

No. 25(02)/2018/WE/D (Res)
Government of India
Ministry of Defence
(Department of Ex-Servicemen Welfare)

Sena Bhawan, New Delhi-110011.
Dated 10th October, 2019.

The Managing Director
Central Organisation
Ex-Servicemen Contributory Health Scheme
Thimayya Marg,
Gopinath Circle,
Delhi Cantt.

Subject: Procedure for taking action against medical facilities empanelled with ECHS and delegation of powers thereof to MD, ECHS.

In the light of the decisions contained in Para 6 (d) of the Minutes of meeting held under the Chairmanship of Secretary, ESW on 10.08.2015, circulated vide MoD/DoESW ID No. 22B (02)/2013/ US(WE)/D(Res) dated 25.08.2015, the Competent Authority has decided to issue this order.

2. The Provisions regarding actions to be taken against private empanelled medical facilities in case of unsatisfactory performance / unethical practices / medical negligence / violations of provisions of MoA are contained in the following orders of MoD :-

(a) Para 7 and Para 13 of MoD letter No 22B (04)/2010/US (WE)/D (Res) dated 18.02.2011.

(b) MoD letter No 22D (04)/2011/US (WE)/D (Res) dated 22.07.2011.

3. In continuation of the provisions contained in the above mentioned letters of MoD, the procedure for taking action against private empanelled medical facilities by CO ECHS and Ministry of Defence (MoD), Deptt of Ex-Servicemen Welfare (DoESW) and delegation of powers in this regard shall be as indicated in the following paragraphs.

4. Cases of violation of conditions of MoA are categorised as Level I, Level II and Level III as under. It is clarified that the list is illustrative and not exhaustive.



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(a) Level I - Violations would include committing the following actions on the first occasion:-

- (i) Refusal of service.
- (ii) Discrimination against ECHS beneficiaries vis-a-vis others.
- (iii) Refusal of treatment on credit to eligible beneficiaries and charging directly from them.
- (iv) Non authentication of ECHS beneficiaries through system as laid down by ECHS from time to time.

(b) Level II - Violations would include the following offences:-

- (i) Reduction in staff/ infrastructure/ equipment after empanelment with ECHS.
- (ii) Undertaking unnecessary procedures.
- (iii) Prescribing unnecessary drugs/tests.
- (iv) Overbilling.
- (v) Non submission of the report, habitual late submission or submission of incorrect data in the report.
- (vi) Repetition of Level I violations despite issue of warning to the HCO by CO ECHS.

(c) Level III - Violations would include repetition of Level I and Level II violations despite imposition of financial penalties and the following offences:-

- (i) Not providing access to financial and medical records to ECHS authorised persons during visit to the hospital/ medical facility.
- (ii) Criminal offences by staff of the hospital against any beneficiary or dependent, like rape, molestation etc.

Procedure for Handling Complaints.

5. While dealing with complaints, instructions of Central Vigilance Commission, (CVC) on action on complaints shall be kept in mind. On receipt of a complaint whether directly or from MoD/DoESW against an empanelled

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hospital or as a part of surprise check, MD, ECHS shall seek a preliminary inquiry report from the Director of concerned Regional Centre. The inquiry shall be conducted by an officer nominated by Director of concerned Regional Centre as authorized by MD, ECHS within a period of one month.

6. If the complaint is found to be prima facie true but it is felt that the complaint is not conclusively proven on the basis of documents/statements and further detailed enquiry is required, then MD, ECHS shall order a detailed inquiry by an officer of the RC other than the officer who conducted the preliminary inquiry. If required MD, ECHS may constitute / request appropriate authority to constitute a Board of Officers for this purpose which shall not include the officer who conducted the preliminary inquiry. The inquiry Officer/ Board shall issue detailed Show Cause Notice to the empanelled medical facility. The Show Cause notice should clearly spell out the allegations and the conclusions of the preliminary inquiry together with the grounds on which such conclusions were reached. The inquiry Officer/ Board shall make such inquiry as it deems fit. The Board shall also take statements of all the parties concerned. Finally the inquiry Officer/ Board shall submit its findings along with all the documents, show cause notice, reply to show cause notice, statements made by the parties etc to Director Regional Centre. On receipt of this report, the Director, Regional Centre concerned shall submit the inquiry report along with his views/recommendations with detailed reasons to MD, ECHS.

7. Where the case is considered fit for issue of warning only or the complaint is proven in preliminary enquiry on the basis of documents/statements, detailed inquiry may be dispensed with by MD, ECHS.

8. MD, ECHS shall take the following course of action depending on the gravity of the lapse as indicated in para 4 above:

(i) In case of violations of Level I nature, Director Regional Centre will issue a warning to the empanelled medical facility. Repetition of Level I violations will be treated as Level II violations.

(ii) If the violation is considered Level II in nature and proven in the enquiry with documentary evidences and/or statements, MD ECHS shall impose suitable financial penalty from the amount of PBG and / or impose 'Stop Referral' upto three months upon the medical facility concerned and submit the complete details of the case within seven working days to MoD/ DoESW for information. However, the total amount of PBG shall be maintained by the hospital being a revolving guarantee.

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(iii) If the lapse is of Level III nature, and proven in the enquiry with documentary evidences and/or statements, MD ECHS shall issue an order for forfeiture of total amount of PBG and / or issue an order of stop referral for a period of three months against the medical facility concerned and submit the complete details of the case within seven working days to MoD/ DoESW for information.

(iv) Where, as per provision of para 11 of this letter, the case is fit for dis-empanelment, and the case is proven in an enquiry, the order for "stop referral" shall be issued by MD, ECHS " until further orders". In this case complete details of the case shall be submitted by MD, ECHS to MoD/ DoESW indicating the reasons and justification for issue of stop referral within 7 working days and proposal for disempanelment will be submitted to MoD/ DoESW within 30 working days.

(v) For overbilling and unnecessary procedure, the extra amount so charged shall also be deducted from the pending/future bills of the medical facility.

(vi) For offence listed in para 4(c) (ii) i.e. criminal offences by staff of a medical facility against any ECHS beneficiary, where FIR has been lodged by the concerned ECHS beneficiary, MD, ECHS shall issue stop referral orders against that medical facility which shall remain in force till final outcome of the police investigations. Based on the final outcome of the police investigations, the case shall be processed further by MD, ECHS for either revocation of the stop referral or for disempanelment.

9. In all cases mentioned at Para 8 (i) to (vi) above, MD ECHS shall record detailed reasons in writing for taking / recommending to MoD/DoESW action against the empanelled medical facility.

Appeal Against Imposition of financial penalties and Stop Referral.

10. The affected medical facility shall have the right to appeal to MoD/DoESW against imposition of financial penalties from the PBG and in case of issue of stop referrals by MD, ECHS. The last para of order of MD, ECHS shall clearly, state "You may if you so desire, prefer an appeal against this decision in writing to MoD/ DoESW by post or by email." MoD/DoESW shall consider the appeal and upon examination pass such orders as it deems fit.

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Dis-empanelment.

11. In the following cases MD ECHS shall send to MoD/DoESW a detailed proposal for dis-empanelment of medical facility within 30 working days of issue of Stop Referral orders against empanelled medical facility.

- (a) Where the medical facility has committed fraudulent activities;
- (b) Where, there is proven case of Major/serious negligence in treatment leading to loss of life/limb or grave damage to the health of the ECHS Patient.
- (c) Where there is repetition of violations of the provisions of MoA despite issue of written warnings to the management of the medical facility and subsequent imposition of financial penalties.
- (d) If a medical facility is, at any point of time, found unfit for empanelment with ECHS by NABH/NABL/QCI.

12. Once dis-empanelled, the medical facility shall be debarred from fresh empanelment for a period of 5 years from the date of order of disempanelment. However if there is 100% change of ownership of the medical facility, the 5 years moratorium shall not be applicable to it and it will be eligible to apply for fresh empanelment immediately after change of ownership. The moratorium shall remain in force even if there is part (less than 100%) change in ownership.

Revocation of Stop Referral.

13. In cases, which are not covered under para 11 above and where MD ECHS has issued orders for Stop Referral against any medical facility for a period of three months, MD, ECHS shall write (by email and by post) to the management of medical facility within seven working days from the date of order of stop referral and offer them an opportunity to make improvement / take corrective measures and submit their reply within 30 days from the date of sending the email. In case the medical facility seeks more time to produce evidence of having taken corrective measures and the reasons for seeking additional time (which would be limited to 10 days) are considered reasonable, the same shall be granted by MD ECHS. If it is found that corrective measures have been taken by the medical facility, MD ECHS may revoke the stop referral within a period of 30 days from the receipt of reply from the medical facility, Such revocation shall be intimated to the MoD/ DoESW with detailed justification of the decision taken within seven working days from the date of revocation. If the medical facility does not take the required corrective measures or does not give any reply within 30/40 days, MD ECHS shall send a case for dis-empanelment of the said medical facility to MoD/ DoESW within 30 days from the last date of

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submission of reply by the medical facility. In such cases, the Stop Referral shall be extended by MD ECHS till "further orders".

Extension of MoA.

14. Extension of MoA requires the medical facility to submit signed MoA with requisite documents to concerned RC well before the date of expiry of MoA for signature by Director, Regional Centre. The MoA of such an empanelled medical facility shall be renewed by Director Regional Centre concerned before the date of its expiry provided the papers being in order and no arbitration case has been filed by the medical facility against ECHS/MOD which is pending in arbitration court as on the due date of renewal of MoA and no court case has been filed by a medical facility against ECHS/MOD which is pending decision as on the due date of renewal of MoA, and no order for stop referral has been issued against that medical facility prior to the due date of renewal. In such cases, extension of MoA shall not be done until a final decision has been taken by MoD/ DoESW. In all such cases MD, ECHS shall clearly intimate to MoD/DoESW that MoA of the empanelled medical facility has not been renewed along with reasons for doing so. MD, ECHS shall also intimate the decision of not renewing the MoA along with reasons thereof to the medical facility concerned within seven working days after expiry of due date of renewal of existing MoA. Where an empanelled medical facility does not seek renewal, Director Regional Centre will issue a notice to the medical facility 30 days after expiry of MoA to submit renewal documents. If, the medical facility does not respond to the notice of Director, Regional Centre, even 60 days after expiry of the MoA, MD, ECHS will recommend disempanelment of the medical facility to MoD/ DoESW.

15. As per the provisions of MoD letter 22D (04)/2011/US (WE)/D(Res) dated 22 Jul 2011, MoA / contract of empanelled hospitals can be suspended / terminated only with the approval of MoD/DOESW. Hence, issue of notice for termination of MoAs to empanelled medical facilities by giving 30 days notice and subsequent action of termination of the MoA of any empanelled hospital can be done by MD ECHS only after obtaining prior approval of MoD/DoESW.

16. This issues with the concurrence of MoD (Fin/Pen) vide their 32(20)/2018/FIN/PEN dated 18.9.2019.


(A.K. Karn)

Under Secretary to the Government of India
Telefax: 23014946

Copy to:

1. PS to RM
2. PS to RRM.
3. SO to the Chief of Army Staff
4. SO to the Chief of Navy Staff
5. SO to the Chief of Air Staff
6. PPS to Secretary, ESW.
7. PS to JS, ESW
8. PS to JS & Addl. FA (RK)
9. M/S UTI-ITSL
10. CGDA

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