

**GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF PHARMACEUTICALS**

LOK SABHA
UNSTARRED QUESTION NO. 2822
TO BE ANSWERED ON 13th March, 2018

Overcharging of Medicines by Hospitals

2822. SHRI GUTHA SUKENDER REDDY:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether it is a fact that some unscrupulous hospitals have resorted to overcharging the medicines supplied by them to patients to maximise their profits;
- (b) if so, the details thereof;
- (c) whether the Government has taken the incident as precedent and initiate control over the medicine supply business of the private hospitals;
- (d) if so, the details thereof; and
- (e) the remedial measures being taken by the Government to protect the poor patients from such unscrupulous hospital managements?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS;
MINISTRY OF SHIPPING AND MINISTRY OF CHEMICALS AND FERTILIZERS
(SHRI MANSUKH L. MANDAVIYA)**

(a) & (b): Yes, Madam. Based on complaints and media reports on overpricing and inflated bills to the patients by some hospitals, National Pharmaceutical Pricing Authority (NPPA) had asked for details of billing from these hospitals under the provisions of Drugs (Prices Control) Order, 2013 (DPCO, 2013). Based on the data submitted by the hospitals, NPPA has observed that there is an upward gap between the procurement prices of drugs and amounts at which the drugs are billed to the patients for some scheduled medicines, non-scheduled medicines, consumables and devices used in the treatment of patients. As per the provisions of DPCO, 2013, while arriving at a ceiling price of scheduled formulations and retail price of new drugs, sixteen percent margin to retailer is counted. According to NPPA's report, the highest margin (difference of amount billed for the formulation by the hospitals and their procurement price expressed in percentage terms) available to these hospitals on scheduled medicines, non-scheduled medicines, consumables and non-scheduled medical devices are 357%, 1192%, 1737% and 1271% respectively. Study reports prepared on the basis of information submitted by these hospitals is available under the "What's New" link of website of NPPA. (www.nppaindia.nic.in).

(c) to (e): Public Health being a State subject, the primary responsibility of supply of medicines and management of hospitals lies with the State/Union Territory Governments. However, the National Council for Clinical Establishments, Ministry of Health & Family Welfare (MoH&FW) has approved a standard list of medical procedures and a standard template for costing of medical procedures and the same have been shared with the States for appropriate action.
