IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 11.06.2025

CORAM

THE HONOURABLE MR.JUSTICE MUMMINENI SUDHEER KUMAR

Writ Petition No.10099 of 2015

P.Challappan

...Petitioner

Vs

1.The Secretary,
State of Tamil Nadu,
Medical Health Services,
Secretariat,
Fort St. George,
Chennai.

2.The District Collector,
District Collector Office,
Namakkal.

3.The District Treasury Officer,
District Treasury Office,
Namakkal.

4.Joint Director Medical Rural Services,
Office of Joint Director Medical Rural Services,
Namakkal.

5.MD India Health Care Services (TPA) Private Limited,
No.27, Laxmi Tower, 3rd Floor,
Dr.Radhakrishnan Salai,
Mylapore, Chennai – 600 004.

6.United India Insurance Company Limited,
Represented by its Divisional Manager,
Divisional Office – 010700, 1st Floor, Silingi Building,
No.134, Greams Road,
Chennai – 600 006.

7.United India Insurance Company Limited,
Represented by its Senior Divisional Manager,
Divisional Office, Namakkal.

8.The Chairman,
G.Kuppusamy Naidu Memorial Hospital,
Nethaji Road, Pappanaickenpalayam,
Coimbatore – 641 037.

9.The Block Development Officer,
Semmedu Panchayat Union,
Namakkal District.
(impleaded as per order dated 08.06.2015)

... Respondents

PRAYER : Writ Petition filed Under Article 226 of the Constitution of India, to issue a writ of Mandamus, directing the respondents 6 and 7 to reimburse the medical expenses as per New Health Insurance Scheme 2012 under G.O.Ms.No.243, date 29.06.2012 along with penal interest of 12% from 06.10.2012 to till date.

For Petitioner : Mr.P.Ramkumar
For Respondents : Mr.Tippu Sultan
Government Advocate for R1 to R4
Dismissed-R5 and R8 vide
Court order dated 20.11.2024
No Appearance for R6 and R7

O R D E R

Heard the learned counsel appearing for the petitioner and the learned Government Advocate appearing for the respondents 1 to 4 and there is no representation for the respondents 6 and 7.

2. The brief facts that are relevant for disposal of the Writ Petition are as under:

The petitioner has worked as night watchman in Panchayat Union Office, Semmedu, Kolli hills, Namakkal District and is covered by New Health Insurance Scheme 2012 provided by the respondents 6 and 7 at the instance of respondents 1 to 4. The petitioner having suffered from Acute inferior wall myocardial infarction got admitted in the 5th respondent's hospital on 01.10.2012 and after availing treatment he was discharged from the said hospital on 06.10.2012. As required by the 5th respondent's hospital, petitioner paid an amount of Rs.1,80,047/- for the treatment undergone by him in the said hospital. As the petitioner is covered by the New Health Insurance Scheme 2012, the petitioner made a claim for reimbursement of said amount by issuing a legal notice through his counsel and in response, the 5th respondent's hospital stated that there is no

necessity for the 5th respondent hospital to make any claim for reimbursement from respondents 6 and 7 as the name of the 5th respondent's hospital is already deleted from the panel of hospitals covered by New Health Insurance Scheme 2012. On the other hand, the respondents 6 and 7 responded stating that the petitioner is covered by New Health Insurance Scheme and in case of any grievances, the petitioner has to approach the Grievance Cell established under the New Health Insurance Scheme 2012 for redressal of any grievance.

3. The Annexure-I of the New Health Insurance Scheme, 2012 discloses that there is District Level Empowered Committee headed by the District Collector of the District concerned for redressal of the grievance of the beneficiary under the scheme. The paragraph No.15 of Annexure-I reads as follows:

> *"15. The complaints received shall be placed for a decision of the District Level Empowered Committee headed by the District Collector, having the Joint Director of Medical and Rural Health Services Department and the District Treasury Officer as members."*

4. The petitioner herein being a member of New Health Insurance Scheme 2012 instead of approaching the said District Level Empowered Committee got issued a legal notice to the respondents 5 to 7 and thereafter, the petitioner approached this Court by filing the present writ petition seeking a writ of mandamus directing the respondents 6 and 7 to reimburse the medical expenses incurred by him with penal interest of 12%. This Court after having perused the record is of the considered view that the petitioner being a member of New Health Insurance Scheme, 2012, has to make a claim in terms of the said scheme by approaching the Competent Authority and in case of any grievance arising out of the implementation of said scheme, the same shall be redressed by the District Level Empowered Committee as required in paragraph No.15 of the annexure-I of the scheme.

5. In the light of the above, the petitioner is permitted to approach the District Level Empowered Committee headed by the second respondent within a period of six weeks from the date of receipt of copy of this order. On making such a grievance before the second respondent, the second respondent shall take all necessary steps for redressal of the said grievance by duly putting on notice all concerned and resolve the same as

expeditiously as possible preferably within a period of eight weeks from the date of submission by the grievances by the petitioner. The second respondent is also further directed to take note of the order passed by the Co-ordinate Bench of this Court in W.P(MD).No.13429 of 2013 and etc., batch, dated 28.05.2019, dealing with the very same issue wherein, this Court held as under:

> *8. In the said Division Bench Judgment, in Star Health and Allied Insurance Co., Ltd., case, the Division Bench, after having exhaustively discussed the issue, has given the following decision :*
>
> *"24.In view of the aforementioned settled principles of law there cannot be any doubt that the Rules regarding reimbursement of medical claim of an employee when he obtains treatment from a hospital of his choice can be made limited. Such Rules furthermore having been framed under the proviso to Article 309 of the Constitution of India constitute conditions of service in terms whereof on the one hand the employee would be granted the facility of medical aid free of cost from the recognised government hospitals and on the other he, at his option, may get himself treated from other recognised hospitals/institutions subject of course to the condition that the reimbursement by the State therefor would be limited."*

Of course, in that case, the Supreme Court had directed the State of Karnataka and Rajasthan to pay the balance amount. But, the law laid down in the case was paragraph 29:

"29.In a case of this nature, we are of the opinion, that having laid down the law for the future that claim for reimbursement must be made only in terms of the Rules and not dehors the same, and more so, when there is no power of relaxation, in exercise of our jurisdiction under Article 142 of the Constitution of India, we direct the State of Karnataka and Rajasthan to pay the balance amounts. However, this order shall not be treated as a precedent. ....."

24.In the present case, what we have to decide is whether the State is bound to reimburse the claim, whether the insurance company is bound to indemnify the beneficiary for the claim made by him. As held in the decisions referred to above, the insurance company is strictly bound to strictly by the terms of contract and cannot be asked to settle a claim which does not fall within the terms of the contract and therefore the claim made by the beneficiaries in respect of treatments that were taken in a non-network hospital or for reimbursement of the claim made the insurance company is not liable. For this reason, the insurance company had made it clear that only if the beneficiary took treatment in a network hospital they would settle the claim and more importantly the facility itself is a cashless facility. The insurance company cannot pay cash and if we issue direction to

the insurance company to reimburse the claim, we would be virtually re-writing the contract which we are not entitled to.

25.The Tamil Nadu Medical Attendance Rules ("the Rules" in short) clearly lay down the rules regarding dependents and who is entitled to medical concessions under the Rules. It also defines who is a well to do person. The Rules lay down the manner in which claims can be made. According to the learned Advocate General, these Rules are still in force and therefore when it is a claim not covered by the present Insurance Scheme, the Government Servants have the right to make their claims under the Rules. Therefore, as regards Category-A, where treatment has been taken in a non-network hospital, the insurance company cannot be asked to cover the expenses, since the scheme itself makes the network hospitals as intrinsic. However, the petitioners/claimants were also not no remediless and that is why we will issue directions to the claimants to make an application under the Rules or go before the Redressal Committee.

26.Before taking up the individual cases, we must record that there are certain situations which may arise and in fact which have arisen, for which the Government must issue clear guidelines. This the Government has to do, since it has made the Scheme obligatory for everyone and there is automatic deduction of premium to an extent of Rs.25/- per month. The directions are as follows:

(i)The State shall make it clear that if for some reason, which is satisfactory, the claimant is unable to take treatment in a network hospital but has been advised or had to go to a non-network hospital, then his claim would be considered under the Rules.

(ii)If the claimant has been advised some procedure which is not covered by the Scheme, there again, it must be made clear that he can apply under the Rules.

(iii)To safeguard duplication of payments, the Government can make sure and when they apply under the Rules, that the claimant himself certifies that he has not made claim under the Scheme or vice-versa.

(iv)The State shall inform every network hospital that if it receives complaints from claimants that money was demanded for admission or for treatment, then that hospital will be removed from the network. This warning is necessary, since, at times of crisis, the claimants will not be in a position to argue with the hospital that this is a "cashless" Scheme. We are aware that there is an officer of the Star Health Insurance Company at every network hospital to ensure that hospitals adhere to the terms of the Scheme but, yet, it is better to make this position clear to the hospitals, since one of the questions that has arisen before us is that whether the claimants will be entitled to reimbursement if, by mistake, they pay cash.

27.Now coming to the individual cases, in all the case, whatever may be the category, the petitioners/claimants have paid the

amount. The scheme is a 'cashless' one and, therefore, it is only the Government which have to make the payment under the Rules. The Redressal Committee is empowered to decide the following circumstances, namely, any difficulty in availing treatment, non-availability of facilities, bogus availment of treatment for ineligible individuals, etc. It is really not clear what other complaints would be covered under the umbrella "etc.". But, however, since the Paragraph relating to 'Redressal of Grievances' starts with the sentence "The Hospitals shall extend treatment to the beneficiaries under the Scheme on a cashless basis", it is evident that the Committee cannot direct payment of cash.

28.Therefore, if the claimants have made payments whether for a procedure not covered or whether at a non-network hospital or they have paid when they have been treated for a covered procedure in a network hospital, their only remedy is to approach the Government under the Rules. If, however, before they take treatment they are informed that a particular procedure is not covered, then at that stage, they may approach the Redressal Committee where the medical expert can decide whether that procedure is covered or not. The Redressal Committee may also go into the complaints regarding non-availability of facility at a network hospital, which may be available in favour of the claimant when he applies under the Rules. Otherwise, we do not think that the Redressal Committee can do much in any one of

these cases, since all the petitioners/claimants before us would have made payments. But, if there is a petitioner who has not settled the claim and has come before us, then, in the event, that it is for a procedure that is not covered, he may approach the Redressal Committee. In view of the fact that there are the above lacunae in the Scheme, the Government shall not deny any claim validly made under the Rules only because the claimant is a member of the Scheme.

29.With the above directions and observations, all the writ petitions are disposed of. W.A.No. 480/2009 is allowed and the order of the learned Single Judge is set aside. No order as to costs. Connected M.Ps. are closed."

6. Accordingly, this writ petition is disposed of. No costs.

11.06.2025

Index : Yes/No
Speaking order:Yes/No
Neutral citation:Yes/No
ub

To

1.The Secretary,
State of Tamil Nadu,
Medical Health Services,
Secretariat,
Fort St. George,
Chennai.

2.The District Collector,
District Collector Office,
Namakkal.

3.The District Treasury Officer,
District Treasury Office,
Namakkal.

4.Joint Director Medical Rural Services,
Office of Joint Director Medical Rural Services,
Namakkal.

5.MD India Health Care Services (TPA) Private Limited,
No.27, Laxmi Tower, 3rd Floor,
Dr.Radhakrishnan Salai,
Mylapore, Chennai – 600 004.

6.United India Insurance Company Limited,
Represented by its Divisional Manager,
Divisional Office – 010700, 1st Floor, Silingi Building,
No.134, Greams Road,
Chennai – 600 006.

7.United India Insurance Company Limited,
Represented by its Senior Divisional Manager,
Divisional Office, Namakkal.

8.The Chairman,
G.Kuppusamy Naidu Memorial Hospital,
Nethaji Road, Pappanaickenpalayam,
Coimbatore – 641 037.

9.The Block Development Officer,
Semmedu Panchayat Union,
Namakkal District.

MUMMINENI SUDHEER KUMAR, J.

ub

W.P.No.10099 of 2015

11.06.2025