**IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA**

CWP No. 2080 of 2026
alongwith connected matters.

Reserved on : July 07, 2026

Announced on: July 21, 2026

(Uploaded on website: 21.07.2026)

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1. CWP No. 2080 of 2026
M/S Maatri Medicity & Orthocare Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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2. CWP No. 8820 of 2025
Aastha Multispecialty Hospital Pvt. Ltd. ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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3. CWP No. 15097 of 2025
M/S Surya Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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4. CWP No. 15422 of 2025
Bhardwaj Multi Specialty Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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5. CWP No. 16831 of 2025
Dev Bhoomi Eye Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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6. CWP No. 16930 of 2025
Apex Multispecialty Hospital &
Health Care Centre ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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7. CWP No. 16939 of 2025
M/S City Care Multispecialty Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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8. CWP No. 16965 of 2025
Advanced Cardiac Cath Lab ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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9. CWP No. 16966 of 2025
Saurabh Kalia Memorial KayDee Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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10. CWP No. 17160 of 2025
Krishna Children Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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11. CWP No. 17246 of 2025
Shivam Orthocare ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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12. CWP No. 17248 of 2025
Navneet Urology & General Surgery Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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13. CWP No. 17249 of 2025
M/S Anandraj Malik Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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14. CWP No. 17381 of 2025
M/S Dev Bhoomi Advaita Heart Institute ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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15. CWP No. 17401 of 2025
City Heart Superspecialty Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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16. CWP No. 17431 of 2025
M/S Shri Harihar Hospital & Research Centre ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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17. CWP No. 19209 of 2025
Bhanoo Hospital Private Limited ...Petitioner

Versus

Union of India & Ors. ...Respondents

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18. CWP No. 19210 of 2025
Bhanoo Hospital Private Limited ...Petitioner

Versus

Union of India & Ors. ...Respondents

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19. CWP No. 20980 of 2025
M/S Balmukand Apex Hospitals ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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20. CWP No. 2081 of 2026
M/S Dr. Neena Pahwa Maternity Home ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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21. CWP No. 2484 of 2026
Sai Sanjivni Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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22. CWP No. 2894 of 2026
M/S Life Line Care Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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23. CWP No. 2941 of 2026
M/S Bhambla Multispecialty Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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24. CWP No. 3636 of 2026
M/S NR Multispecialty Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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25. CWP No. 3700 of 2026
M/S Kapoor Nursing Home ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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26. CWP No. 3701 of 2026
M/S BBN Hospital & Surgical Centre ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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27. CWP No. 4046 of 2026
M/S Jagriti Medical Centre ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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28. CWP No. 4588 of 2026
M/S Sparsh Multi Speciality Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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29. CWP No. 4896 of 2026
M/S Navkiran Eye Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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30. CWP No. 4897 of 2026
M/S Surya Eye Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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31. CWP No. 4898 of 2026
M/S Nav Jeevan Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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32. CWP No. 4899 of 2026
M/S Surya Multispecialty Hospital ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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33. CWP No. 4954 of 2026
Shri Sai Cardial & Critical Care Centre ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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34. CWP No. 5100 of 2026
Shri Sai Multispecialty Hospital & Trauma Centre ...Petitioner

Versus

State of Himachal Pradesh & Ors. ...Respondents

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*Coram:*

**Ms. Justice Jyotsna Rewal Dua, Judge**

[1]*Whether approved for reporting?* ***Yes.***

For the petitioner : Mr. Ajay Chandel, Advocate, for the petitioner(s) in all petitions except CWP No. 19209/2025, 19210/25, 2484/26, 3636/26, 4588/26, 4954/26 & 5100/26.

Mr. Neeraj Sharma, Senior Advocate with Mr. Vidhush Chauhan, Advocate, for petitioner in CWP No. 2484 of 2026.

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[1] *Whether reporters of Local Papers may be allowed to see the judgment? Yes.*

Mr. Parav Sharma & Mr. Rupesh Kumar, Advocates, for petitioner(s) in CWP No. 19209 & 19210 of 2025.

Mr. Amit Singh Chandel, Advocate, for the petitioner in CWP No. 3636 of 2026.

Mr. Jagan Nath, Advocate, for the petitioner(s) in CWP Nos. 4954 and 5100 of 2026.

Mr. R.L. Verma, Advocate, for the petitioner in CWP No. 4588 of 2026.

For the respondents : Mr. Anup Rattan, Advocate General with Mr. Mr. L.N. Sharma, Addl. AG, Mr. Sikander Bhushan, Dy. AG & Mr. Rajat Choudhry, Astt. AG for the respondents/State.

Ms. Reeta Thakur & Mr. Bharat Bhushan, Senior Panel Counsel and Mr. Shashi Shirshoo, Mr. Virbahadur Verma, Mr. Janak Raj & Mr. Anshul Attri, Central Government Standing Counsel for respondents-UOI in the respective matters.

Mr. Mansi Sharma, Advocate vice Ms. Vandana Misra, Senior Panel Counsel for the respondent–UOI in CWP No. 17401 of 2025.

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**Jyotsna Rewal Dua, Judge**

Petitioners in all these writ petitions are private hospitals. They were empanelled to provide treatment to the patients under the Ayushman Bharat Pradhan Mantri Jan Arogya Yojna (in short 'AB-PMJAY') of the Central Government and also the Mukhya Mantri Himachal Health Care Scheme (in short 'HIMCARE') of the State Government. These hospitals are with the grievance that they provided and are still treating patients but are not being released

payments due to them under these very Schemes. The respondents though do not dispute that payments are due to be released to these hospitals yet it is not being released. Pursuant to several orders passed in these writ petitions from time to time, some payments in piecemeal, have been released to the petitioners. Facts are not in dispute but there appears to be a deadlock between the respondents as to who is to bear the responsibility for releasing the outstanding payments to the petitioners under the AB-PMJAY Scheme. The respondents-State admits its responsibility for releasing due payments to the petitioners under the HIMCARE Scheme, however, claims of the petitioners under this Scheme are also pending for release. The Schemes and operational guidelines for working out the modalities in both the Schemes have not been challenged by any of the parties. The matters have accordingly been heard vis-à-vis the relief claimed by the petitioners seeking directions to the respondents to make payments to them against their claims on account of treatment of the patients/beneficiaries under the AB-PMJAY and HIMCARE Schemes.

**2. Ayushman Bharat – PMJAY Scheme**

**2(i)** Ayushman Bharat-PMJAY Scheme was promulgated by the respondent-Union of India. The Scheme is designed to meet sustainable healthcare goals for “leaving no one behind”. It aims to

holistically address the healthcare system at primary, secondary & tertiary level. The beneficiary families have been selected/identified by the Government of India on the basis of Socio – Economic Caste Census, 2011 (in short 'SECC-2011'). Treatment of the beneficiary families is completely cashless with cover of Rs. 5 lac per family per year on family floater basis for secondary and tertiary care hospitalization across public & private empanelled hospitals in the country. The monetary cover is called the sum insured. This is fixed cover irrespective of size of beneficiary family. The sum insured is available to any or all members of the beneficiary family unit for one or more claims during each policy cover period. The sum insured is available to the beneficiary family on cashless basis at any Empanelled Health Care Provider (EHCP) – the hospitals. The benefit of the Ayushman Bharat - National Health Protection Mission (in short 'AB-NHPM') is portable across the country. The beneficiary covered under the Scheme can get benefits under the Scheme across the country at any EHCP. The benefits cover in terms of the Scheme include hospitalization/treatment expenses coverage for medical conditions and diseases requiring secondary and tertiary level of medical and surgical care treatment. It also includes defined day care procedures and follow-up care alongwith cost for pre and

post hospitalization treatment as defined. Some relevant provisions of the Scheme in this regard are as under:-

> "Eligible Beneficiaries
>
> A. All AB-NHPM Beneficiary Family Units, as defined under the deprivation criteria of D1, D2, D3, D4, D5 and D7, Automatically Included category (in rural areas) and broadly defined occupational un-organised workers (in Urban Sector) of the Socio-Economic Caste Census (SECC), 2011 database of the State (as updated from time to time).
>
> B. Existing RSBY Beneficiary Families enrolled in 2014-15 i.e. BPL, MGNREGA workers, Street Vendors, Building & Other Construction Workers, Sanitation Workers, Auto Rickshaw & Taxi Drivers, Contract Employees and >70% disabled. … …
>
> … …
>
> Benefits
>
> The Benefits within the scheme, to be provided on a cashless basis to the beneficiaries up to the limit of their annual coverage, package charges on specific procedures and subject to other terms and conditions outlined herein, are the following
>
> a. Benefit Cover will include hospitalization / treatment expenses coverage including treatment for medical conditions and diseases requiring secondary and tertiary level of medical and surgical care treatment and also including defined day care procedures (as applicable) and follow up care along with cost for pre and post-hospitalisation treatment as defined.
>
> b. As on the date of commencement of the Policy Cover Period, the AB-NHPM Sum Insured in respect of the Risk Cover for each AB-NHPM Beneficiary Family Unit shall be Rs. 5,00,000 (Rupees Five Lakh Only) per family per annum on family floater basis. This shall be called the Sum Insured, which shall be fixed irrespective of the size of the AB-NHPM Beneficiary Family Unit.
>
> c. The Sum Insured shall be available to any or all members of such Beneficiary Family Unit for one or more Claims during each Policy Cover Period. New family members may be added after due approval process as defined by the Government.
>
> d. The benefits under the AB-NHPM Cover shall, subject to the available AB-NHPM Sum Insured, be available to the AB-NHPM Beneficiary on a cashless basis at any EHCP.

e. The benefits of AB-NHPM will be portable across the country and a beneficiary covered under the scheme will be able to get benefits under the scheme across the country at any EHCP.

f. Package rates of the hospital where benefits are being provided will be applicable while payment will be done to the hospital by the State Health Agency (based on recommendation of ISA working the the State) that is covering the beneficiary under its policy.

g. The SHA shall notify the packages from time to time and the same shall be notified on the website of the SHA i.e. www.hpsbys.in.

h. The benefits within this Scheme under the Benefit Cover are to be provided on a cashless basis to the AB-NHPM Beneficiaries up to the limit of their annual coverage and includes: … … …"

**2(ii)** The AB-PMJAY provides for empanelment of hospitals and also for their de-empanelment. Duties, responsibilities, functions of empanelled hospitals have also been delineated in the Scheme. These petitions are concerning payment of claims under the Scheme, therefore, focus hereinafter would be to the relevant provisions in that regard.

The AB-PMJAY provides mechanism for processing claims and release of payments to the empanelled hospitals. The Implementation Support Agency (ISA) is responsible for processing all claims of the empanelled hospitals with due diligence and to provide its recommendations regarding acceptance or rejection of such claims to the State Health Agency (SHA) – Himachal Pradesh Swasthya Bima Yojna Society within ten days of receiving the required information/documents. The SHA is to then make payment

to EHCP within fifteen days after receiving the requisite information. Thus ISA is responsible for ensuring settlement of all claims within fifteen days. The Scheme provides for payment of claims within fifteen days if not rejected. For failure of ISA to process the claim and send it to the SHA within ten days of the receipt of the complete claim, the Scheme admits grant of interest @ 1% of the claim to EHCP per week after 15 days of delay. Relevant provisions of the Scheme in this regard are as follows:-

> "Payment of Claims
>
> a The ISA shall be responsible for processing all claims and provide their recommendations regarding acception or rejection to SHA within 10 days of receiving all the required information/ documents so that SHA can make the payment to EHCP within 15 days after receiving all the required information/ documents. The ISA undertakes that it will exercise due diligence to service any claims under portability from any empanelled hospital under the scheme within India and will settle claims within 30 days of receiving them.
>
> b. The ISA shall decide on the acceptance or rejection of any Claim received from an Empanelled Health Care Provider. Any rejection notice issued by the ISA to the Empanelled Health Care Provider shall state clearly that such rejection is subject to the Empanelled Health Care Provider's right to file a complaint with the relevant Grievance Redressal Committee against such decision to reject such Claim.
>
> c. If the ISA recommends for rejection of a Claim, the ISA will issue a written letter of rejection to the Empanelled Health Care Provider stating: details of the Claim summary; reasons for rejection; and details of the District Grievance Nodal Officer. The letter of rejection shall be issued to the State Health Agency and the Empanelled Health Care Provider within 15 days of receipt of the electronic Claim. The SHA through ISA should inform the Empanelled Health Care Provider of its right to seek redressal for any Claim related grievance before the District Grievance Redressal Committee in its letter of rejection.
>
> d. If a Claim is rejected because the Empanelled Health Care Provider making the Claim is not empanelled for providing the health care services in respect of which the Claim is made,

then the ISAwill while rejecting the Claim inform the Beneficiary of an alternate Empanelled Health Care Provider where the benefit can be availed in future.

e. The ISA shall be responsible for ensuring settlement of all claims within 15 daysafter receiving all the required information/ documents. The Claim Payment shall be made (based on the Package Rate or the Pre-Authorized Amount) within 15 days, if not rejected, including any investigation into the Claim received from the Empanelled Health Care Provider.

f. In case of all PHCS, CHCS, District Hospitals and other Public Empanelled Health Care Provider full claim payment will be made without deduction of tax. In case of private health care providers, full claim shall be paid without deduction of tax, if the Empanelled Health Care Provider fails to submit a tax exemption certificate to the SHA, then the Claim Payment recommendation by ISA will be made after deducting tax at the applicable rate.

g. If the Beneficiary is admitted by an Empanelled Health Care Provider during a Policy Cover Period, but is discharged after the end of such Policy Cover Period and the Policy is not renewed, then the arising Claim shall be paid in full subject to the available Sum Insured.

h. If a Claim is made during a Policy Cover Period and the Policy is not subsequently renewed, then the Claim Payment shall be made in full subject to the available Sum Insured.

i. The process specified in paragraphs (e) to (g) above in relation to Claim Payment or investigation of the Claim shall be completed such that the Turn-around Time shall be no longer than 15 days.

If the ISA fails to process the claim and send to SHA within 10 days of receipt of the complete claim so as to ensure Claim Payment within a Turn-around Time of 15 days then the ISA agrees to be liable to pay a penal interest to the Empanelled Health Care Provider at the rate of 1% of the Claim amount per week after 15 days of delay.

j. The counting of days for the purpose of this Clause shall start from the date of receipt of the Claim." … … …

EHCP has also been provided right to appeal against rejection of its claim by the ISA.

**2(iii)** Respondent No. 1 has formulated guidelines under AB-PMJAY for release of grant-in-aid for the implementation of this

Scheme. As per these guidelines a defined annual benefit cover of Rs. 5 lac, per family, per annum, on family floater basis has been provided for identified category of families as per SECC-2011. The guidelines also stipulate the maximum annual ceiling limit as also the sharing pattern ratio between the Central & State Governments as under:-

> "1. Maximum Annual Ceiling Limit and Sharing Pattern Ratio
>
> A. Maximum Annual Ceiling Limit:
>
> - The actual premium and/or treatment cost of AB PM-JAY Beneficiary Families or the maximum ceiling of the estimated annual grant-in-aid/family as decided by Government of India, whichever is less, would be shared between Central Government and States/Union Territories (UTs) in the ratio as per the directives issued by Ministry of Finance from time to time. This amount shall be subject to amendment as and when amended by the directives issued by Ministry of Finance in this regard.
> - The maximum annual grant-in-aid as NHA's Share will be as under:

| | |
|---|---|
| For North-Eastern Region, two Himalayan States and one Union Territory viz. Jammu & Kashmir | 90% of Annual Maximum Ceiling as decided by government of India from time to time. viz.Rs.946.80(Rs.1052/- @90%) |
| For States other than North Eastern Region, two Himalayan States and for two Union Territories viz. Puducherry & New Delhi | 60% of Annual Maximum Ceiling as decided by Government of India from time to time to time. viz. Rs.631.20 (Rs.1052/@60%) |
| For other Union Territories | 100% of Annual Maximum Ceiling as decided by Government of India from time to time. viz.Rs.1052/- (Rs.1052/- @100%) |

- The ceiling limit shall be applicable irrespective of the implementation mode opted by the State Government/ Union Territory.

B. Sharing Pattern between Central and State Government:

- The existing sharing pattern ratio is 60:40 between the Central Government and the States Government/Union Territories for all States and Union Territories other than the seven North-Eastern & two Himalayan States and Union Territories, which have their own Legislatures; and
- For the seven North-Eastern States, the Union Territory of Jammu and Kashmir and two Himalayan States (viz. Himachal Pradesh and Uttarakahnd), the ratio of sharing between the Central and State Governments will be 90:10; and
- For Union Territories which do not have their own legislatures, the Central Government may provide up to 100% on a case-to-case basis."

According to above extracted operational guidelines, the actual premium and/or treatment cost of AB-PMJAY beneficiary families or the maximum ceiling of the estimated annual grant-in-aid/family as decided by Government of India, whichever is less, would be shared between Central Government and States/Union Territories in the ratio as per the directives issued by Ministry of Finance from time to time. For State of Himachal Pradesh this ratio has been fixed as 90:10 between Central Government and the State Government. For the Central Government the sharing pattern is 90% of annual maximum ceiling kept at Rs. 946.80 (Rs. 1052/-@

90%). The procedure for release of grant-in-aid has been detailed in the guidelines. The guidelines provide for implementation of AB-PMJAY either in Insurance Mode or the Trust Mode or the Mixed Mode. Stage of release of premium is also outlined in the guidelines as under:-

> "II – Stage of Release of Premium:
>
> (i) For States implementing AB PM-JAY in Insurance Mode Or States implementing AB PM-JAY in Mixed Mode with regard to Insurance Component of Mixed Mode: Grant-in-Aid will be released as per the timeline decided in the approved Model Tender Document approved by NHA for the selection of Insurance Company or as per existing contract signed between SHO & Insurance Company, if any.
>
> (ii) For States implementing AB PM-JAY in Trust Mode Or States implementing AB PM-JAY in Mixed Mode with regard to Trust Component of Mixed Mode: Grant-in-Aid will be released, preferable in two tranches of 50% each (around the month of May & October), subject to proportionate upfront release of State share and utilization of earlier released grant-in-aid, if any.
>
> The annual payable Grant-in-Aid in case of Mixed Mode, will be funds will computed for the premium payment as per the applicable insurance contract signed between SHA and insurance company. Further, the computation of payable treatment cost of NHA's Share for claim payment under trust mode will be done from the left-over funds with revised beneficiary base (excluding null data records)."

**2(iv)** A Memorandum of Understanding (in short the 'MoU') was also executed on 14.05.2018 between the National Health Agency, Government of India and respondents-State Government for

implementation of Pradhan Mantri Rashtriya Swathya Suraksha Mission (in short PMRSSM) wherein the basic sum insured was Rs. 5 lac per beneficiary family unit per annum. The beneficiary family unit is the family including all its members that figures in the SECC data base under the deprivation criteria. Clause 5 of the MoU is with the heading – 'Role and Responsibilities of NHA'. Its relevant provision reads as under:-

> "5) Role and Responsibilities of NHA
>
> Having agreed to provide assistance for the implementation of PMRSSM in alliance with Mukhya Mantri State Health Care Scheme and HP Universal Health Protection Scheme in the State of Himachal Pradesh, the NHA shall do the following:
>
> a) Premium/Cost Contribution:
>
> [Insurance mode] The NHA shall release Central share of grant-in-aid under PMRSSM as premium contribution determined through tendering process subject to national ceiling determined by Government of India;
>
> [Trust mode] The NHA agrees to release Central share of grant-in-aid as actual cost of claims or the ceiling determined by the Government of India, whichever is lower.
>
> b) Transfer of Premium/cost as grant-in-aid in escrow account: There shall be an escrow account established between the NHA and SHA and the NHA shall transfer the Central Government's share to the specified escrow account, within 15 days on receipt of intimation from the State pertaining to the fulfillment of the conditions set out in (a) above as may be prescribed by the NHA.
>
> c) Transfer of administrative expense: The NHA shall provide Central Government's share of contribution with respect to administrative expenses to the SHA based on fulfillment of such conditions as maybe prescribed by NHA.

d) Database of beneficiaries: The NHA shall provide the database of eligible beneficiary families to the States and shall allot a unique national ID for each PMRSSM beneficiary. The NHA will also provide flexibility to States to use their own database of beneficiaries as mentioned in clause 6(f) of this MoU on the condition that all PMRSSM eligible Beneficiary Family Units are included in this database.

e) Operational Guidelines: The NHA shall provide guidance to the States through operational guidelines for implementation of PMRSSM." … … …

Clause 6 of the MoU assigns following role and responsibilities of State of Himachal Pradesh (relevant part only):-

"6) Role and Responsibilities of State of Himachal Pradesh:

The State shall be responsible for the following with respect to implementation of PMRSSM in alliance with the Mukhya Mantri State Health Care Scheme and HP Universal Health Protection Scheme under this MoU:-

a) Setting up of State Health Agency: The State shall set-up a dedicated State Health Agency (SHA) or designate this function to any existing agency/trust/society i.e. Himachal Pradesh Swasthya Bima Yojna Society designated for this purpose which will be responsible for the implementation of PMRSSM in alliance with Mukhya Mantri State Health Care Scheme and HP Universal Health Protection Scheme.

b) Coverage: The State shall provide a health protection coverage of Rs. 5 lakh per family per year benefit cover for secondary and tertiary care hospitalizations to all eligible PMRSSM families.

c) Premium/Cost contribution

i) [Insurance mode] The State shall release State share of grant-in-aid as premium contribution determined through

tendering process including any contributions to be made over and above the national ceiling determined by Government of India [and for any additional coverage/benefit cover/beneficiary family category covered under the Mukhya Mantri State Health Care Scheme and HP Universal Health Protection Scheme in alliance with PMRSSM];

ii) [Trust mode] The State shall release State share of grant-in-aid as actual cost of claims or any additional claims beyond the ceiling determined by the Government of India, [and for any additional coverage/benefit cover/beneficiary family category covered under the Mukhya Mantri State Health Care Scheme and HP Universal Health Protection Scheme in alliance with PMRSSM].

[Note: The State is implementing Mukhya Mantri State Health Care Scheme and HP Universal Health Protection Scheme on Trust mode. The State will decide for implementation of Mission on Insurance mode or Trust mode in consultation with NHA]." … … …

It is an admitted position that State of Himachal Pradesh has adopted Trust/assurance mode for release of payments to the empanelled hospitals. On 01.09.2018 respondent-State notified guidelines for implementation of the AB-NHPM as under:-

"The Governor, Himachal Pradesh is pleased to notify the guidelines for implementation of Ayushman Bharat National Health Protection Mission (AB-NHPM) in the State of Himachal Pradesh. The following shall be the guidelines for the implementation of Mission in the State of Himachal Pradesh.

(a) The families, selected on the basis of Socio Economic Caste Census, 2011 (SECC, 2011) and enrolled under Rashtriya Swasthya Bima Yojna in 2014-15 in the State shall be eligible for cashless treatment under the Mission.

(b) The eligible family shall get maximum health insurance coverage of Rs. 5.00 lakh per year on family floater basis.

(c) The HP Swasthya Bima Yojna Society, which is implementing Rashtriya Swasthya Bima Yojna, Mukhya Mantri State Health Care Scheme and H.P. Universal Health Protection Scheme shall implement the Mission in the State.

(d) Hospitals empanelled under Rashtriya Swasthya Bima Yojna will stand empanelled for Ayushman Bharat however their physical verification will be completed within three months. In addition new hospitals will be empanelled under the mission.

(e) The empanelled hospitals will appoint Pradhan Mantri Arogya Mitra (PMAM) who will be responsible for beneficiary identification system (BIS), Transaction Management System (TMA) and help the beneficiaries for availing cashless treatment. These PMAMs will keep proper record of the claims and help the hospitals in getting reimbursement. Hospitals will depute PMAM at their own level and their remuneration etc. will be met by the hospital from its own resources.

(f) The Mission will be implemented on assurance mode and HP Swasthya Bima Yojna Society will select implementation Support Agency through open bidding process for implementation of the Mission in the State.

The guidelines issued by the Government of India for implementation of Mission from time to time shall be followed.

This issues with the prior concurrence of the Finance Department obtained vide the U.O. Fin (C) B (15)-1/2018 dated 19.07.2018."

**2(v) The Issue: Working of Ayushman Bharat – Pradhan Mantri Jan Arogya Yojna**

**2(v)(a)** During hearing of the case, learned Advocate General provided following data to show year-wise allocation, release of funds vis-à-vis actual expenditure incurred on the Scheme:-

| Year | State Share (Rs. in crore) | Centre share (Rs. in crore) | Patients treated | Amount of claims (Rs. in crore) | Extra expen-diture on State (Rs. in crore) | 10% State Share as per actual expen-diture (Rs. in crore) | 90% Centre Share on Actual Expenditure (Rs. in crore) | Extra %age burden on State | Per family Expen-diture on actual (Rs.) |
|---|---|---|---|---|---|---|---|---|---|
| 2018-19 | 0.73 | 16.56 | 9326 | 8.51 | 0 | 0.85 | 7.66 | 0 | 160 |
| 2019-20 | 5.51 | 23.96 | 50319 | 44.62 | 0 | 4.46 | 40.16 | 0 | 838 |
| 2020-21 | 4.78 | 33.55 | 30826 | 37.28 | 0 | 3.73 | 33.55 | 0 | 700 |
| 2021-22 | 4.78 | 45.35 | 49650 | 73.71 | 23.58 | 7.37 | 66.34 | 31.99 | 1384 |
| 2022-23 | 27.3 | 45.35 | 65736 | 83.58 | 33.45 | 8.36 | 75.22 | 40.02 | 1570 |
| 2023-24 | 5.51 | 45.35 | 62301 | 84.18 | 33.32 | 8.42 | 75.76 | 39.58 | 1581 |
| 2024-25 | 5.53 | 49.71 | 73173 | 112.21 | 56.97 | 11.22 | 100.99 | 50.77 | 2108 |
| 2025-26 | 5.52 | 49.71 | 106953 | 154.75 | 99.52 | 15.48 | 139.28 | 64.31 | 2907 |
| Total | 59.66 | 309.54 | 448284 | 598.84 | 246.84 | 59.88 | 538.96 | 41.22 | |

Learned Advocate General submitted that during initial years of operation of the Scheme i.e. 2018-19, 2019-20 & 2020-21, the Scheme functioned almost smoothly. The number of patients treated under the Scheme was less. Claims were accordingly also less in number. The quantification of the claims was within the limits under the Scheme. For example, since the maximum ceiling limit under the Scheme for Central Government is Rs. 952/- per family per annum therefore for total eligible beneficiaries i.e. around 5 lac families the Central Government's annual share in the Scheme becomes Rs. 49.71 crores as against Rs. 5.52 crores of the State Government or in other words in the ratio of 90:10. Actual annual expenditure per family till 2020-21 remained around Rs. 838/- or less i.e. within the ceiling limit of Rs. 1052/- per family. However, the situation became different w.e.f. 2021-22 onwards. The number of patients treated by private empanelled hospitals rose, leading to corresponding increase in their claims. But because of maximum

ceiling fixed and as interpreted by the Central Government of its contribution in AB-PMJAY Scheme, the grant-in-aid released by the Central Government did not exceed Rs. 49.71 crores per annum. Consequently, the additional financial liability fell upon the State Government. Illustratively in the year 2021-22, number of patients treated was 49650. Claims for Rs. 73.71 crores were received from empanelled hospitals. According to the State, 90% of Centre's liability though would have been equivalent to Rs. 66.34 crores but the Centre released the maximum ceiling limit of amount as interpreted by it i.e. Rs. 952/- per family totaling Rs. 45.35 crores. The remaining liability was fastened upon State. Total annual actual expenditure per family for 2021-22 was Rs. 1384/-. Centre only bore 45.35 crores against 90% liability whereas against supposedly 10% of liability the State was asked to shell out Rs. 23.58 crores over & above 10% liability. This has continued for subsequent years as well. For example, for the year 2025-26 the actual amount claimed under AB-PMJAY was Rs. 154.75 crores, 90% of which i.e. Rs. 139.28 crores should have been borne by the Centre and 10% thereof i.e. Rs. 15.85 crores should have been the responsibility of the State Government. But in reality, because of the ceiling limit fixed and being interpreted in a particular manner by the Central Government regarding its contribution, the grant-in-aid released by

the Central Government remained static at Rs. 49.71 crores. Resultantly, balance liability fell upon the State Government. The State is now supposed to pay claims of empanelled hospitals to the extent of 64.31% extra over its delineated share of 10%. This according to learned Advocate General is unjust. Submission was made that for the revenue deficit State of Himachal Pradesh, interpretation of sharing pattern of 90:10 for release of treatment claims of empanelled hospitals has to be based upon actual expenditure caused or else the Scheme becomes unworkable. Therefore, Central Government should be directed to pay 90% of actual cost incurred/claims per annum. Citing *Adani Power (Mundra) Limited vs. Gujarat Electricity Regulatory Commission & Ors.*[2], learned Advocate General argued that contract should be interpreted according to its purpose. The purpose of a contract is the interests, objections, values, policy that the contract is designed to actualize. *Export Credit Guarantee Corporation of India Limited vs. Garg Sons International*[3], was relied upon to submit that contract must be read as a whole and every attempt should be made to harmonise the terms thereof, keeping in mind

[2] (2019) 19 SCC 9
[3] (2014) 1 SCC 686

that the rule of *contra proferentem* does not apply in case of commercial contract.

Learned counsel appearing for respondent No. 2-UOI submitted that under AB-PMJAY, it is the responsibility of the State Government to bear the expenses for the additional claims that are beyond the ceiling limit. The Central Government & the State Government are bound by the clauses of not just the Schemes but also of Memorandum of Understanding executed between them. Liability of Central Government is only to release 90% of the maximum prescribed ceiling limit.

Learned Counsel further submitted that in no case the actual share of Central Government will go beyond Rs. 49.71 crores per annum for around 5 lac beneficiary families at 90% of Rs. 1052/- i.e. Rs. 946.80 per annum, per family. The additional liability over & above Rs. 49.71 crores, if any in any given year is to be borne by the State Government and this is specifically so provided in the AB-PMJAY, the notification dated 01.09.2018 as also the MoU dated 14.05.2018. Respondent-State has agreed to implement the Scheme as it stands fully aware of the financial obligations arising therefrom. There is no ambiguity in the Scheme. Respondent-State has not exercised opting out of Scheme as provided in terms of following Clauses of the MoU:-

"3) Duration of the MoU

a) This MoU shall come into force immediately upon signing and shall be applicable till such date when either of the Parties decide to withdraw from it or both Parties agree to terminate it as per clause 8 of this MoU."

… …. …

"8) Exit and Termination

a) Either party of the MoU can invoke the exit clause to withdraw from the MoU, provided that the existing party gives a notice of its intent to terminate in writing at least 90 days in advance, and citing the reasons for the termination. The Parties shall conduct as many coordination and conciliation meetings as possible during this period to explore ways to continue the MoU, if needed.

b) This MoU can also be terminated for cause by providing 60 days prior notice in writing, and such cause for termination shall be if either party commits a material breach of its obligations under this MoU."

It was submitted that Central Government having already released its share of Rs. 49.71 crores, remaining liability towards pending claim of petitioners is that of the State Government.

**2(v)(b)** There appears to be some justification in the submissions of the learned Advocate General. To simplify the submissions of the learned Advocate General, a hypothetical situation (which though according to learned Counsel for the petitioners and respondent No. 2 can never arise, illustration however is given only towards better comprehension of the issue) can be visualized that in a given year all 5 lac eligible beneficiary families (rounded off), claim the

maximum sum insured i.e. Rs. 5 lac towards treatment cost, the total actual expenditure would then work out to be 5 lac x 5 lac = 2500 crores. In terms of the Scheme, liability of Central Government is 90:10. This sharing pattern appears to be only a paper depiction, for the reason that Central Government has fixed its maximum ceiling limit per family, per annum, which is Rs. 952/-. Thus in case one family avails Rs. 5 lac limit per annum, the Central Government will release only Rs. 952/- to that family per annum. The remaining amount of Rs. 499048/- has to be borne by the State Government. For the revenue deficit State of Himachal Pradesh (as has come out from the documents placed on record during hearing) it may not be an easy task to bear. Be that as it may. It is not for the Court to venture into this area. '*As per settled proposition of law, the Court should refrain from interfering with the policy decision, which have a cascading effect and having financial implications'* (*State of Maharashtra & Anr. vs. Bhawan & Ors.*[4]).

*Adani Power (Mundra) Ltd.*[2], relied upon by the respondent-State *inter alia* holds that agreement ought to be given the plain, literal and grammatical meaning of the expression used in the same. The principle of business efficacy could be invoked only if by a plain literal interpretation of the term in the agreement or the

[4] (2022) 4 SCC 193

contract, it is not possible to achieve the result or the consequence intended by the parties acting as prudent businessmen. It was held as under:-

> "24. It could thus be seen that it is more than well settled that the clauses in the agreement ought to be given the plain, literal and grammatical meaning of the expression used in the same. No doubt, that the courts will also try to gather as to what intention the parties wanted to give them. As has been held by Ranjan Gogoi, J. (as His Lordship then was) the principle of business efficacy could be invoked only if by a plain literal interpretation of the term in the agreement or the contract, it is not possible to achieve the result or the consequence intended by the parties acting as prudent businessmen. This test requires that a term can only be implied, if it is necessary to give business efficacy to the contract, to avoid such a failure of consideration that the parties cannot as reasonable businessmen have intended. If the contract makes business sense without the term, the courts will not imply the same. It is amply clear that courts can imply a clause only if it is found that the plain and literal meaning given to the expression used in the terms is not in a position to make out the intention of the parties. Reading an unexpressed term in an agreement would be justified on the basis that such a term was always and obviously intended by and between the parties thereto. An unexpressed term can be implied if and only if the court finds that the parties must have intended that term to form part of their contract. It is not enough for the court to find that such a term would have been adopted by the parties as reasonable men if it had been suggested to them. It must have been a term that went without saying, a term necessary to give business efficacy to the contract, a term which, although tacit, forms part of the contract. As held in *Nabha Power Ltd. vs. Punjab SPCL*[5], for invoking the

[5] (2018) 11 SCC 508

business efficacy test and carving out an implied condition, not expressly found in the language of the contract, the following five conditions will have to be satisfied:

(1) Reasonable and equitable;

(2) Necessary to give business efficacy to the contract;

(3) It goes without saying i.e. the Officious Bystander Test;

(4) Capable of clear expression; and

(5) Must not contradict any express term of the contract."

It will also be in place to quote *Kirloskar Ferrous Industries Limited & Anr. vs. Union of India & Ors.*[6] that *inter alia* holds that judicial review does not entail comprehensive re-evaluation of policy's wisdom as under:-

"56. Policy decisions often require the expertise of professionals and specialists in fields such as economics, public health, national security, and environmental science. These domains involve specialized knowledge that judges, as generalists in legal matters, may lack. For instance, in economic policy, the executive may decide on trade tariffs or subsidies based on extensive data and projections that aim to balance domestic industry support with global trade commitments. The courts, lacking the same level of economic expertise and without the authority to make trade-offs among competing policy objectives, is typically not equipped to second-guess these kinds of decisions.

57. While courts have the power of judicial review to ensure that executive actions and legislative enactments comply with the Constitution, this power is not absolute. Judicial review is meant to act as a safeguard against actions that overstep legal boundaries or infringe on fundamental rights, but it does not entail a comprehensive re-evaluation of the policy's wisdom. The judicial

[6] (2025) 1 SCC 695

review of policy decisions is limited to assessing the legality of the decision-making process rather than the substantive merits of the policy itself. For example, if a government policy infringes on fundamental rights or discriminates against a particular group, the courts have a duty to strike down such policies. However, in the absence of constitutional or legal violations, the courts should respect the policy choices made by the executive or legislature.

58. The duty of the court in policy-related cases is primarily to determine whether the policy falls within the scope of the authority granted to the relevant body. If the policy decision is within the executive's legal authority and has been made following proper procedures, the courts should defer to the expertise and discretion of the policy-makers, even if the policy appears unwise or imprudent. This restraint ensures that the courts do not impose its own perspective on policy matters that are rightly the responsibility of other branches."

In *Bhika Ram & Anr. vs. State of Rajasthan & Ors.* [7] the Apex Court reiterated "*It is well settled in law that a policy decision though executive in nature binds the Government, and the Government cannot act contrary thereto, unless the policy is lawfully amended or withdrawn. Any action taken in derogation of such a policy, without amendment or valid justification, is arbitrary and violative of Article 14 of the Constitution of India*[8]*".* It was further held that "*The State Government cannot be permitted to act in contravention of the policy framed by it, which binds it.*"

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[7] SLP(c) No. 27965 of 2025, decided on 19.12.2025

[8] Mahabir Auto Stores & Ors. vs. Indian Oil Corporation & Ors., (1990) 3 SCC 752; Home Secy., U.T. of Chandigarh & Anr. vs. Darshjit Singh Grewal & Ors., (1993) 4 SCC 25; & State of Punjab & Ors vs. Ram Lubhaya Bagga & Ors. (1998) 4 SCC 117.

The respondent-State was well aware of provisions of the Scheme, its operational guidelines as also the payment modalities prescribed thereunder. The Scheme very clearly mandates that:-

(a) i) actual premium

and/or

ii) the treatment cost of AB-PMJAY beneficiary families

or

(b) the maximum ceiling of the estimated annual grant-in-aid/family as decided by Government of India,

whichever is less would be shared between the Central Government and the States in the ratio as decided by the Ministry of Finance from time to time. The prescribed ratio is 90:10 for the State of Himachal Pradesh.

Out of the above two postulations, in case in a given year the maximum ceiling of estimated grant-in-aid per family decided by the Government of India i.e. Rs. 1052/- per family, comes out as the minimum expenditure for the Central Government, then it will only be this expenditure that shall be borne by the Central Government as per sharing pattern. Remaining responsibility will be that of the State Government. This is also the clear language of the MoU executed between the Central & State Government agencies. As per Clause 5 of the MoU, in the Trust mode the National Health Agency

shall release Central share of grant-in-aid as actual cost of claims or the ceiling determined by the Government of India, whichever is lower. Further as per Clause 6 of the MoU, the State shall release State share of grant-in-aid as actual cost of claims or any additional claims beyond the ceiling determined by Government of India. Thus liability to bear expenditure beyond the maximum ceiling limit fixed for Central Government has to be discharged by the State Government. It is not the case where after working out the Scheme from 2018-19 onwards, the State has been taken by surprise in the year 2022-23 by the dimensions of the Scheme. Clauses of the Scheme & the MoU are self speaking. The Clauses are the same as they existed in the year 2018-19. Liability over & above the ceiling limit of Rs. 952/- per family or in other words over maximum financial limit of Rs. 49.71 crores per annum is to be borne by the State. It was for the State to deliberate upon the Scheme, its long term consequences and implications upon the State before notifying the same for implementation in the State. Having undertaken to implement the Scheme with all its terms & covenants, having created financial obligations for itself under the Scheme, having entered into contracts with third parties-the petitioners & others for their providing treatment to patients as empanelled hospitals under the Scheme, which they are admittedly still continuing to do, the

State cannot deny or escape from its financial liabilities towards the petitioners by putting forth the ground of unworkability of the Scheme for the revenue deficit State. The respondent-State in its reply filed to the writ petition has not even pleaded the unworkability of the Scheme or wrong interpretation of the Scheme by the Central Government as projected during hearing of the case. The stand taken in the reply acknowledges ceiling based payments to be made by the Centre under the Scheme as also on 90:10 sharing pattern subject to maximum annual ceiling of Rs. 1052/- per eligible family per annum. Reply also acknowledges that maximum share of the Central Government under the Scheme is Rs. 49.71 crores per annum for the identified beneficiary families. The only defence taken by the State in the reply for not releasing the due payments to the petitioners is lack of availability of funds with the State. Relevant portion of reply is as under:-

> "3. That at the outset, the replying respondents humbly submit that the HP Swasthya Bima Yojna Society is implementing Ayushman Bharat-Pradhan Mantri Jan Arogya Yojna and HIMCARE Schemes in the State strictly as per the policy guidelines issued by the appropriate Governments. It is worthwhile to submit here that under Ayushman Bharat-Pradhan Mantri Jan Arogya Yonja which is a centrally sponsored scheme, the allocation of funds is made to the Society in the manner prescribed by the National Health Authority (NHA), Ministry of Health and Family Welfare, GOI and copy of the same is placed on record as Annexure R-4/1.

Under the said policy, payments are strictly policy-driven, ceiling-based and for Himachal Pradesh, being a Himalayan State, the applicable 90:10 sharing ratio is subject to a maximum annual ceiling of 1052/- per eligible family. In this way under Ayushman Bharat –PMJAY Scheme, the Himachal Pradesh Swasthya Bima Yojna Society i.e. Executive Agency receives total allocation around Rs. 55.00 Crores in a year i.e (Rs. 49.71 Crore as Central Share + Rs. 5.52 Crore as State Share). However, the HP Swasthya Bima Yojna Society receives claims above Rs. 55.00 Crore and the Society has not been receiving any grant in respect of the claims received more than Rs. 55.00 Crore in a year. It is also put on record that during last two financial years claims more than Rs. 100.00 Crores have been received and due to excess claims, the backlog pendency under Ayushman Bharat- PMJAY has accumulated more than Rs. 201.16 Crores. Also, it is pertinent to submit here that under PM-JAY Ayushman Bharat Scheme the claims are processed exclusively through the Transaction Management System (TMS) Portal of NHA, which does not permit manual or selective processing for a particular hospital and all payouts are system-driven on a FIFO (First-In-First-Out) basis, thereby leaving no scope for arbitrariness or discrimination on the part of the replying respondent.

4. That the respondents are continuously making efforts to clear pending claims, strictly in accordance with the NHA policy, and there is no wilful default, arbitrariness or dereliction of statutory duty.

5. That at the outset, it is respectfully submitted that payment of certain claims could not be released due to non- availability of funds at the relevant time. However, the replying respondent is continuously taking up the matter for additional budget from the Government and copies thereof are enclosed herewith as Annexure-R-4-2. It is submitted that as and when the funds shall be received from the appropriate Governments the pendency of

eligible claims shall be cleared in accordance with the applicable rules and scheme guidelines."

It is admitted case of the respondent-State that MoU was executed by it with the Central Government for implementing the Scheme and in that memorandum also it has also been clearly provided that any additional liability over and above the maximum ceiling limit of grant-in-aid to be released by the Central Government per family, per annum, has to be borne by the State Government. In case the State Government is not in a position to continue with the Scheme in its present format, it is for the State Government to see its available options in accordance with law. It is not the case of the respondent-State that it has discontinued the Scheme or has opted out of the MoU. The reply filed by respondent-State is clear indicator that respondent is aware about its liability under the Scheme and that any additional expenditure over and above the maximum ceiling limit of the Central Government is to be borne by the respondent-State.

It is not in dispute that duly approved monetary claims of petitioners for providing treatment to the beneficiary patients under AB-PMJAY have not been cleared by the State.

For the foregoing it is held that liability to bear additional expenses beyond the prescribed ceiling limit of the Central

Government is that of respondent-State. The Central Government having already cleared its financial liability towards the petitioners under the Scheme, remaining part of duly approved bills of the petitioners is to be released by the respondent-State.

**3. HIMCARE Scheme**

Vide notification dated 29.12.2018, Government of Himachal Pradesh also started providing cashless treatment coverage on the analogy of AB-PMJAY to the left out families under HIMCARE Scheme. Under this notification, the hospitals empanelled under AB-PMJAY Scheme stand automatically empanelled under HIMCARE Scheme. Package rates of AB-PMJAY have been adopted for HIMCARE. Under the HIMCARE Scheme, cashless treatment coverage up to Rs.5 lac per year per family is being provided in the empanelled hospitals by following the guidelines issued for AB-PMJAY Scheme.

Petitioners have claimed that their bills under the HIMCARE Scheme have also not been released by the respondent-State and this is despite the fact that their bills are duly approved.

**3(i)** Respondents No. 1, 3 & 4 in their reply have not disputed that HIMCARE is State funded Scheme and discharge of financial obligations by releasing the claims of the petitioners-empanelled hospitals under HIMCARE Scheme is their sole responsibility.

Factual assertions made for the petitioners in the writ petitions have not been disputed by the respondents-State. Non-release of claims of the petitioners under this Scheme has been attributed to alleged temporary non-availability of funds. The Hon'ble Supreme Court in *Municipal Council, Ratlam vs. Shri Vardichan & Ors*[9], held that financial constraints or lack of funds cannot be accepted as a valid excuse for the non-performance of duties by public authorities. Portion relevant to context is as under:-

> "24. … … Why drive common people to public interest action? Where directive Principles have found statutory expression in Do's and Dont's the court will not sit idly by and allow municipal government to become a statutory mockery. The law will relentlessly be enforced and the plea of poor finance will be poor alibi when people in misery cry for justice. The dynamics of the judicial process has a new 'enforcement' dimension not merely through some of the provisions of the Criminal Procedure Code (as here), but also through activated tort consciousness. The officers in charge and even the elected representatives will have to face the penalty of the law if what the Constitution and follow-up legislation direct them to do are defied or denied wrongfully. The wages of violation is punishment, corporate and personal."

**3(ii)** During one of hearings of the case, learned Advocate General projected for the respondents-State that bills/claims of the petitioners were under scanner; They were being investigated into as according to the respondents, a necessity was felt to verify

[9] (1980) 4 SCC 162

whether claims/bills submitted by the petitioners-empanelled hospitals were genuine or fake/fraudulent; For this purpose a vigilance inquiry was ordered, which is still investigating into the matter; Therefore, till the investigation is completed the payments cannot be released.

This stand has been opposed by learned Counsel for the petitioners. The point put forth was that detailed mechanism has been provided in the Scheme for verifying the claims/bills of the petitioners – empanelled hospitals; Petitioners' bills have been duly verified and approved by the competent authorities. Yet these are not being released & unlawfully have been kept pending for years.

**3(iii)** After hearing the case at length on 25.03.2026, respondent State was directed to release all pending approved bills of petitioners by making up to date full & final payments. Relevant portion of order is as under:-

> "Above huge pending claims of the petitioners are in respect of services already rendered by them in terms of the schemes. Furthermore the claims have been duly examined and approved yet these have not been released in entirety. The services being rendered by the petitioners are continuous in nature. The claims shall keep on increasing with every passing day with further patient care. The respondent-State being a welfare entity committed to constitutional principles has fundamental obligation to honour its commitment and cannot deny legitimate claims compelling the petitioners to seek judicial

intervention for what is rightfully due to them. In the backdrop of the policy where the State entered into contracts and the work is completed about which there is no dispute on facts and the bills are approved, State cannot withhold the payments of approved bills of the petitioners. The release of petitioners' rightful dues is akin to right to property protected under Article 300 (A) of the Constitution. As a model employer as a model welfare entity respondent-State is duty bound to uphold its bargain and fulfill its payment obligations to ensure fairness, accountability and trust in pubic dealings. More so, when the aforesaid schemes are aimed in furtherance of right to life for sustainable health goals of general public for covering the targeted areas under the health schemes. In case the petitioners are not paid their duly approved bills, they would be adversely affected by cash flow, which in turn would affect the running of the scheme, ultimately creating negative impact upon the health care system i.e. goal under the scheme.

For the foregoing reasons, respondent-State is directed to release all pending approved bills of the petitioners by making upto date full and final payments to them within two weeks from today, failing which, the respondents shall remain present in the Court on the next date when appropriate order in accordance with law shall be passed."

On the next date of listing – 10.04.2026, learned Advocate General informed that a vigilance inquiry into the bills/claims submitted by the private empanelled hospitals under HIMCARE Scheme had been contemplated by the State. The operative part of the order passed on the date is as under:-

"4. Under the HIMCARE Scheme, the only submission made by the learned Advocate General is that a vigilance inquiry of empanelled private hospitals under the HIMCARE Scheme has been contemplated by the State Government.

Before proceedings further in the matter, respondents–State are directed to place on record complete data with details including tabulations pertaining to the petitioners-the hospitals/institutions empanelled under the Scheme including facts & figures regarding the bills furnished by the petitioners, dates when furnished; dates of their consideration; dates of approval/disapproval of bills; reasons for disapproval; quantum of approved bills; dates of release of amount under approved bills; amount still due for release under approved bills; reasons as to why the bills, if any, have not been considered/approved within the period stipulated under the Scheme; complaints, if any, received by the State pertaining to the bills of the empanelled hospitals, date of receipt of complaints and nature thereof, on the next date.

List on 28.04.2026, when respondent No.1 & 3 shall also remain present in the Court for assistance."

On 28.04.2026, a consensus was reached between the parties that the State will verify the pending bills of the petitioners under the HIMCARE Scheme, within next two weeks. The order was accordingly passed in the matter as under:-

… … … "Pursuant to the hearing held today, a consensus has been reached between the parties, in terms of which, respondents No.1 and 4 are now directed to carry out verification of the pending bills of the petitioners-Empanelled Hospitals under the Himcare Scheme. This exercise be undertaken within next two weeks, after giving due opportunity of hearing to all the petitioners through their authorized representatives.

Any information required, any document needed from the petitioners in order to verify the bills, may be duly conveyed to them to enable them to supply the same to the respondents. The aim of this exercise would be to release the pending bills of the petitioners, which are in order. This exercise would be

independent of the investigation being carried out by the SIT constituted by the State Vigilance & Anti Corruption Bureau. All rights and contentions of the parties are left open. The bills, which are ultimately approved, be released in favour of the petitioners.

It has been apprised during hearing that even though Himcare Scheme is not being operated through Private Empanelled Hospitals w.e.f. September, 2024, however, Dialysis is still permissible under the Himcare Scheme in the private empanelled hospitals. Therefore, there shall be a direction to the respondents that all pending bills of the petitioners-Private Empanelled Hospitals, if any, pertaining to Dialysis till date, be also verified and if approved, payments be released in their favour.

Report on the above two points be furnished by the next date of hearing." ... ...

During next hearing held on 21.05.2026, it was informed by the respondent-State that some pending claims of the petitioner under HIMCARE Scheme had been settled but a large number was still pending. It will be appropriate to mention here that respondents have stopped empanelment of all private hospitals including the petitioners under the HIMCARE Scheme save & except for 'dialysis' w.e.f. 31st August, 2024. It was submitted by the learned Advocate General that respondent-State had been verifying the bills furnished by the petitioners but progress was slow due to less staff deployed for the purpose. Considering this, following order was passed in the matter (relevant portion only):-

"2. The office instructions dated 20.05.2026 convey that prior to 18.05.2026, only one Doctor had been assigned the task of verifying the claims of the petitioners for settling their bills, but after the hearing conducted on 18.05.2026, four additional Doctors named in the office order dated 18.05.2026 appended alongwith the instructions, have been deployed in the State Health Agency; That they have been given the training and they have also assumed the work.

Looking to the claims, which are as yet pending for completion of codal formalities, it is obvious that the respondents do require services of more Doctors for settling the claims of the petitioners in respect of Dialysis cases and the cases other than Dialysis. Learned Advocate General has apprised that submission of claims by the petitioners under Dialysis heading is a continuous process. Learned Advocate General has extended assurance that the respondents are exploring the possibility and in all probabilities, five more Doctors would be deployed for verifying/settling the pending claims of the petitioners.

Sh. Ashwani K. Sharma, Chief Executive Officer, H.P. Swasthya Bima Yojna Society has attended the hearing in person and has assured expeditious verification of the pending claims of the petitioners both under Dialysis and other than Dialysis headings.

Keeping in view the fact that claims under 'other than Dialysis cases' are much more in number than the claims in respect of Dialysis cases, let respondent No.4 to explore the possibility and if feasible, deploy three Doctors for verifying/settling the claims of petitioners for Dialysis cases and seven Doctors for other than Dialysis cases within next three days.

Let the matter in this regard be now listed on 05.06.2026, when fresh status report with respect to verification & settlement of petitioners' claims under Dialysis cases and other than Dialysis

> cases be furnished. Efforts be made for speedy settling of petitioners' claims."

When the matter was next taken up on 05.06.2026, learned Advocate General informed that Government of Himachal Pradesh, vide its decision conveyed in office letter dated 30.05.2026 on the subject regarding release of payments under HIMCARE and Ayushman Bharat Schemes had ordered not to release any payment to private hospitals under HIMCARE Scheme till the completion of vigilance enquiry or any other orders in this regard from the Government. Since the aforesaid order passed by the State of Himachal Pradesh was in breach of the orders passed in these writ petitions from time to time whereunder directions had been issued to the State to make payments of the duly verified bills under the HIMCARE Scheme, the decision of the Government as conveyed in office letter dated 30.05.2026 was stayed. The respondents were directed to adhere to the orders already passed in the writ petitions by releasing payments towards duly verified and settled bills in favour of the petitioners. The relevant portion from order dated 05.06.2026 is as under:-

> "2. Learned Advocate General, at this stage, also placed on record copy of office letter dated 30.05.2026 from the Secretary (Health) to the Government of Himachal Pradesh on the subject 'Regarding release of payment under HIMCARE and Ayushman Bharat Scheme'. The said letter conveys decision taken by the

Government 'not to release any payment to the private hospitals under HIMCARE Scheme till the completion of vigilance enquiry or any other orders in this regard from the Government'. The contents of the office letter, relevant to the context, are as under:-

> "I am directed to refer to the subject cited above and to say that in the issue of pending payments to Private and Government hospitals/Institutions under HIMCARE and Ayushman Bharat Scheme, the Government has decided not to release any payment to the private hospitals under HIMCARE Scheme till the completion of vigilance enquiry or any other orders in this regard from the Government. However, only payments under Ayushman Bharat are to be released to private and Government hospitals to the extent of amount released by Government of India and the 10% share of the State Government as of now. Further, it is also decided to release payments under HIMCARE to Government hospitals only."

The above is, prima facie, in breach of the orders passed in these writ petitions from time to time, whereunder, directions have been issued to the respondent-State to make payments of the duly verified bills under the HIMCARE scheme. Let the respondents file reply as to why action be not taken against them in this regard.

The decision of the Government as conveyed in office letter dated 30.05.2026 is ordered to be stayed. The respondents are directed to strictly adhere to the orders passed in these writ petitions. Payments towards all duly verified and settled bills be released in favour of the petitioners by the next date of hearing.

For this purpose, list these matters on 25.06.2026."

**4.** At this stage, it will also be pertinent to take note of CMP No. 14780 of 2026 filed by respondent No. 4 seeking modification of the orders dated 21.05.2026 and 05.06.2026. The application is with the pleadings that vigilance inquiry is being conducted into the bills submitted by the private empanelled hospitals – petitioners; Inquiry

is in progress and expected to be completed within few weeks. The claims under the HIMCARE Scheme being inquired into by State Vigilance & Anti-Corruption Bureau, the simultaneous holding of two inquires qua verification of the genuineness of the petitioners' claims was creating hurdles in completion of inquiry being conducted by the Vigilance Department. Prayer, *inter alia,* was made for three weeks further time to verify the claims after completion of vigilance inquiry subject to findings of the said inquiry. This application was filed on 15.06.2026. More than five weeks have already gone by. Neither vigilance inquiry has been concluded nor the pending approved bills of the petitioners have been released. Some of the petitioners have even enclosed complete data of their bills both under AB-PMJAY as also HIMCARE Schemes, which are duly verified & approved by the respondents yet are pending for release for years together. Petitioners having incurred expenditure on treatment of the patients, promised to be reimbursed to them under express provisions of the contract & the applicable Schemes, are liable to be paid this amount. Their grievance of facing financial hardships for respondent-State's inaction cannot be brushed aside. According to the data supplied by the State, as on 06.07.2026, duly approved bills of the petitioners amounting to Rs. 11,03,10,597 (rupees eleven crore three lac ten thousand five hundred & ninety

seven only) under the HIMCARE Scheme and Rs. 25,22,50,100/- (rupees twenty five crore twenty two lac fifty thousand & one hundred only) under the AB-PMJAY Scheme were pending for release. State cannot keep on evading its financial obligations under pretext of it having contemplated or initiated a vigilance inquiry into bills submitted by the private empanelled hospitals. These hospitals also have to run, to conduct their day to day business. They are still liable to provide cashless treatment to the patients under AB-PMJAY & HIMCARE Scheme (dialysis only w.e.f. 31st August, 2024). In case the heavy financial liabilities towards the petitioners that have staggered over the years are not cleared, they will suffer immensely and their working will also be affected. Apparently no sound justiciable reason has come forth from the State to deny the payment to the petitioners for their duly approved bills. Non release of duly approved bills of the petitioners is flagrant breach of both the Schemes as also the operational guidelines and MoU/notifications. Duly verified & approved bills of the petitioners are pending for release for years together. Vigilance inquiry has been initiated by the State in April, 2026. It is for the State to go on with the vigilance inquiry, but mere pendency of such inquiry cannot be taken as a tool to withhold payment of duly verified & approved bills of the petitioners. The recourse taken by the State to delay the payment

citing ongoing vigilance inquiry is wholly unjustified, arbitrary & only adds to its financial liabilities by attracting penal clauses of the Schemes and in turn harm the petitioners. Once liability is admitted, it cannot be postponed on pretext of an ongoing vigilance inquiry that even otherwise appears to be proceeding on merrily & indefinitely. Petitioners are providing treatment to patients under the Schemes designed to holistically address the healthcare system. Delay in making due payments to them will cause them financial hardships – in time affecting their working and consequently the goals intended to be achieved under the Schemes.

**5.** For the foregoing discussion these writ petitions are disposed of with the following directions:-

1. Respondent-State shall clear its share of financial liability in accordance with observations made hereto before towards the petitioners' – empanelled hospitals under the Ayushman Bharat – Pradhan Mantri Jan Arogya Yojna (AB-PMJAY) by releasing all duly approved pending bills of the petitioners under the Scheme within three weeks from today. The bills shall be released alongwith interest @ 1% of the claim amount per week after 15 days of delay (as provided in the Scheme).

2. Respondent-State shall release duly approved pending bills/claims of the petitioners – empanelled hospitals under the Mukhya Mantri Himachal Health

Care Scheme (HIMCARE) within three weeks from today alongwith interest @ 1% of the claim amount per week after 15 days of delay (as provided in the Scheme).

3. Respondent-State shall ensure that future claims of petitioners - empanelled hospitals under AB-PMJAY & HIMCARE Schemes are duly processed, verified within the timelines presently prescribed under the Schemes and if approved are cleared strictly within the period stipulated under the Schemes. Delayed payments, if any, will fetch interest @ 1% of the claim amount per week after 15 days of delay (as provided in the Scheme). The Central Government shall also ensure prompt release of its contribution under AB-PMJAY Scheme as per agreed covenants.

4. In case on conclusion of vigilance inquiry, statedly being conducted by the State into past claims of empanelled hospitals, if any amount is found recoverable from petitioners-hospitals, the respondents shall be at liberty to proceed in the matter for recovery of the amount, in accordance with law. All rights and contentions of the parties including the empanelled hospitals, in that regard are left open.

All pending miscellaneous application(s), to also stand disposed off.

**Jyotsna Rewal Dua,**
**Judge**

July 21, 2026 **(PK)**