given below.

Chapter	Conclusion	Recommendations
Chapter II: Procurement and Supply of drugs	Ministry did not ensure that the Drug Formulary was periodically revised as a result CGHS could not buy new drugs. Tenders for rate contract for drugs listed in drug formulary were not processed efficiently and timely by Medical Stores Organization (MSO). In absence of rates of drugs, CGHS could not procure drugs listed in formulary.	Ministry should ensure that the drug formulary is revised on a half yearly basis as prescribed. MSO/CGHS may review the pattern of procurement of drugs so as to identify the drugs brought in large quantities from ALCs and enter into rate contracts in respect of these drugs.
	Ministry did not ensure coordination between CGHS and MSO, and monitor demand and supply chain of drugs to ensure timely and efficient supply of drugs to wellness centres for optimum quantities.	Ministry should ensure proper coordination between its two units viz. CGHS and MSO to ensure an efficient and effective supply chain of drugs so that sufficient drugs are always available in wellness centres.

Chapter	Conclusion	Recommendations
	The deficiencies in supply chain management led to huge procurement of drugs through Authorized Local Chemists (ALC) which is neither convenient for patients nor economical for the government. Further, CGHS also did not monitor delays, short supply, supply of expired/short expiry drugs, and supply of substitute drugs by ALC. As a result patients did not get drugs in time and were inconvenienced due to supply of different brand of drugs by ALC.	Ministry should ensure sufficient stock of drugs in wellness centres so that procurement of drugs through ALC is minimized. Further the CGHS pharma software should be upgraded and adequate checks and validations should be incorporated so that any no expired/short expiry and substitute drugs are supplied by ALC. In order to maintain authenticity and accuracy of data of supply of drugs, it shall be ensured that ALC uploads the data of drugs supplied through bar-code/QR code system only.
Chapter III: Reimbursement of Medical Claims	The empanelled hospitals over-billed an amount of ₹ 571.03 crore in 15.37 lakh cases during 2016 to 2021. The amount of overbilling had increased from ₹ 71.15 crore (10.83 *per cent* of total claim amount) in 2016-17 to ₹ 152.06 crore (8.83 *per cent* of total claim amount) in 2020-21.	CGHS may take action against the HCOs, which are repeatedly submitting inflated bills against the terms and conditions of the Memorandum of Agreement (MoA), so that such instances are minimized. Additionally, automatic validation control system should be included in the IT Platform to restrict the item wise claim amount to the CGHS approved rate.
	Excess payments amounting to ₹ 39.32 lakh were made to HCOs in 264 cases. BCA made payment of ₹ 27.79 lakh to HCOs with respect to claims, which were rejected by CGHS. CGHS approved and made payments to HCOs for 1848 claims amounting to ₹ 23.70 lakh pertaining to ineligible serving employees.	Excess, irregular, unauthorized payments may be recovered from the concerned HCOs.
	There were delays in submission of claims by the HCOs upto seven years.	CGHS may prescribe strict deadlines for submission of claims and may also include penalty clause in the MoA with the HCOs so that they submit bills in the prescribed time frame.
	There were also delays in processing of claims by the BCA upto 10 years, delays in settlement of claims by the CGHS upto five years.	CGHS may identify bottlenecks and take remedial action so that processing and settlement of claims at BCA/CGHS level may be done as per the prescribed timeline.
	The decision in respect of the bills destroyed by fire of ₹ 17.03 crore and lost/untraceable bills amounting to ₹ 4.86 crore which were forwarded by BCA for approval is yet to be taken by CGHS.	All such bills may be reconciled and settled.
	The recovery of ₹ 38.70 crore from BCA and ₹ 1.17 crore from HCOs is pending.	Unutilized amount lying with BCA and amount recoverable from HCOs may be reconciled and recovered.
	Out of 591 HCOs empanelled in Delhi, 277 HCOs which were empanelled for more than one year had still not got Accreditation from NABH/NABL or QCI recommendation.	CGHS may ensure that all the empanelled HCOs must have NABH/NABL certification or QCI recommendation within specified timeline.

Chapter	Conclusion	Recommendations
	Out of 591 empanelled HCOs in Delhi NCR as on March 2021, 305 HCOs did not submit a new Performance Bank Guarantee (PBG) after the validity of the existing PBG was over. Additionally, In 45 cases, CGHS imposed penalty @ 15 *per cent* of PBG as liquidated damages for violation of clause of MoA and amount was recovered from PBG. However, CGHS could not confirm, whether the amount of the PBG will be maintained intact being a revolving guarantee by receiving the bank guarantee for 15 *per cent* amount deducted as penalty.	CGHS should monitor the validity of the existing PBGs so that fresh ones may be obtained if the previous ones had expired. Further, being a revolving guarantee, CGHS should ensure that the amount of the PBG is maintained intact, by receiving the bank guarantee for penalty amount recovered by the CGHS.
	Non-existence of SMS alert system to beneficiaries regarding their treatment/expenses in empanelled HCOs.	SMS alert system may be generated for the beneficiaries availing credit facilities regarding their treatment/expenses at the time of discharge.

In order to improve the system of procurement of drugs and reimbursement of claims, the Ministry may take into consideration the above recommendations and ensure accountability of individuals/units responsible for lapses pointed out in the report.

(ASHOK SINHA)
Director General of Audit
(Health, Welfare and Rural Development)

New Delhi
Dated: 19 July 2022

Countersigned

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

New Delhi
Dated: 21 July 2022

Annexures

Annex-1.1

(Refer to para-1.6)

(Selected AD offices and wellness centers)

Sl. No.	Nos. AD office	Name of selected AD CGHS offices	City	Name of selected wellness center
Delhi NCR				
1.	1	AD, Central Zone	Delhi NCR	Chitra Gupta Road (D51)
2.		AD, Central Zone	Delhi NCR	North Avenue (D31)
3.		AD, Central Zone	Delhi NCR	Pahar Ganj (D5)
4.		AD, Central Zone	Delhi NCR	Pragati Vihar (D83)
5.		AD, Central Zone	Delhi NCR	Central Secretariat (FAPCS)
6.	2	AD, East Zone	Delhi NCR	Chandni Chowk (D8)
7.		AD, East Zone	Delhi NCR	G.K.G Krishna Nagar (D56)
8.		AD, East Zone	Delhi NCR	Greater Noida (D22a)
9.		AD, East Zone	Delhi NCR	Laxmi Nagar (D67)
10.		AD, East Zone	Delhi NCR	Shahdara (D49)
11.		AD, East Zone	Delhi NCR	Timar Pur (D7)
12.		AD, East Zone	Delhi NCR	Yamuna Vihar (D84)
13.	3	AD, North Zone	Delhi NCR	Delhi Cantonment (D3)
14.		AD, North Zone	Delhi NCR	Dwarka (D36a)
15.		AD, North Zone	Delhi NCR	Janak Puri-I (D61)
16.		AD, North Zone	Delhi NCR	Maya Puri (Hari Nagar) (D48)
17.		AD, North Zone	Delhi NCR	Rohini Sec. 16 (D89)
18.		AD, North Zone	Delhi NCR	Shakur Basti (D54)
19.	4	AD, South Zone	Delhi NCR	Andrews Ganj (D39)
20.		AD, South Zone	Delhi NCR	Faridabad (D70)
21.		AD, South Zone	Delhi NCR	Gurugram Sec 5 (D73)
22.		AD, South Zone	Delhi NCR	Kalkaji I (D42)
23.		AD, South Zone	Delhi NCR	Motibagh (D16)
24.		AD, South Zone	Delhi NCR	Pushp Vihar (PushpVihar Sector 4) (D78)
25.		AD, South Zone	Delhi NCR	R K Puram-I (D43)
26.		AD, South Zone	Delhi NCR	R K Puram-II (D46)
27.		AD, South Zone	Delhi NCR	Sarojini Nagar I (D13)
28.		AD, South Zone	Delhi NCR	Shrinivaspuri (D37)
29.		AD, South Zone	Delhi NCR	Vasant Kunj (D91)
30.		AD, South Zone	Delhi NCR	Vasant Vihar (D96)
Outside Delhi				
1.	1	AD, Bangalore	Bengaluru	KA Vijayanagar (BA05)
2.		AD, Bangalore	Bengaluru	KA Koramangala (BA07)
3.		AD, Bangalore	Bengaluru	KA Jayanagar (BA06)
4.		AD, Bangalore	Bengaluru	KA Gangenahalli (BA09)
5.		AD, Bangalore	Bengaluru	KA C. V. Raman Nagar(BA10)

6.	2	AD, Bhubaneswar	Bhubaneswar	Old AG Colony (BH1)
7.	3	AD, Chandigarh	Shimla	Shimla (SL1)
8.		AD, Chandigarh	Chandigarh	Chandigarh (CG1)
9.	4	AD, Chennai	Chennai	Royapuram (CH12)
10.		AD, Chennai	Chennai	K K Nagar (CH06)
11.		AD, Chennai	Chennai	Guindy (CH05)
12.		AD, Chennai	Chennai	Avadi (CH03)
13.	5	AD, Hyderabad	Visakhapatnam	Visakhapatnam (HYV)
14.		AD, Hyderabad	Hyderabad	Tarnaka (HY13)
15.		AD, Hyderabad	Hyderabad	Padmarao Nagar (HY3)
16.		AD, Hyderabad	Hyderabad	Malakpet (HY7)
17.		AD, Hyderabad	Hyderabad	Kanchanbagh (HY8)
18.		AD, Hyderabad	Hyderabad	Kachiguda (HY6)
19.		AD, Hyderabad	Hyderabad	Humayun Nagar (HY2)
20.		AD, Hyderabad	Hyderabad	Begumpet (HY4)
21.		AD, Hyderabad	Hyderabad	Alwal (HY9)
22.	6	AD, Jaipur	Jaipur	Janta Colony (JA2)
23.		AD, Jaipur	Jaipur	Chandan Mahal (JA1)
24.		AD, Jaipur	Jaipur	Bani Park (JA4)
25.	7	AD, Kolkata	Kolkata	Motilal Gupta Road (KO17)
26.		AD, Kolkata	Kolkata	Mint Colony (KO9)
27.		AD, Kolkata	Kolkata	Belvedere (KO1)
28.		AD, Kolkata	Kolkata	BBD Bag (KO10)
29.	8	AD, Lucknow	Lucknow	Lucknow5 (LK5)
30.		AD, Lucknow	Lucknow	Lucknow3 (LK3)
31.		AD, Lucknow	Lucknow	Lucknow 1 (LK1)
32.		AD, Lucknow	Lucknow	Aishbagh (LK9)
33.	9	AD, Mumbai	Mumbai	Vikhroli (MU18)
34.		AD, Mumbai	Mumbai	Sheikh Mistry, Koliwada (MU22)
35.		AD, Mumbai	Mumbai	Pedder Road (MU2)
36.		AD, Mumbai	Mumbai	Parel (MU23)
37.		AD, Mumbai	Mumbai	Oshiwaran (MU16)
38.		AD, Mumbai	Mumbai	Mahim (MU4)
39.		AD, Mumbai	Mumbai	Kujurmarg, Powal (MU24)
40.		AD, Mumbai	Mumbai	Kandivali (MU20)
41.		AD, Mumbai	Mumbai	C G O New Marine Lines (MU1)
42.		AD, Mumbai	Mumbai	Ambarnath (MU12)
43.	10	AD, Nagpur	Nagpur	Shankar Nagar (NP6)
44.		AD, Nagpur	Nagpur	Sankar Dara (NP9)
45.	11	AD, Shillong	Imphal	Imphal (IM1)
46.		AD, Shillong	Shillong	Shillong (SH1)
47.		AD, Shillong	Shillong	Opp. Raj Bhawan Shillong (SH2)

Annex-2.1

(Refer to para-2.5)

Short supply of drugs by MSD to Selected WCs

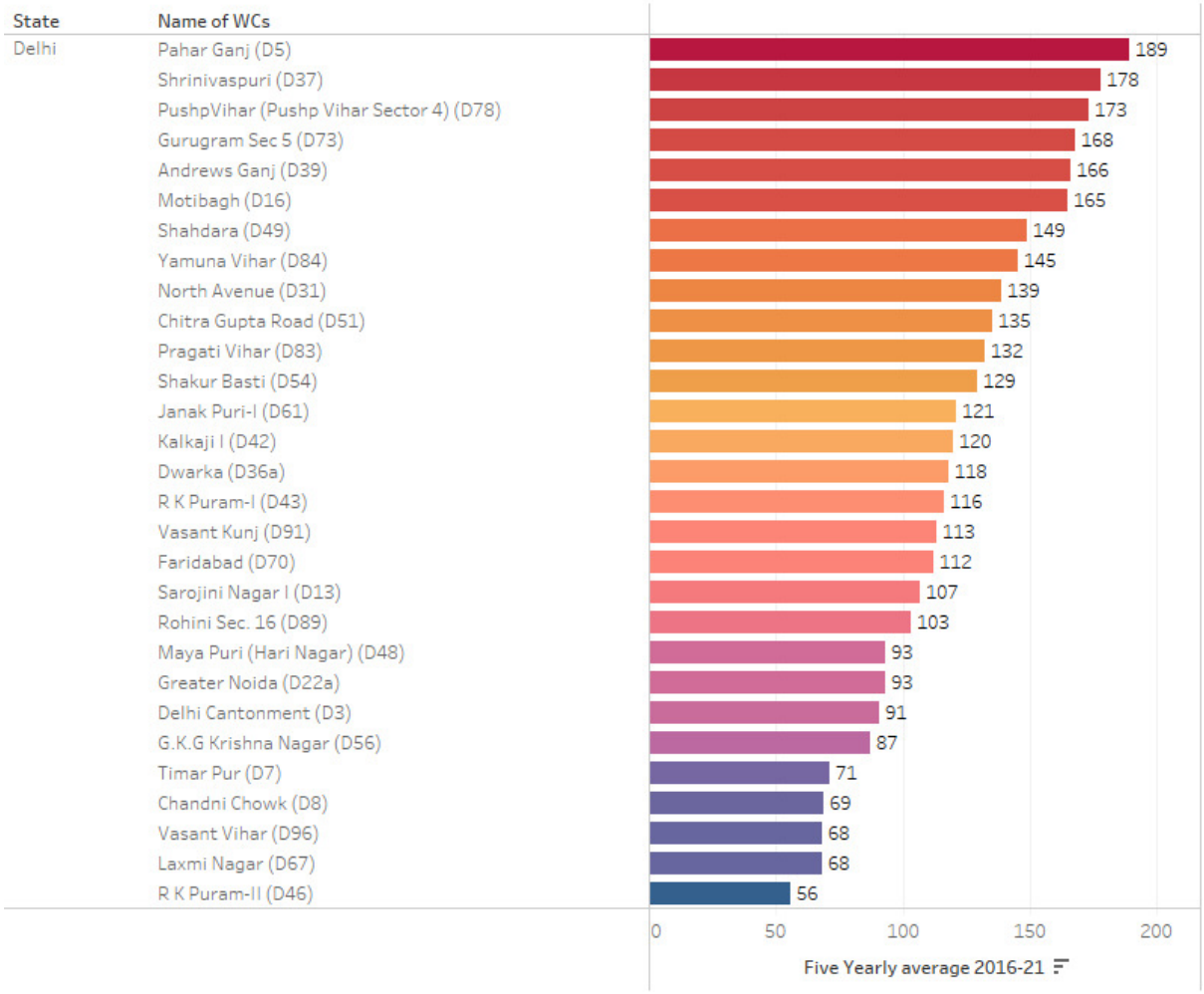
State	Name of WCs	Number of cases of short supply	Quantity short supplied
Andhra Pra..	Visakhapatnam(HYV)	39	-71,180
Delhi	Andrews Ganj (D39)	482	-1,330,389
	Central Secretariat (FAPCS)	32	-12,486
	Chandni Chowk (D8)	484	-797,756
	Chitra Gupta Road (D51)	372	-850,658
	Delhi Cantonment (D3)	301	-1,294,778
	Dwarka (D36a)	876	-3,855,616
	Faridabad (D70)	609	-3,716,749
	G.K.G Krishna Nagar (D56)	525	-1,434,872
	Greater Noida (D22a)	490	-2,857,357
	Gurugram Sec 5 (D73)	747	-8,042,951
	Janak Puri-I (D61)	701	-2,946,569
	Kalkaji I (D42)	447	-2,168,139
	Laxmi Nagar (D67)	745	-7,937,251
	Maya Puri (Hari Nagar) (D48)	648	-4,418,398
	Motibagh (D16)	498	-2,201,286
	North Avenue (D31)	655	-2,158,216
	Pahar Ganj (D5)	557	-1,619,356
	Pragati Vihar (D83)	409	-1,190,710
	PushpVihar (Pushp Vihar Sector 4) (D78)	799	-5,211,582
	R K Puram-I (D43)	590	-1,893,207
	R K Puram-II (D46)	437	-1,019,290
	Rohini Sec. 16 (D89)	501	-2,235,067
	Sarojini Nagar I (D13)	305	-762,302
	Shahdara (D49)	655	-5,034,941
	Shakur Basti (D54)	638	-4,520,813
	Shrinivaspuri (D37)	490	-1,342,907
	Timar Pur (D7)	750	-2,712,404
	Vasant Kunj (D91)	590	-1,851,379
	Vasant Vihar (D96)	219	-305,872
	Yamuna Vihar (D84)	1,142	-15,449,069
Karnataka	KA C. V. Raman Nagar(BA10)	57	-1,137,114
	KA Gangenahalli(BA09)	60	-996,395
	KA Jayanagar(BA06)	40	-703,632
	KA Koramangala(BA07)	100	-2,092,145
	KA Vijayanagar(BA05)	59	-1,287,475
Maharashtra	Ambarnath(MU12)	1,027	-4,887,075
	C G O New Marine Lines(MU1)	1,210	-2,640,202
	Kandivali(MU20)	1,094	-5,174,657
	Kujurmarg, Powal(MU24)	1,041	-2,423,648
	Oshiwara(MU16)	779	-894,722
	Parel (MU23)	811	-1,585,643
	Pedder Road(MU2)	515	-353,536
	Sankar Dara(NP9)	758	-873,573
	Shankar Nagar(NP6)	549	-967,296
	Sheikh Mistry, Koliwada(MU22)	1,384	-2,938,670
	Vikhroli(MU18)	485	-924,769
Meghalaya	Opp. Raj Bhawan Shillong(SH2)	426	-378,993
	Shillong(SH1)	591	-306,897
Rajasthan	Bani Park(JA4)	1,548	-6,259,553
	Chandan Mahal(JA1)	732	-936,328
	Janta Colony(JA2)	992	-1,158,539
Tamil Nadu	Avadi(CH03)	2,768	-12,371,789
	Guindy(CH05)	1,716	-2,766,297
	K K Nagar(CH06)	1,952	-5,394,641
	Royapuram(CH12)	1,321	-1,753,821
Telangana	Alwal(HY9)	1,150	-3,719,067
	Begumpet(HY4)	1,727	-7,518,044
	Humayun Nagar(HY2)	1,437	-3,596,895
	Kachiguda(HY6)	884	-1,606,024
	Kanchanbagh(HY8)	1,292	-5,477,013
	Malakpet(HY7)	962	-1,555,817
	Padmarao Nagar(HY3)	1,186	-3,039,791
	Tarnaka(HY13)	1,094	-4,160,527
Uttar Pradesh	Aishbagh(LK9)	313	-327,216
	Lucknow 1(LK1)	669	-1,675,013
	Lucknow3(LK3)	640	-2,005,617
	Lucknow5(LK5)	482	-601,830
		0K 1K 2K 3K	-20M -15M -10M -5M 0M
		Number of cases of short supply	Quantity short supplied

Source: CGHS database

Annex-2.2

(Refer to para-2.6)

Average number of drug items available in stock of selected WCs in Delhi/NCR during 2016-21



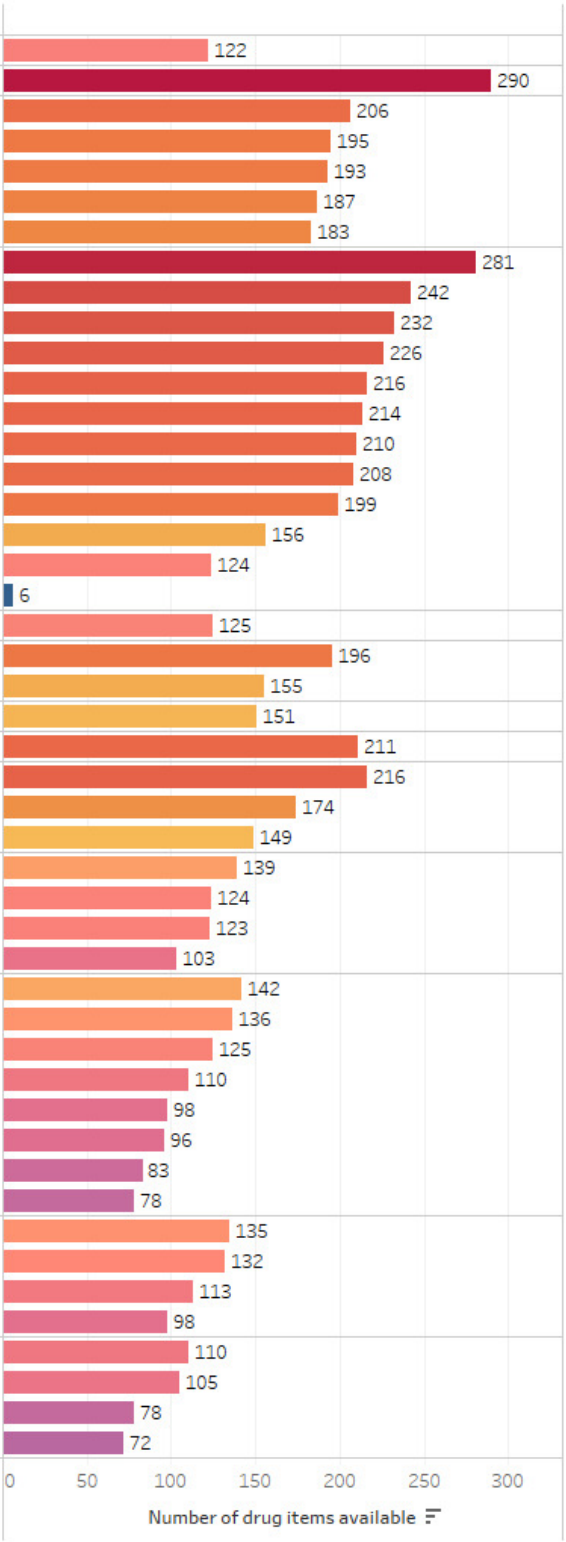
Source: CGHS database

Annex-2.3

(Refer to para-2.6)

Average number of drug items available in stock of selected WCs during 2016-21

State	Name of WCs	Number of drug items available
Andhra Pradesh	Visakhapatnam(HYV)	122
Himachal Pradesh	Shimla(SL1)	290
Karnataka	KA Jayanagar(BA06)	206
	KA Koramangala(BA07)	195
	KA C. V. Raman Nagar(BA10)	193
	KA Vijayanagar(BA05)	187
	KA Gangenahalli(BA09)	183
Maharashtra	Ambarnath(MU12)	281
	Vikhroli(MU18)	242
	Pedder Road(MU2)	232
	Kujurmarg, Powal(MU24)	226
	Oshiwara(MU16)	216
	Kandivali(MU20)	214
	Sheikh Mistry, Koliwada(MU22)	210
	Parel (MU23)	208
	C G O New Marine Lines(MU1)	199
	Sankar Dara(NP9)	156
	Shankar Nagar(NP6)	124
	Mahim(MU4)	6
Manipur	Imphal(IM1)	125
Meghalaya	Opp. Raj Bhawan Shillong(SH2)	196
	Shillong(SH1)	155
Orissa	OLD AG Colony(BH1)	151
Punjab	Chandigarh(CG1)	211
Rajasthan	Janta Colony(JA2)	216
	Bani Park(JA4)	174
	Chandan Mahal(JA1)	149
Tamil Nadu	Avadi(CH03)	139
	Guindy(CH05)	124
	Royapuram(CH12)	123
	K K Nagar(CH06)	103
Telangana	Padmarao Nagar(HY3)	142
	Kanchanbagh(HY8)	136
	Malakpet(HY7)	125
	Alwal(HY9)	110
	Tarnaka(HY13)	98
	Kachiguda(HY6)	96
	Begumpet(HY4)	83
	Humayun Nagar(HY2)	78
Uttar Pradesh	Lucknow3(LK3)	135
	Lucknow 1(LK1)	132
	Aishbagh(LK9)	113
	Lucknow5(LK5)	98
West Bengal	BBD Bag (KO10)	110
	Motilal Gupta Road(KO17)	105
	Belvedere(KO1)	78
	Mint Colony(KO9)	72



Source: CGHS database

Annex-2.4

(Refer to para-2.7.3)

Details of substitute drugs supplied by ALC

Prescribed brand of drug	Manufacturer of prescribed brand of drug	Substitute drug of different manufacturer supplied by ALC	Remarks
BRIMOLOL-	SUN Pharma	ABBOTT	Different manufacturer
		AJANTA PHARMA	Different manufacturer
		ALERGAN	Different manufacturer
		asa	Incorrect details of manufacturer mentioned by ALC
		asd	Incorrect details of manufacturer mentioned by ALC
		BIOCHEM	Different manufacturer
COMBIGAN-	Allergan India Pvt. Ltd.	ALLEMBIC	Different manufacturer.
		ALLERP	Incorrect details of manufacturer mentioned by ALC
		ALB	Incorrect details of manufacturer mentioned by ALC
		allerqa	Incorrect details of manufacturer mentioned by ALC
		AVENTIS	Different manufacturer.
		CENTAUR	Different manufacturer.
DYNAPAR-CREAM	Troikaa Pharmaceuticals Ltd	unique	Different manufacturer
		WINGS	Different manufacturer
		ZYDUS	Different manufacturer
ALLEGRA-120MG	Sanofi India Ltd	GERMAN REMEDIES LTD.	Different manufacturer
		fgfdgdfg	Incorrect details of manufacturer mentioned by ALC
		gfgdfgdh	Incorrect details of manufacturer mentioned by ALC
		GLENMARK	Different manufacturer
		GLAXO	Different manufacturer
		SUN PAHRMA	Different manufacturer
ALPRAX-0.5MG	Torrent Pharmaceuticals Ltd	HORIZON	Different manufacturer
		helios	Incorrect details of manufacturer mentioned by ALC
		HGU	Incorrect details of manufacturer mentioned by ALC
		INNOVATIVE	Different manufacturer
		INTAS	Different manufacturer

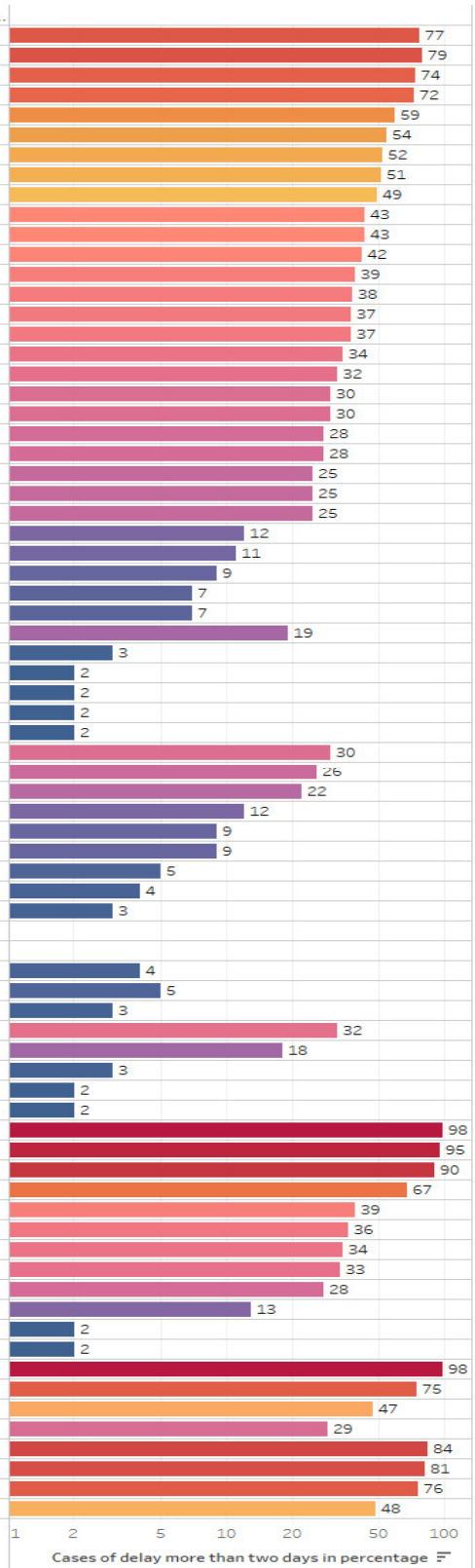
Source: CGHS database

Annex-2.5

(Refer to para-2.7.4)

Cases of delay more than two days in percentage

State	Name of WCs	Total cases	Cases of delay m..	Cases of delay more than two days in percentage
Andhra Pradesh	Visakhapatnam(HYV)	334492	257442	77
Delhi	Vasant Kunj (D91)	318845	252716	79
	PushpVihar (Pushp Vihar Sect..	489858	363489	74
	Laxmi Nagar (D67)	1120684	807757	72
	Shrinivaspuri (D37)	278981	165503	59
	Sarojini Nagar I (D13)	390400	211755	54
	Faridabad (D70)	905082	467081	52
	Greater Noida (D22a)	504635	257166	51
	Shakur Basti (D54)	576372	284958	49
	Maya Puri (Hari Nagar) (D48)	704604	302480	43
	Gurugram Sec 5 (D73)	1209711	520578	43
	Timar Pur (D7)	509537	214665	42
	Janak Puri-I (D61)	1225461	476878	39
	Motibagh (D16)	464321	177235	38
	Vasant Vihar (D96)	112929	41972	37
	Kalkaji I (D42)	635057	233425	37
	Chandni Chowk (D8)	167963	57757	34
	Pahar Ganj (D5)	344343	110400	32
	R K Puram-II (D46)	383916	115452	30
	R K Puram-I (D43)	566914	172417	30
	G.K.G Krishna Nagar (D56)	597113	168193	28
	Delhi Cantonment (D3)	353842	100636	28
	Shahdara (D49)	1111190	276264	25
	North Avenue (D31)	472577	117184	25
	Chitra Gupta Road (D51)	350056	87631	25
	Pragati Vihar (D83)	295293	36228	12
	Yamuna Vihar (D84)	1279487	143869	11
	Rohini Sec. 16 (D89)	811586	73984	9
	Dwarka (D36a)	920795	60324	7
	Andrews Ganj (D39)	417883	31148	7
Himachal Pradesh	Shimla(SL1)	39342	7535	19
Karnataka	KA Koramangala(BA07)	147767	3784	3
	KA Vijayanagar(BA05)	218144	5008	2
	KA Jayanagar(BA06)	178996	4395	2
	KA Gangenahalli(BA09)	219329	4421	2
	KA C. V. Raman Nagar(BA10)	223314	4142	2
Maharashtra	Kandivali(MU20)	121343	35822	30
	Kujurmarg, Powai(MU24)	68287	18083	26
	Oshiwara(MU16)	15389	3392	22
	Pedder Road(MU2)	13753	1602	12
	Parel (MU23)	49056	4575	9
	Ambarnath(MU12)	209537	18930	9
	Sheikh Mistry, Koliwada(MU2..	88173	4227	5
	Vikhroli(MU18)	10848	455	4
	C G O New Marine Lines(MU1)	99373	2693	3
	Shankar Nagar(NP6)	25289	0	
	Sankar Dara(NP9)	24271	0	
Manipur	Imphal(IM1)	18621	680	4
Meghalaya	Shillong(SH1)	96747	5220	5
	Opp. Raj Bhawan Shillong(SH..	78922	1981	3
Orissa	OLD AG Colony(BH1)	364530	118032	32
Punjab	Chandigarh(CG1)	862745	158115	18
Rajasthan	Chandan Mahal(JA1)	145000	4146	3
	Janta Colony(JA2)	153667	3377	2
	Bani Park(JA4)	454516	7993	2
Tamil Nadu	K K Nagar(CH06)	277956	271263	98
	Avadi(CH03)	463122	437759	95
	Guindy(CH05)	99355	89549	90
	Royapuram(CH12)	108177	72640	67
Telangana	Humayun Nagar(HY2)	386183	149587	39
	Alwal(HY9)	301067	107818	36
	Begumpet(HY4)	464527	158508	34
	Tarnaka(HY13)	298179	97062	33
	Padmarao Nagar(HY3)	253422	69959	28
	Kachiguda(HY6)	262277	32856	13
	Malakpet(HY7)	267505	5650	2
	Kanchanbagh(HY8)	596399	14767	2
Uttar Pradesh	Lucknow3(LK3)	338892	332614	98
	Lucknow 1(LK1)	587939	439967	75
	Lucknow5(LK5)	129390	60796	47
	Aishbagh(LK9)	34394	10058	29
West Bengal	Mint Colony(KO9)	283175	236754	84
	Motilal Gupta Road(KO17)	146209	118807	81
	BBD Bag (KO10)	328731	248782	76
	Belvedere(KO1)	139471	66287	48



Source: CGHS database

Annex-2.6

(Refer to para-2.7.5)

Cases of short supply of drugs against indent by ALC to WCs

State	Name of WCs	Number of cases
Andhra Pradesh	Visakhapatnam(HYV)	5,970
Delhi	Shahdara (D49)	41,772
	Gurugram Sec 5 (D73)	37,563
	Laxmi Nagar (D67)	37,351
	Yamuna Vihar (D84)	34,950
	R K Puram-I (D43)	25,125
	Dwarka (D36a)	23,020
	Faridabad (D70)	22,436
	Janak Puri-I (D61)	18,870
	G.K.G Krishna Nagar (D56)	17,954
	Timar Pur (D7)	16,849
	North Avenue (D31)	15,823
	Kalkaji I (D42)	14,724
	Vasant Kunj (D91)	14,409
	R K Puram-II (D46)	14,101
	Chitra Gupta Road (D51)	12,356
	Sarojini Nagar I (D13)	12,134
	Greater Noida (D22a)	10,005
	Pragati Vihar (D83)	9,528
	PushpVihar (Pushp Vihar Sector 4) (D..	8,906
	Motibagh (D16)	8,684
	Rohini Sec. 16 (D89)	8,131
	Andrews Ganj (D39)	7,912
	Shakur Basti (D54)	7,891
	Shrinivaspuri (D37)	7,498
	Maya Puri (Hari Nagar) (D48)	6,864
	Chandni Chowk (D8)	5,836
	Pahar Ganj (D5)	5,586
	Delhi Cantonment (D3)	3,298
	Vasant Vihar (D96)	3,142
Himachal Pradesh	Shimla(SL1)	874
Karnataka	KA Gangenahalli(BA09)	10,062
	KA C. V. Raman Nagar(BA10)	9,275
	KA Jayanagar(BA06)	7,938
	KA Vijayanagar(BA05)	7,714
	KA Koramangala(BA07)	6,923
Maharashtra	Ambarnath(MU12)	8,131
	Kandivali(MU20)	6,258
	C G O New Marine Lines(MU1)	4,453
	Sheikh Mistry, Koliwada(MU22)	4,139
	Kujurmarg, Powal(MU24)	3,639
	Parel (MU23)	2,482
	Vikhroli(MU18)	1,282
	Oshiwara(MU16)	892
	Pedder Road(MU2)	649
	Shankar Nagar(NP6)	462
	Sankar Dara(NP9)	434
Manipur	Imphal(IM1)	653
Meghalaya	Shillong(SH1)	3,680
	Opp. Raj Bhawan Shillong(SH2)	1,783
Orissa	OLD AG Colony(BH1)	24,304
Punjab	Chandigarh(CG1)	2,738
Rajasthan	Bani Park(JA4)	3,497
	Chandan Mahal(JA1)	72
	Janta Colony(JA2)	16
Tamil Nadu	Avadi(CH03)	910
	K K Nagar(CH06)	794
	Royapuram(CH12)	281
	Guindy(CH05)	181
Telangana	Begumpet(HY4)	5,605
	Alwal(HY9)	4,214
	Humayun Nagar(HY2)	3,890
	Tarnaka(HY13)	3,856
	Padmarao Nagar(HY3)	3,203
	Kanchanbagh(HY8)	3,199
	Kachiguda(HY6)	2,292
	Malakpet(HY7)	1,706
Uttar Pradesh	Lucknow 1(LK1)	2,763
	Lucknow3(LK3)	1,194
	Lucknow5(LK5)	707
	Aishbagh(LK9)	83
West Bengal	Mint Colony(KO9)	16,541
	BBD Bag (KO10)	13,480
	Motilal Gupta Road(KO17)	8,018
	Belvedere(KO1)	7,575

0K 5K 10K 15K 20K 25K 30K 35K 40K 45K

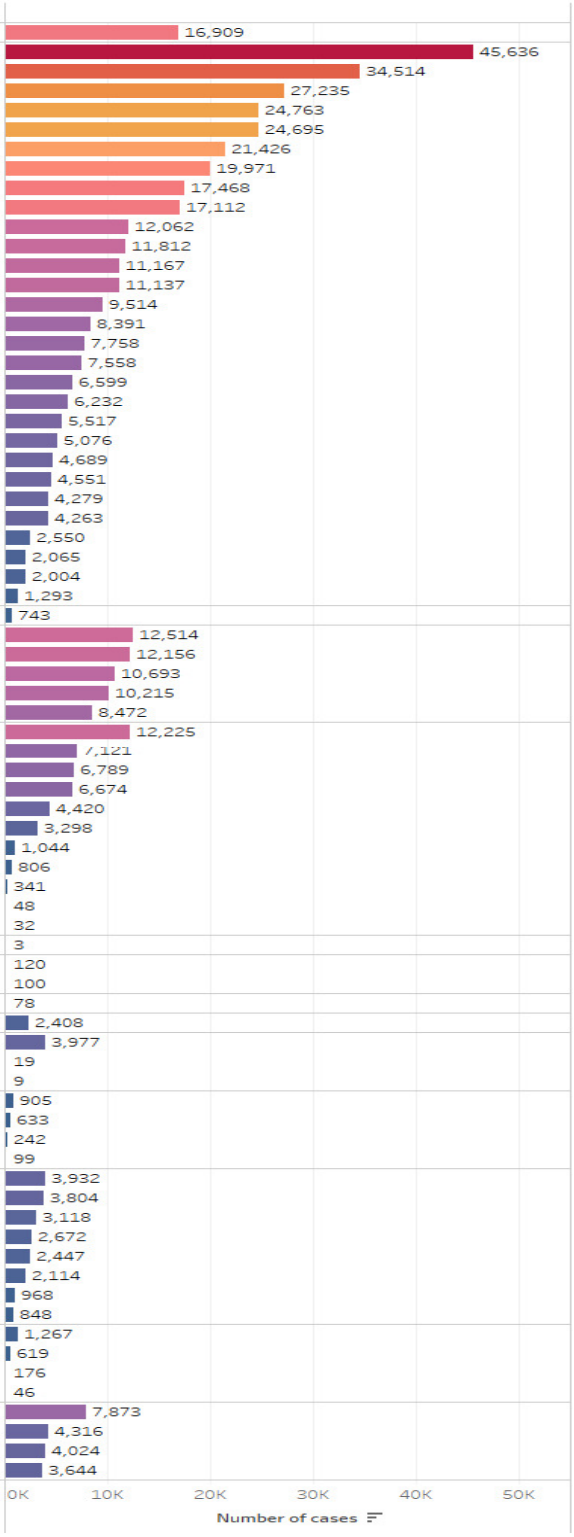
Source: CGHS database

Annex-2.7

(Refer to para-2.7.5)

Cases of excess supply of drugs against indent by ALC to WCs

State	Name of WCs	Number of cases
Andhra Pradesh	Visakhapatnam(HYV)	16,909
Delhi	Janak Puri-I (D61)	45,636
	Rohini Sec. 16 (D89)	34,514
	Faridabad (D70)	27,235
	PushpVihar (Pushp Vihar Sector 4) (D78)	24,763
	Gurugram Sec 5 (D73)	24,695
	R K Puram-I (D43)	21,426
	Dwarka (D36a)	19,971
	Motibagh (D16)	17,468
	Yamuna Vihar (D84)	17,112
	Shahdara (D49)	12,062
	North Avenue (D31)	11,812
	Maya Puri (Hari Nagar) (D48)	11,167
	Kalkaji I (D42)	11,137
	Sarojini Nagar I (D13)	9,514
	Vasant Kunj (D91)	8,391
	Greater Noida (D22a)	7,758
	G.K.G Krishna Nagar (D56)	7,558
	Chitra Gupta Road (D51)	6,599
	Shakur Basti (D54)	6,232
	Shrinivaspuri (D37)	5,517
	Andrews Ganj (D39)	5,076
	Pragati Vihar (D83)	4,689
	R K Puram-II (D46)	4,551
	Laxmi Nagar (D67)	4,279
	Vasant Vihar (D96)	4,263
	Pahar Ganj (D5)	2,550
	Delhi Cantonment (D3)	2,065
	Chandni Chowk (D8)	2,004
	Timar Pur (D7)	1,293
Himachal Pradesh	Shimla(SL1)	743
Karnataka	KA C. V. Raman Nagar(BA10)	12,514
	KA Gangenahalli(BA09)	12,156
	KA Vijayanagar(BA05)	10,693
	KA Koramangala(BA07)	10,215
	KA Jayanagar(BA06)	8,472
Maharashtra	Ambarnath(MU12)	12,225
	C G O New Marine Lines(MU1)	7,121
	Sheikh Mistry, Koliwada(MU22)	6,789
	Kandivali(MU20)	6,674
	Kujurmarg, Powal(MU24)	4,420
	Parel (MU23)	3,298
	Pedder Road(MU2)	1,044
	Oshiwara(MU16)	806
	Vikhroli(MU18)	341
	Sankar Dara(NP9)	48
	Shankar Nagar(NP6)	32
Manipur	Imphal(IM1)	3
Meghalaya	Opp. Raj Bhawan Shillong(SH2)	120
	Shillong(SH1)	100
Orissa	OLD AG Colony(BH1)	78
Punjab	Chandigarh(CG1)	2,408
Rajasthan	Bani Park(JA4)	3,977
	Chandan Mahal(JA1)	19
	Janta Colony(JA2)	9
Tamil Nadu	Avadi(CH03)	905
	K K Nagar(CH06)	633
	Royapuram(CH12)	242
	Guindy(CH05)	99
Telangana	Padmarao Nagar(HY3)	3,932
	Alwal(HY9)	3,804
	Tarnaka(HY13)	3,118
	Kanchanbagh(HY8)	2,672
	Humayun Nagar(HY2)	2,447
	Begumpet(HY4)	2,114
	Kachiguda(HY6)	968
	Malakpet(HY7)	848
Uttar Pradesh	Lucknow 1(LK1)	1,267
	Lucknow3(LK3)	619
	Lucknow5(LK5)	176
	Aishbagh(LK9)	46
West Bengal	BBD Bag (KO10)	7,873
	Mint Colony(KO9)	4,316
	Belvedere(KO1)	4,024
	Motilal Gupta Road(KO17)	3,644

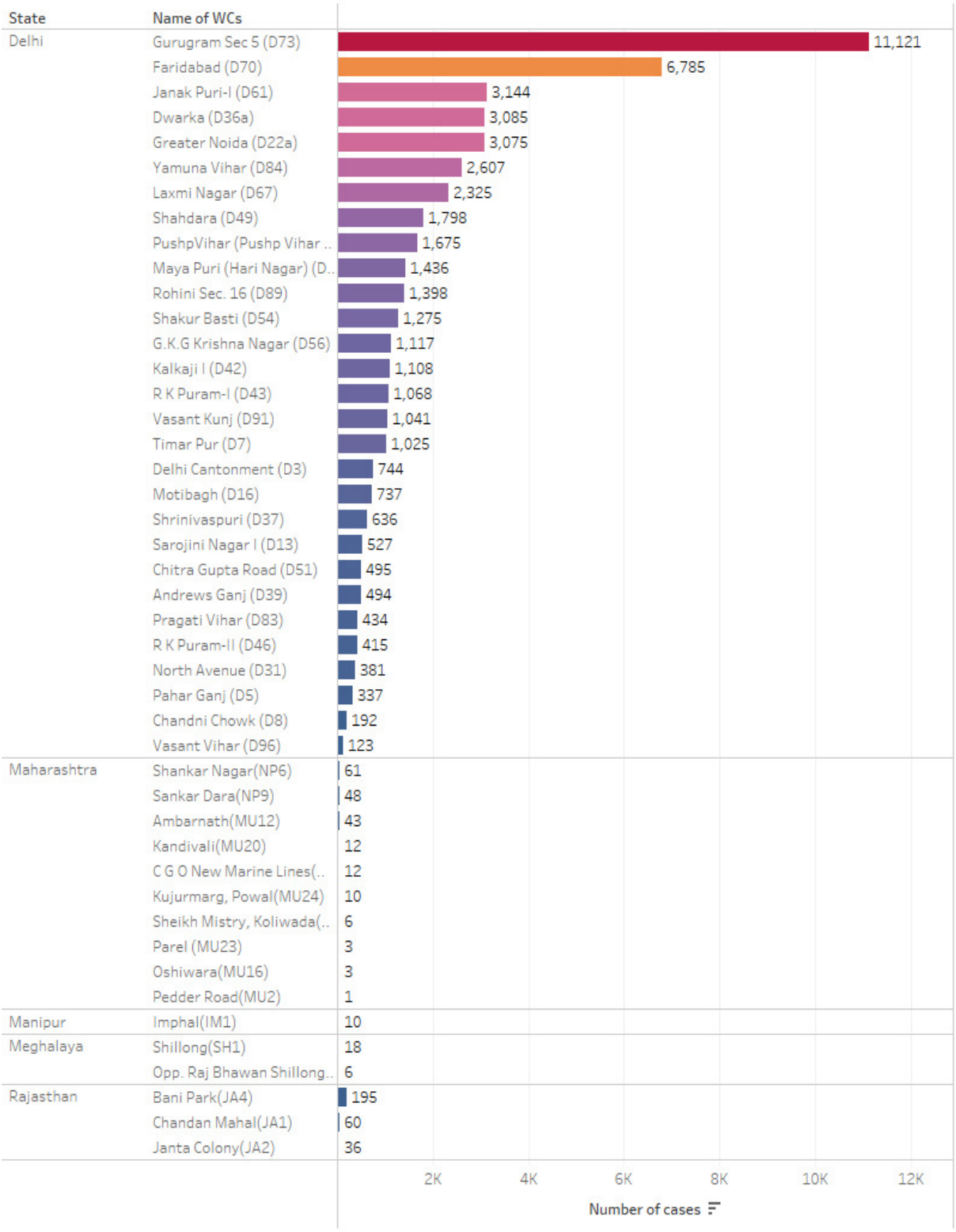


Source: CGHS database

Annex-2.8

(Refer to para-2.8.2)

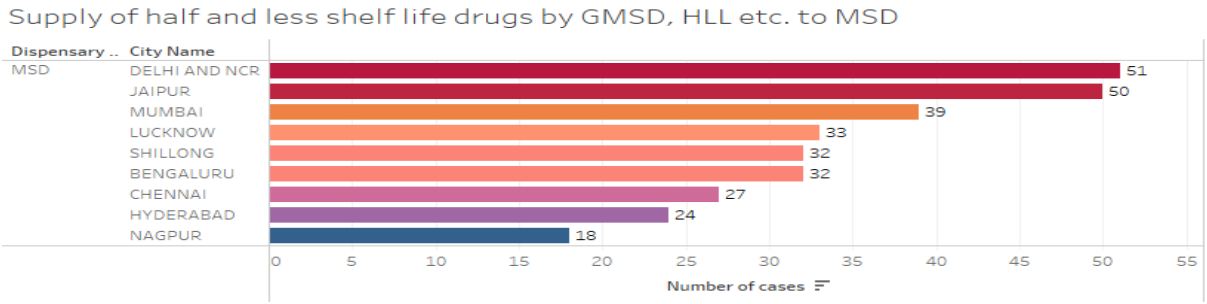
Cases of delay in supply of restricted drugs more than two days



Source: CGHS database

Annex-2.9

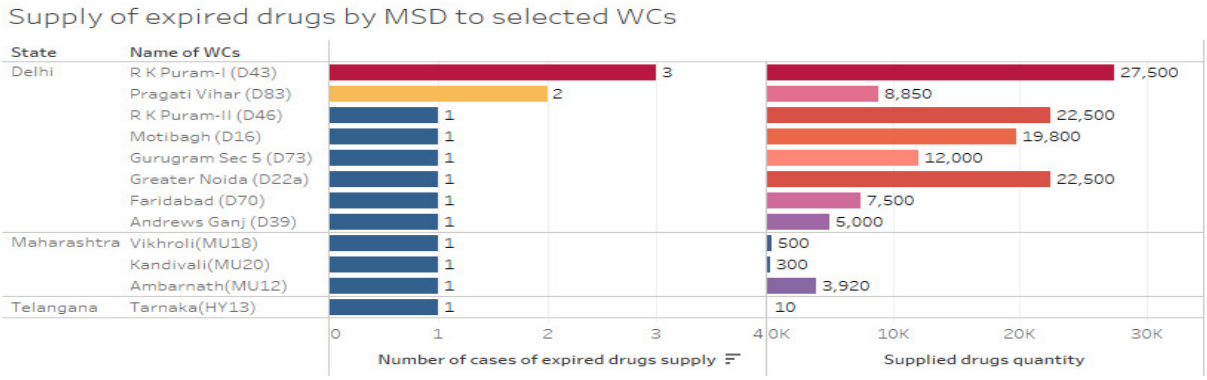
(Refer to para-2.10.1)

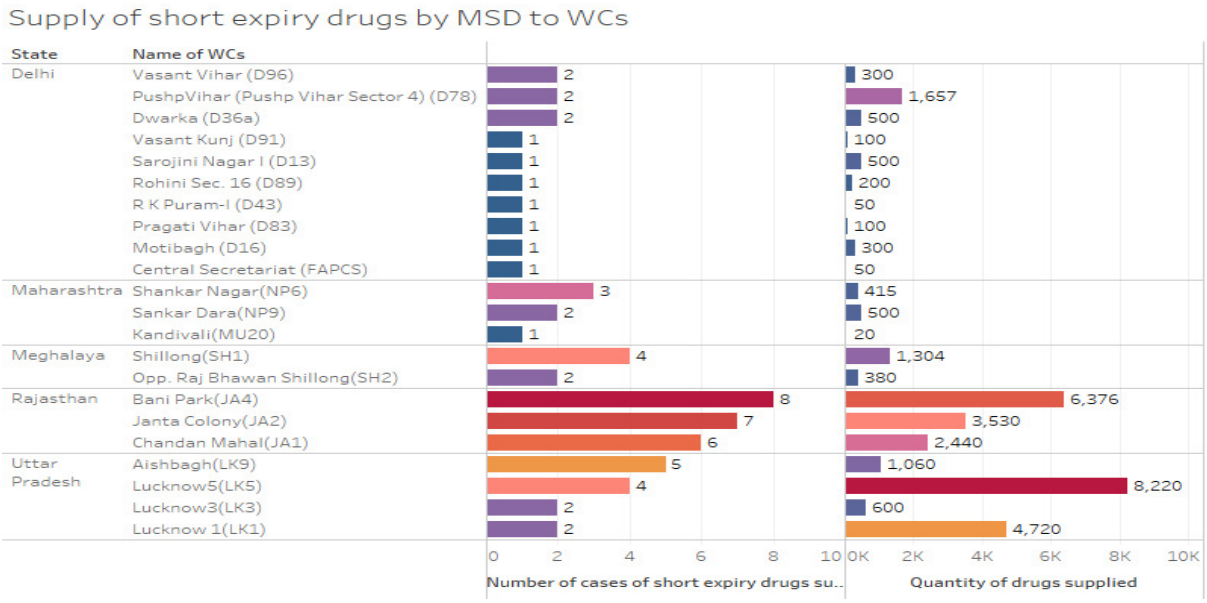


Source: CGHS database

Annex-2.10

(Refer to para-2.10.2)

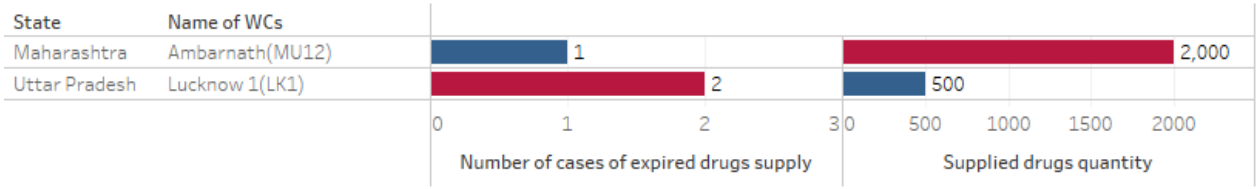




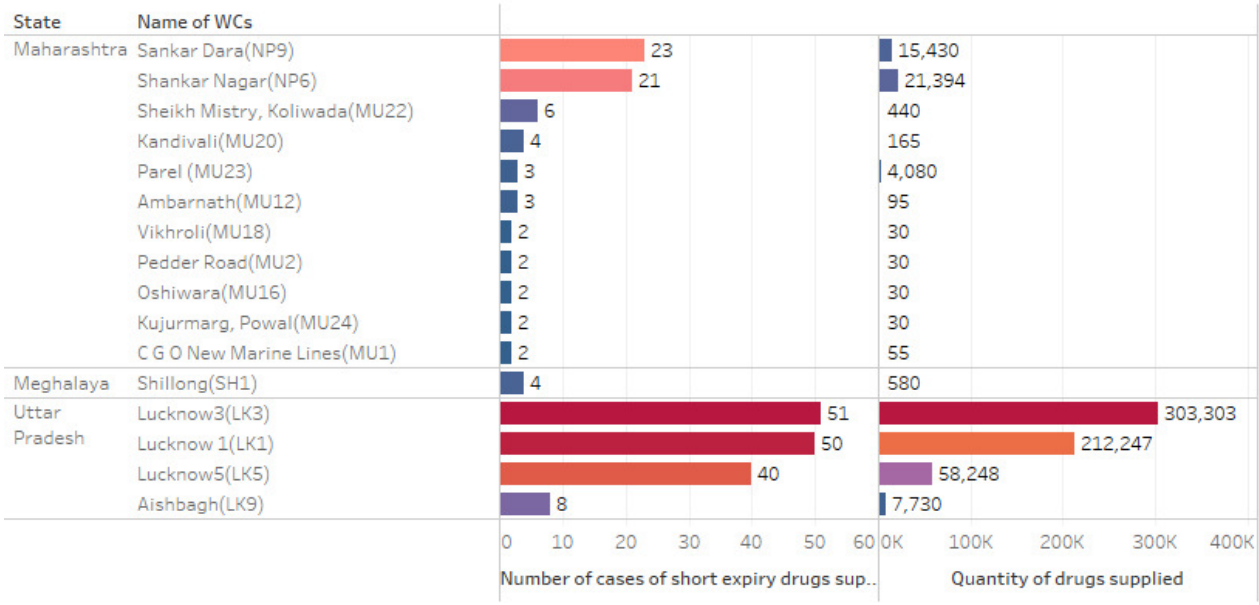
Source: CGHS database

Annex-2.11
(Refer to para-2.10.2)

Supply of expired drugs by MSD to selected WCs without demand



Supply of short expiry drugs by MSD to WCs without demand



Source: CGHS database

Annex-2.12

(Refer to para-2.10.3)

Supply of expired/short expiry drugs by ALC to WCs

State	Name of WCs1	Number of cases	Received Quantity
Andhra Pra..	Visakhapatnam(HYV)	574	21,192
Delhi	Laxmi Nagar (D67)	5,138	128,473
	Yamuna Vihar (D84)	3,535	62,456
	Shakur Basti (D54)	3,408	80,081
	Shahdara (D49)	2,983	73,246
	R K Puram-I (D43)	2,588	74,780
	Gurugram Sec 5 (D73)	1,816	45,989
	Dwarka (D36a)	1,634	53,271
	Sarojini Nagar I (D13)	1,613	54,261
	Kalkaji I (D42)	1,579	47,042
	Andrews Ganj (D39)	1,467	35,740
	Timar Pur (D7)	1,392	31,029
	Janak Puri-I (D61)	1,356	39,642
	North Avenue (D31)	1,342	30,683
	Vasant Kunj (D91)	1,033	27,185
	Greater Noida (D22a)	901	25,712
	Maya Puri (Hari Nagar) (D48)	892	21,700
	PushpVihar (Pushp Vihar Sector 4) (D78)	852	26,473
	Motibagh (D16)	822	20,859
	R K Puram-II (D46)	568	13,032
	G.K.G Krishna Nagar (D56)	548	13,174
	Rohini Sec. 16 (D89)	529	12,602
	Shrinivaspuri (D37)	509	16,663
	Chandni Chowk (D8)	503	11,757
	Vasant Vihar (D96)	450	12,051
	Pragati Vihar (D83)	435	9,194
	Pahar Ganj (D5)	425	9,120
	Chitra Gupta Road (D51)	373	7,513
	Faridabad (D70)	269	5,070
	Delhi Cantonment (D3)	24	650
Himachal P..	Shimla(SL1)	130	2,988
Karnataka	KA Vijayanagar(BA05)	176	4,014
	KA C. V. Raman Nagar(BA10)	124	2,715
	KA Jayanagar(BA06)	110	3,154
	KA Koramangala(BA07)	95	3,333
	KA Gangenahalli(BA09)	88	2,098
Maharashtra	Ambarnath(MU12)	173	4,385
	Kandivali(MU20)	147	3,516
	Sheikh Mistry, Koliwada(MU22)	77	1,352
	C G O New Marine Lines(MU1)	72	1,452
	Oshiwara(MU16)	50	1,360
	Kujurmarg, Powal(MU24)	45	1,267
	Parel (MU23)	33	1,094
	Vikhroli(MU18)	16	547
	Pedder Road(MU2)	14	409
Manipur	Imphal(IM1)	83	1,880
Meghalaya	Shillong(SH1)	305	5,118
	Opp. Raj Bhawan Shillong(SH2)	221	3,226
Orissa	OLD AG Colony(BH1)	1,584	41,476
Punjab	Chandigarh(CG1)	2,714	60,849
Rajasthan	Bani Park(JA4)	374	9,008
	Chandan Mahal(JA1)	98	1,837
	Janta Colony(JA2)	84	1,499
Tamil Nadu	Avadi(CH03)	252	9,750
	K K Nagar(CH06)	178	5,730
	Royapuram(CH12)	99	2,100
	Guindy(CH05)	28	840
Telangana	Padmarao Nagar(HY3)	215	6,950
	Humayun Nagar(HY2)	203	5,370
	Tarnaka(HY13)	198	6,782
	Begumpet(HY4)	136	5,269
	Malakpet(HY7)	130	4,154
	Kachiguda(HY6)	93	2,830
	Alwal(HY9)	93	2,891
	Kanchanbagh(HY8)	39	1,061
Uttar Pradesh	Lucknow3(LK3)	421	9,234
	Lucknow 1(LK1)	395	7,550
	Lucknow5(LK5)	54	1,293
	Aishbagh(LK9)	11	190
West Bengal	BBD Bag (KO10)	1,426	40,802
	Mint Colony(KO9)	1,163	34,110
	Belvedere(KO1)	587	14,389
	Motilal Gupta Road(KO17)	485	15,147

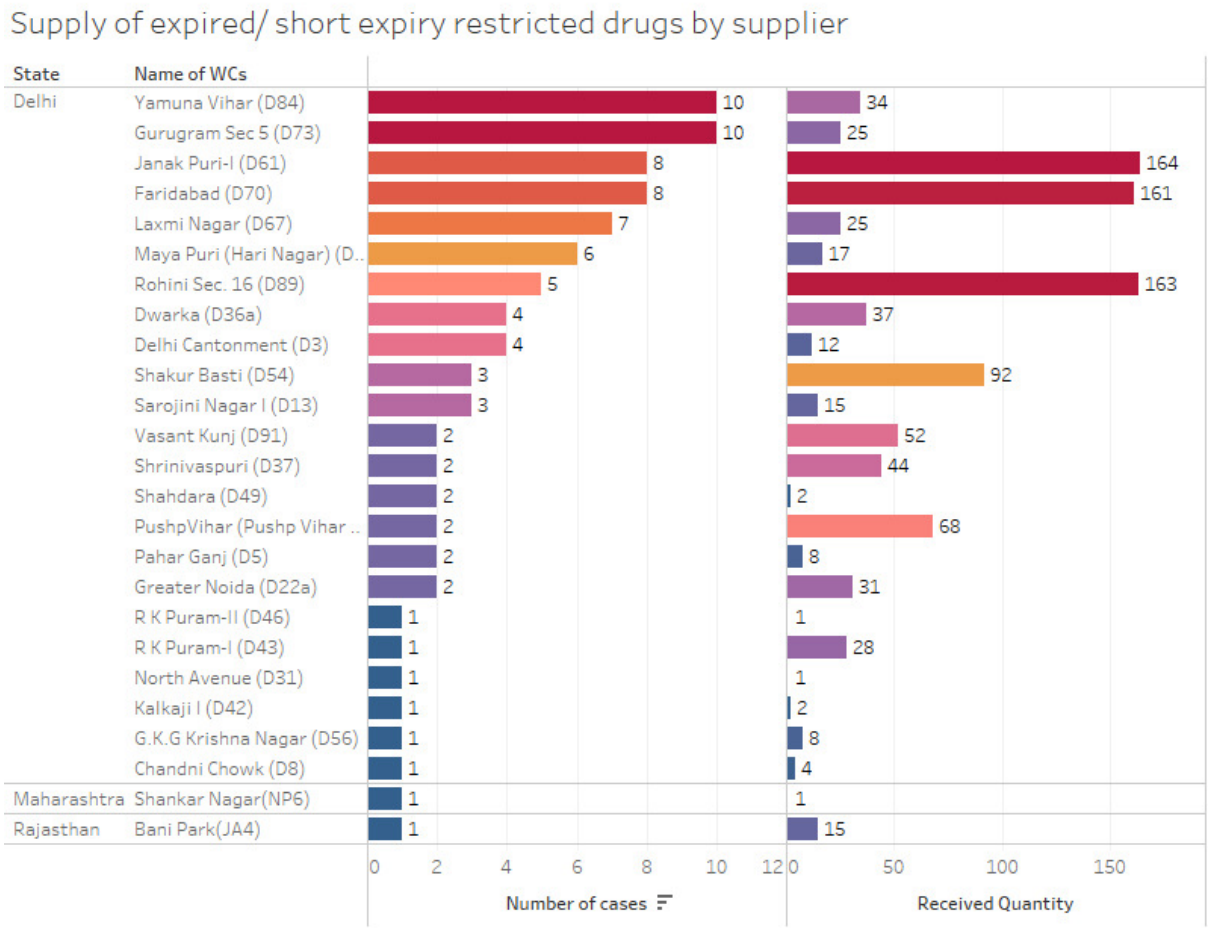
0K 2K 4K 6K — Number of cases

0K 50K 100K 150K — Received Quantity

Source: CGHS database

Annex-2.13

(Refer to para-2.10.4)



Source: CGHS database

Annex-2.14
(Refer to para-2.12.1)
Outstanding payments from CGHS to GMSDs

(Figures in ₹)

Name of Government Medical Store Depot (GMSD)	Name of CGHS Units	Total outstanding dues as on 31.03.2021
GMSD, New Delhi	CGHS New Delhi	197,67,09,000
GMSD, New Delhi	CGHS Jaipur	95,34,000
GMSD, New Delhi	CGHS Kanpur	6,93,64,000
GMSD, New Delhi	CGHS Allahabad	2,45,34,000
GMSD, New Delhi	CGHS Meerut	4,75,79,000
GMSD, New Delhi	CGHS Lucknow	6,14,98,000
GMSD, New Delhi	CGHS Deharadun	8,58,91,000
GMSD, Chennai	CGHS Bangalore	80,58,330
GMSD, Chennai	CGHS Chennai	97,27,350
GMSD, Chennai	CGHS Trivandrum	51,35,350
GMSD, Hyderabad	CGHS Hyderabad	58,09,61,000
GMSD, Hyderabad	CGHS Nagpur	9,43,37,000
GMSD, Hyderabad	CGHS Guntur	8,40,000
GMSD, Hyderabad	CGHS Nellore	8,07,000
GMSD, Hyderabad	CGHS Rajahmundry	12,55,000
GMSD, Hyderabad	CGHS Vijayawada	30,95,000
GMSD, Hyderabad	CGHS Visakhapatnam-1	1,57,14,000
GMSD, Hyderabad	CGHS Visakhapatnam-2	72,56,000
GMSD, Kolkata	CGHS Kolkata	34,86,20,000
GMSD, Kolkata	CGHS Allahabad	22,45,89,000
GMSD, Kolkata	CGHS Bhubaneswar	6,61,75,000
GMSD, Kolkata	CGHS Ranchi	5,81,77,000
GMSD, Kolkata	CGHS Kanpur	2,74,45,000
GMSD, Kolkata	CGHS Guntur	1,000
GMSD Guwahati	CGHS Guwahati	90,05,000
GMSD Guwahati	CGHS Shillong	1,29,89,000
GMSD, Karnal	CGHS Chandigarh	6,33,43,000
GMSD, Karnal	CGHS Ambala	79,42,000
GMSD, Karnal	CGHS Jalandhar	58,89,000
GMSD, Karnal	CGHS Shimla	1,17,33,000
GMSD, Karnal	CGHS Jammu	83,61,000
GMSD, Karnal	CGHS Amrirsar	27,84,000
GMSD, Karnal	CGHS Dehradun	9,55,85,000
GMSD, Karnal	CGHS Lucknow	6,67,02,000
GMSD, Karnal	CGHS Kanpur	10,80,000
GMSD, Karnal	CGHS Meerut	2,000
GMSD, Mumbai	CGHS Mumbai	58,63,67,000
GMSD, Mumbai	CGHS Jabalpur	17,46,15,000
GMSD, Mumbai	CGHS Pune	4,000
GMSD, Mumbai	CGHS Ahmedabad	6,92,73,000
GMSD, Mumbai	CGHS Bhopal	36,50,000
Total		**484,66,26,030**

Source: MSO

Annex-2.15

(Refer to para-2.12.2)

(Details of inaccurate and erroneous entries in database)

Sl. No.	Details of error	Name of data table	Name of column	Remarks
Invalid or Abnormal dates of Manufacturing and expiry				
1	In the data of 2016-2021 the expiry date is appearing as: i. 01.01.1900 in 6069631 cases. ii. January 1970 to March 2010 in 13888 cases. iii. January 2030 to March 9021 in 76721 cases. iv. Invalid dates e.g. 01.01.0001in 327308 cases	chemist indent	expiry date	Due to inadequate validation checks, supplier can supply expired drugs to CGHS and columns of manufacturing and expiry date can be deliberately left blank or filled with inaccurate/abnormal dates
2	In the data of 2016-2021: i. Expiry date is appearing as January 1900 to December 2010 in 31 cases and April 2041 to May 2196 in 26475 cases. ii. Manufacturing date is appearing as August 1816 to March 2010 in 2337 cases and July 2024 to June 2099 in 8 cases.	store_stock_status	expiry date/ manufacturing date	
3	In the data of 2016-2021 the expiry date is appearing as January 2030 to 31 May 2196 in 3426 cases.	msd_demand_supply	expiry date	
Date of Expiry is earlier than the date of Manufacturing or both are same.				
4	The expiry date is earlier than manufacturing date or both are same in 110 cases	msd_store_status_log	expiry date/ manufacturing date	
Supply quantity, Received quantity, Issued quantity, and available quantity of drugs appearing as negative values				
5	Received quantity appearing in negative value in 16 cases	chemist_indent	Received quantity	Due to inadequate validation checks incorrect entries are made in the data making the data inaccurate and unreliable.
6	Issued quantity appearing in negative value in 15 cases.	prescribed_medicine	Issued quantity	
7	Available quantity of drugs in the stock appearing as negative valuesin 135 cases	store_stock_status	available quantity	
8	Supply quantity appearing as -3000 in one case	msd_demand_supply	supply_quantity	
9	Available quantity of drugs in the store showing in minus figure -1 to -1087310 in 5635 cases	store_stock_backup	available quantity	
Incorrect Exorbitant values appearing in data				
10	Demand quantity appearing as 300004000 in one case	msd_demand_supply	demand_quantity	

Essential columns left vacant showing Null Value				
11	MRP, GST, Discount on amount and after discount price showing null values	chemist_in dent	MRP, GST, Discount on amount and after discount price	In absence of mandatory filling of essential fields the data became incomplete and unreliable.
12	Drug quantity issued from stock of WCs to patient showing null values	prescribed_ medicine	Issued quantity	
13	Insertion date showing null valuesin 4808 cases	store_stock _backup	insertion_date	

Source: CGHS database

Annex-2.16

(Refer to para-2.13)

Results of Beneficiary Survey

Sl. No.	Findings
1.	95.5 *per cent* of the beneficiaries stated that all drugs should be available in wellness centre so that patient should get medicine on same day and avoid Indenting of drugs from local chemist
2.	34.5 *per cent* beneficiaries stated that medicine was not available in wellness centre immediately and was received from local chemist after delay during their illness.
3.	29 *per cent* beneficiaries were faced problem in getting drug from ALC on next working day
4.	While, 84 *per cent* beneficiaries stated that, supply of ALC should be improved so that patient should get drug from ALC by next day or more promptly.
5.	72 *per cent* beneficiaries stated that quality of drugs procured from ALC was same as drug issued from dispensary while 24 *per cent* beneficiaries stated quality of drugs procured from ALC was of better quality. Four *per cent* stated MSD drugs were better.
6.	32 *per cent* beneficiaries reported that they did not got the same brand of drug as prescribed by your doctor.
7.	37 *per cent* beneficiaries reported that they feel inconvenience when ALC supplies a different brand of drug.
8.	94 *per cent* beneficiaries reported that drugs issued to them should have a long shelf life.
9.	7 *per cent* beneficiaries stated that short expiry (Expiry within 90 days) drugs were issued to them at any time.
10.	10.5 *per cent* beneficiaries stated that quantity of drugs issued to them by wellness centres was less than prescribed.

Source: Beneficiary Survey

Annex-3.1
(Refer to para-3.2)
(Details of Region Wise Claim Settled)

(₹ in crore)

Year	2016-17		2017-18		2018-19		2019-20		2020-21	
Region	No of Claims Settled	CGHS Approved Amount	No of Claims Settled	CGHS Approved Amount	No of Claims Settled	CGHS Approved Amount	No of Claims Settled	CGHS Approved Amount	No of Claims Settled	CGHS Approved Amount
Ahmedabad	6,024	9.08	8,516	10.83	15,229	15.99	16,314	16.83	22,897	17.23
Guwahati	6,841	2.15	5,067	1.82	9,246	3.43	8,482	3.46	14,973	6.21
Hyderabad	25,609	30.29	61,720	51.38	33,967	29.00	1,06,229	63.78	1,26,183	70.23
Jabalpur	21,182	28.90	21,012	31.59	26,721	41.95	31,245	50.05	37,640	58.36
Jaipur	22,581	15.24	26,342	19.64	26,933	21.42	34,533	25.42	29,705	21.94
Kanpur	12,722	28.46	19,700	24.20	27,834	34.14	31,093	43.78	30,282	41.50
Kolkata	58,837	33.77	65,697	42.93	68,156	66.89	1,22,231	118.00	57,711	76.19
Lucknow	16,515	5.67	21,925	7.16	30,198	10.10	48,983	18.06	32,225	10.62
Meerut	8,001	9.23	11,767	13.10	15,091	13.98	25,506	24.22	21,852	19.01
Mumbai	7,464	10.03	7,816	8.59	15,246	15.86	37,925	22.43	48,445	24.01
Nagpur	26,621	26.51	33,603	27.28	37,681	29.03	49,910	35.27	33,219	26.19
Allahabad	3,385	7.58	11,264	16.63	14,525	15.00	14,077	17.90	12,286	16.45
Patna	4,120	1.44	3,041	1.99	6,728	3.65	10,289	4.10	6,580	3.50
Pune	37,579	41.00	41,315	44.07	41,753	44.60	60,217	64.36	60,683	57.72
Ranchi	5,474	1.56	5,257	1.24	7,163	2.55	3,691	3.16	8,378	3.88
Shillong	0	0	0	0	0	0	434	0.17	883	0.31
Thiruvananthapuram	27,194	4.18	22,312	4.54	35,444	8.67	36,996	10.58	34,061	9.94
Bangalore	20,550	15.93	32,003	21.22	48,976	30.54	80,882	44.36	57,471	38.13
Bhopal	3,149	2.57	3,060	3.16	4,490	4.31	6,351	7.16	6,358	4.67
Bhubaneshwar	1,387	1.88	3,183	2.94	6,976	4.63	9,996	6.07	5,601	2.81
Chandigarh	10,528	9.13	19,824	18.83	16,248	17.56	26,193	23.60	50,856	39.33
Chennai	30,145	13.98	55,392	24.12	61,766	25.05	98,358	36.90	60,223	23.01
Dehradun	9,343	6.57	38,016	15.09	37,385	17.36	39,711	23.78	52,433	27.40
Delhi	3,47,308	280.95	6,98,771	546.87	7,11,563	439.75	11,86,165	761.07	13,67,535	971.71
Total	7,12,559	586.08	12,16,603	939.22	12,99,319	895.44	20,85,811	1,424.51	21,78,480	1,570.33
Grand Total						**74,92,772**				**5,415.58**

Source: CGHS Database (e-claims system)

Annex-3.2

(Refer to para-3.2.5)

(Excess Payment amounting to ₹ 39.32 lakh made to HCOs)

(Amounts in ₹)

Sl. No	Hospital Name	Item/procedures	No. of Cases	Excess Amount Paid in ₹
1.	Kukreja Hospital and Heart Centre	Covid - excess room rent /package rate	22	7,71,000
		Medicine/lab charges included in package rate	1	1,400
2.	Tarak Hospital India Pvt. Ltd	Covid - excess room rent /package rate	17	3,48,000
		Medicine/lab charges included in package rate	12	48,000
3.	NKS Hospital	Covid - excess room rent /package rate	14	3,97,000
		Medicine/lab charges included in package rate	1	3,657
4.	Universal Centre of Health Science	Covid - excess room rent /package rate	4	1,86,000
5.	Sonia Hospital - Delhi	Covid - excess room rent /package rate	6	1,45,000
		Medicine/lab charges included in package rate	5	17,700
6.	Kalra Hospital Dwarka (Unit Of Kalra Hospital SRCN)	Covid - excess room rent /package rate	4	66,000
7.	Surya Kiran Hospital	Covid - excess room rent /package rate	3	78,000
8.	Gupta Multispecialty Hospital	Covid - excess room rent /package rate	5	1,03,000
9.	Ganesh Hospital	Covid - excess room rent /package rate	4	58,000
		Medicine/lab charges included in package rate	3	14,084
10.	Venkateshwar Hospital (Unit of All India Society)	Covid - excess room rent /package rate	3	45,000
		Medicine/lab charges included in package rate	4	26,341
11.	Aryan Hospital Pvt Ltd	Covid - excess room rent /package rate	1	28,000
		Medicine/lab charges included in package rate	2	19,423
12.	Primus Ortho & Spine Hospital	Covid - excess room rent /package rate	1	15,000
		Medicine/lab charges included in package rate	3	12,020
13.	Jaypee Health Care Limited	Medicine/lab charges included in package rate	4	24,915
		Other charges which were not admissible	1	18,600
14.	Bhagat Chandra Hospital	Medicine/lab charges included in package rate	3	9,600
15.	Ayushman Hospital & Health Services	Medicine/lab charges included in package rate	1	9,384
16.	The Signature Hospital, Delhi	Medicine/lab charges included in package rate	1	1,700
17.	The Signature Hospital(unit Of Medicity North Pvt)	Medicine/lab charges included in package rate	3	15,230
18.	Fortis Hospitals Limited – Faridabad	Medicine/lab charges included in package rate	1	1,610
19.	Yashoda Hospital & Research Centre Limited – Kaushambi	Medicine/lab charges included in package rate	1	32,747
20.	Santom Hospital Pvt. Ltd.	Medicine/lab charges included in package rate	3	26,954

21.	Max Superspecialty Hospital East Block (a Unit Of Devki Devi Foundation)	Medicine/lab charges included in package rate	6	53,118
		Optical coherence tomography- OCT	23	2,06,650
22.	Max Super Speciality Hospital (a Unit Of Balaji Medical & Diagnostic Research Centre)	Medicine/lab charges included in package rate	3	52,511
		Other charges which were not admissible	1	33,916
23.	Max Super Speciality Hospital - Shalimar Bagh	Medicine/lab charges included in package rate	2	13,526
		Optical coherence tomography- OCT	1	6,550
24.	Max Super Speciality Hospital – Vaishali	Medicine/lab charges included in package rate	5	47,824
		Implant charges for knee replacement	1	13,232
25.	Max Smart Super Speciality Hospital	Medicine/lab charges included in package rate	16	1,82,416
		Implant charges for knee replacement	2	30,472
26.	Mata Roop Rani MaggoAndMahindru Hospital	Medicine/lab charges included in package rate	2	16,100
27.	Metro Heart Institute	Medicine/lab charges included in package rate	1	4,651
28.	Dharamshila Hospital And Research Centre	Medicine/lab charges included in package rate	1	1,645
29.	Kailash Hospitals Ltd	Medicine/lab charges included in package rate	16	1,03,900
		Optical coherence tomography- OCT	1	23,000
30.	Mata Chanan Devi Hospital- JanakPuri	Medicine/lab charges included in package rate	3	26,057
31.	Sanjeevan Medical Research Centre (p) Ltd	Medicine/lab charges included in package rate	1	5,000
32.	Maharaja Agrasen Hospital Charitable Trust	Medicine/lab charges included in package rate	3	50,034
33.	Dental Mastro, Delhi	Metal Crown on extracted tooth	10	39,900
34.	Balajee Multispecialty Dental Centre	Removable Partial Denture (RPD)	29	2,42,488
35.	Indian Spinal Injuries Centre- VasantKunj	Other charges which were not admissible	1	2,650
36.	Medanta The Medicity (Global Health Pvt Ltd)- Gurgaon	Other charges which were not admissible	1	1,77,625
37.	Delhi Institute of Functional Imaging – South Ext	Other charges which were not admissible	1	1,418
38.	Fortis Hospital, Chandigarh	Excess implant charges	1	74,000
		Total	**264**	**39,32,048**

Source: CGHS Database (e-claims system)

Annex-3.3

(Refer to para-3.2.9)

(Delay in submission of Claims by HCOs)

(₹ in crore)

Year	Delay upto 1 month		Delay of 1 Month 1 day to 1 Year)		Delay of 1 Year 1day to 2 Year)		Delay of 2 Year 1 day to 3 Year)		Delay of 3 Year 1 day to 4 Year)		Delay of 4 Year 1day to 5 Year)		Delay of above 5 years	
	Number of claims	Claim amount	Number of claims	Claim amount	Number of claims	Claim amount	Number of claims	Claim amount	Number of claims	Claim amount	Number of claims	Claim amount	Number of claims	Claim amount
2016-17	2,41,357	255.30	73,837	83.61	1,957	1.04	269	0.27	47	0.01	8	0.01	0	0
2017-18	1,95,381	250.87	80,605	90.82	1,351	1.00	302	0.23	67	0.07	83	0.34	67	0.37
2018-19	1,40,709	186.84	65,919	86.88	2,042	1.90	704	0.39	482	0.10	119	0.27	226	0.40
2019-20	1,79,105	300.18	74,289	93.55	3,762	2.08	738	0.29	251	0.06	47	0.07	37	0.16
2020-21	2,89,923	325.10	1,28,030	113.67	6,793	3.59	1,486	0.75	1,025	0.37	317	0.07	38	0.07
Total	10,46,475	1,318.29	4,22,680	468.53	15,905	9.61	3,499	1.93	1,872	0.61	574	0.76	368	1.00
Grand Total number of claims submitted with delay by HCOs						**14,91,373**	**Grand Total amount of claims submitted with delay by HCOs**							**1,800.73**

Source: CGHS Database (e-claims system)

Annex-3.4

(Refer to para-3.2.10)

(Delay in settlement of claims by the BCA)

(₹ in crore)

		2016-17	2017-18	2018-19	2019-20	2020-21	Total
Delay of upto 1 month	Number of claims	2,43,905	3,55,160	4,60,222	3,20,572	1,55,144	15,35,003
	Claim amount	161.32	350.48	438.14	461.93	429.02	1,840.90
Delay of 1 Month 1 day to 1 Year	Number of claims	1,63,278	5,574	6,69,863	1,25,149	29,453	9,93,317
	Claim amount	224.17	10.95	407.03	100.23	96.60	838.98
Delay of 1 Year 1 day to 2 Year	Number of claims	1	232	0	4,340	5,591	10,164
	Claim amount	0	1.11	0	3.48	2.19	6.78
Delay of 2 Year 1 day to 3 Year	Number of claims	0	273	0	2,277	2,290	4,840
	Claim amount	0	1.13	0	1.23	1.03	3.39
Delay of 3 Year 1 day to 4 Year)	Number of claims	1	74	16	1,747	2,017	3,855
	Claim amount	0.02	0.32	0.03	0.90	1.16	2.43
Delay of 4 Year 1 day to 5 Year	Number of claims	0	105	0	1,609	1,165	2,879
	Claim amount	0	0.15	0	0.66	0.72	1.53
Delay of above 5 years	Number of claims	0	51	0	1,690	2,323	4,064
	Claim amount	0	0.05	0	0.34	0.66	1.05
Grand Total Number of Claims Delayed		**25,54,122**	**Grand Total Amount of Claims Delayed**				**2,695.06**

Source: CGHS Database (e-claims system)

Annex-3.5

(Refer to para-3.2.11)

(Delay in finalisation of claims by the CGHS)

(₹ in lakh)

		2016-17	2017-18	2018-19	2019-20	2020-21	Total
Delay of upto 1 month	Number of claims	1,18,230	4,41,282	5,57,694	4,85,309	7,98,284	24,00,799
	Claim amount	10,377.53	35,679.09	40,204.71	36,500.33	54,159.02	1,76,920.68
Delay of 1 Month 1 day to 1 Year	Number of claims	5,85,243	6,51,103	6,88,209	15,37,819	13,10,816	47,73,190
	Claim amount	54,606.54	61,886.40	52,983.27	1,13,602.97	1,11,665.49	3,94,744.67
Delay of 1 Year 1 day to 2 Year	Number of claims	3,202	11,458	2,239	5,743	1,835	24,477
	Claim amount	149.21	850.08	197.05	832.73	429.79	2,458.86
Delay of 2 Year 1 day to 3 Year	Number of claims	161	2	4	127	35	329
	Claim amount	8.47	10.54	55.86	90.09	28.11	193.06
Delay of 3 Year 1 day to 4 Year)	Number of claims	4	0	1	1	35	41
	Claim amount	1.10	0	13.86	6.56	66.22	87.73
Delay of 4 Year 1 day to 5 Year	Number of claims	0	1	0	0	7	8
	Claim amount	0	0.13	0	0	36.90	37.03
Delay of above 5 years	Number of claims	0	1	0	0	0	1
	Claim amount	0	0.05	0	0	0	0.05
Grand Total Number of Claims Delayed		**71,98,845**	**Grand Total Amount of Claims Delayed**				**5,74,442.08**

Source: CGHS Database (e-claims system)

Annex-3.6
(Refer to para-3.5.v.a)
(Null Data)

(Number of cases of null data)

Year	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Admission No.	2,055	883	123	543	76	3,680
Card ID	2	1	1	3	3	10
Beneficiary Name	12	-	2	7	12	33
Patient Name	133	15	11	23	14	196
Age	2,291	839	106	208	97	3,541
Relation	96	31	11	15	8	161
Intimation Date	5,85,980	10,31,649	11,21,931	18,56,231	19,53,853	65,49,644
Acknowledgment Date	5,85,980	10,31,649	11,21,930	18,56,230	19,53,822	65,49,611
Submission Date	-	-	-	-	12	12
Recoupment Date	617	691	170	2,913	1,480	5,871
BPA Date	1	7	-	2	-	10

Source: CGHS Database (e-claims system)

List of Abbreviations	
AD	Additional Director
ALC	Authorised Local Chemist
Annex	Annexure
AS & DG	Additional Secretary & Director General
AS&FA	Additional Secretary and Financial Advisor
BCA	Bill Clearing Agency
CBDT	Central Board of Direct Taxes
CDSCO	Central Drugs Standard Control Organization
CGHS	Central Government Health Scheme
CMO	Chief Medical Officer
CPGRAMS	Central Public Grievance Redress and Monitoring System
CPSEs	Central Public Sector Enterprises
CPSUs	Central Public Sector Undertakings
DCA	Drugs and Cosmetics Act
DGHS	Directorate General Of Health Services
ECG	Electrocardiography
EMD	Earnest Money Deposit
EMP	Empanelled
GAPL	Goa Antibiotics and Pharmaceuticals
GFR	General Financial Rules
GMSD	Government Medical Store Depot
HCOs	Health Care Organizations
HFM	Heath and Family Welfare Minister
ICU	Intensive Care Unit
ID	Identity Document
IL-6	Interleukin 6
LD	Liquidated Damages
MCTC	Monitoring, Computerization and Training Cell
Ministry of H&FW	Ministry of Health & Family Welfare
MIS	Management Information System
MoA	Memorandum of Agreement
MOU	Memorandum of Understanding
MRC	Medical Reimbursement Claims
MRI	Magnetic Resonance Imaging
MSD	Medical Store Depot
MSO	Medical Store Organization
NABH	National Accreditation Board for Hospitals & Healthcare Providers
NABL	National Accreditation Board for Testing and Calibration Laboratories

NCR	National Capital Region
NHA	National Health Authority
NIC	National Informatics Centre
NRA	National Regulatory Authority
OCT	Optical Coherence Tomography
OP	Out Patients
OPD	Out Patient Department
PAC	Public Accounts Committee
PAO	Pay and Accounts Office
PBG	Performance Bank Guarantee
PFMS	Public Financial Management System
PORB	Pension and Other Retirement Benefit
QCI	Quality Council of India
S&M	Supply and Material
SCN	Show Cause Notice
SMS	Short Message Service
SO	Supply Order
TDS	Tax Deduction at Source
UT	Union Territory
UTI ITSL	UTI Infrastructure Technology and Services Limited
VMS	Vocabulary of Medical Stores
WC	Wellness Centre