



6th July, 2015

TL15/067/9A

Mr. Ayub Shaikh,
Secretary,
Ministry of Health,
Government of Pakistan
Islamabad.

Sub: Prime Minister's National Health Insurance Program (PMNHIP), Pakistan, TI-
Pakistan Comments and Recommendations.

Dear Sir,

Transparency International Pakistan has received Request for Proposal on 30th June, 2015 of Prime Minister's National Health Insurance Program (PMNHIP), for its observations.

The RFP was examined by TI-Pakistan's special team. This important project needs complete transparency, full compliance of Scope of Services as determined by MoH at the most economical cost to the Exchequer.

It is in the knowledge of TI Pakistan that State Life Insurance Corporation in recent past had given a cost sharing proposal to MoH, in which it had offered all profit to GoP, which was not considered viable by GoP and hence not approved. The catch in this offer is that it is always possible to inflate the expenses/bills and hence there are more possibilities that the Insurance Company will try not to show actual profits.

It is also understood that GoP can introduce the Scheme directly by itself, but possibilities of corruption has played major rule to outsource it.

Therefore following clause shall be deleted, as the risk of profit or loss is to taken by Insurance Company and not GoP.

Equalization Reserve Fund- (Profit Sharing Clause) that 'the ERF is mandatory and the organization offering in their proposal less than 95% of the profit to the government will be considered non-responsive. As per this ERF, any profile earned by the insurance company at the end of three year period, shall be distributed between the insurance company (0.5%) and the government (95%), as per mutually agreed formula given in RFP'.

In the Article No. 3 "Preparation of Proposal", clause 3.3 (a) is to be deleted.

In Article 10 of CA 2nd to 9th line shall be deleted, as it makes this agreement open ended and a high GOP financial risk contract.



Article 10: Service Delivery Period: The period of Contract shall be for three years from the effective date. ~~subject to performance evaluation on yearly basis which shall be carried out by the government through a Steering Committee for "Health Insurance Scheme" to review the agreement and performance of the Organisation on periodic basis. The Committee shall work under the chairmanship of Secretary, MNHSR&C, Government of Pakistan, provinces and comprise of members nominated by the government and the organisation(s) on the factors. The Parties shall agree, annually, the charges for medical/ surgical procedures/ interventions under the services. The same can be amended by mutual consent for the next year. As part of their regular review process within the Steering Committee, the Parties shall review information on common unlisted procedures and seek to introduce them into the listed package with appropriate package charges.~~

As it will be fix priced contract, Contract Conditions 15.8 and 15.9 shall be deleted.

In Article 19 of CA, third line, delete word Mutual. And delete in Article 19 sub Para "The Organization would retain the copies/mutual rights of plans, marketing campaigns, advertising material, photographs, reports, database, software, protocols, strategies and other documents with the permission of the Government."

In Article 21.2 of CA delete sub article (b)." *In the case of automatic renewal of the contract, it shall be done only if both the parties agree for it*".

There is an ambiguity as it is mentioned that 'organization shall quote the premium keeping in view the minimum number of families need to be enrolled which is estimated at 1,200,000 families'. And 'estimated population eligible for subsidized health insurance premium is given as 3,112,735'. As per information, 8 are the average numbers of persons per family so $1,200,000 \times 8 = 96,000,000$ which is half of Pakistan population. Kindly recheck this ambiguity.

It is mentioned in 'Enrolment Mechanism for the Poorest' that 'acquire and clean beneficiaries data lists from BISP'. Why EOBI pensioners who deserve first priority are not included.

Recommendations of Transparency International Pakistan:

1. Project needs complete transparency, full compliance of Scope of Services as determined by MoH at the most economical cost to the Exchequer.
2. MoH has already prequalified three parties, based on their experience, performance, ability and financial soundness. The Technical Evaluation Criteria which is, Company Qualifying Criteria on a point based system is more towards Pre-Qualification. Since RFP has already been issued so there is no need of particular criteria.
3. Instead the RFP should mention non-responsive mandatory requirements which bidders are supposed to meet, in a table format, compliance of YES/NO.



Any bidder not providing the services meeting these criteria in the Evaluation report is to be declared non-responsive and its financial bid shall not be opened and returned.

4. Evaluation Report shall then be posted on website as per PPRA Rule No 35.
5. There is no provision of marking System in PPRA Rules.
6. The Bidders shall quote their best prices for all services required, as lump sum amount in the Summary page, which shall be amended as priced proposal and fixed costs shall be quoted for 3 years.
7. All the Responsive bids shall be opened publically in presence of bidders who chose to attend.
8. The lowest responsive evaluated bidder shall be awarded the contract.
9. Negotiations are only to be held for finalizing the Contact Agreement and no financial aspect can be negotiated.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,



Sohail Muzaffar
Chairman

Copies forwarded for the information with request to take action under their mandate to:

1. Secretary to Prime Minister, Islamabad.
2. Chairman, NAB, Rawalpindi.
3. Chairman, Prime Minister's Inspection Commission, Islamabad.
4. Registrar, Supreme Court of Pakistan, Islamabad.
5. Managing Director, PPRA, Islamabad.