

ASIAN HOSPITAL & Healthcare MANAGEMENT

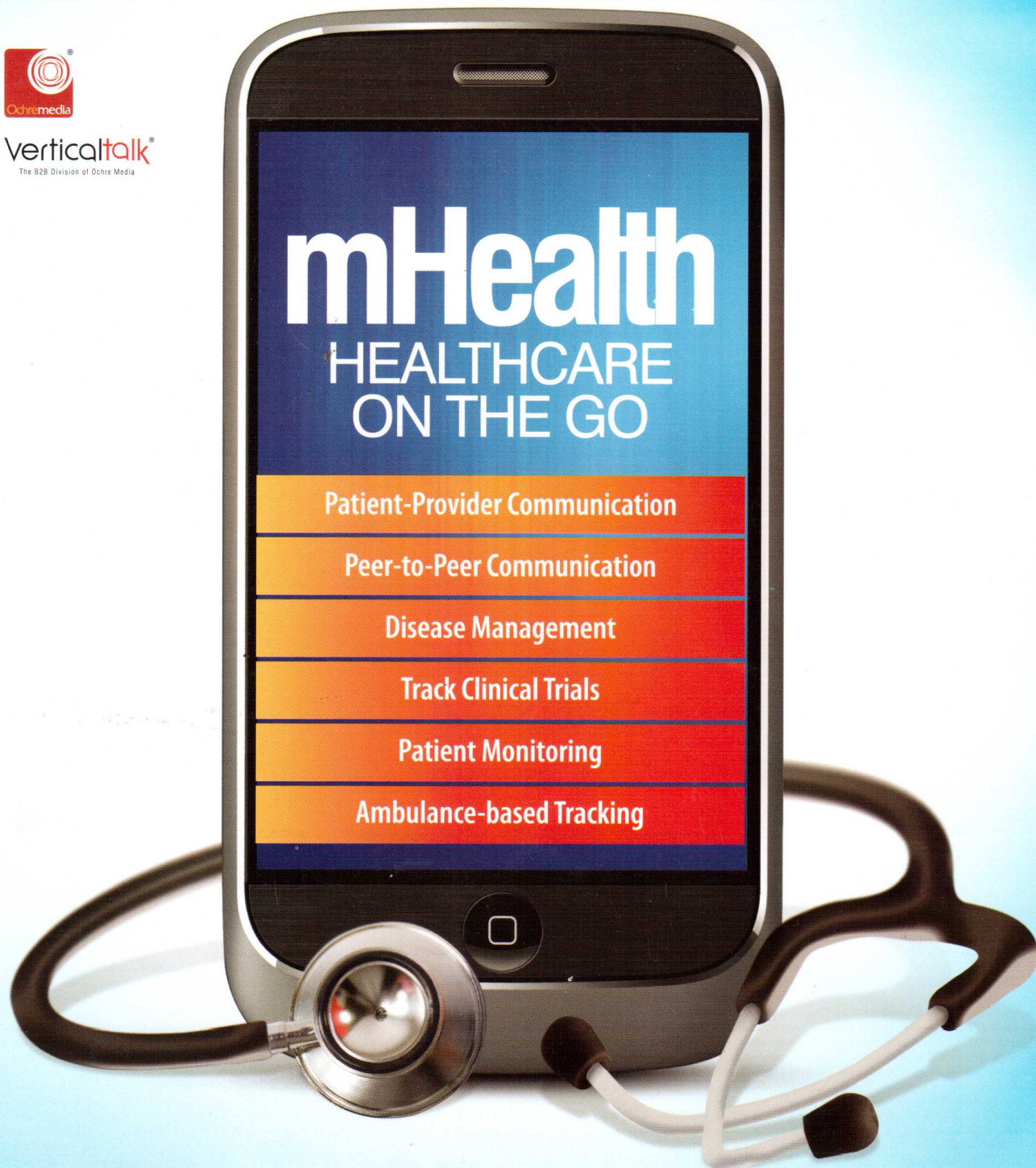
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Emerging Healthcare
Delivery Models in India

PET-CT - Towards personalised
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EMERGING HEALTHCARE DELIVERY MODELS IN INDIA



The current restricted healthcare delivery models need to focus on preventive aspects in healthcare and create functional progressive referral systems managing bulk of healthcare at the 'front' or the primary healthcare level, for better healthcare delivery models.

Ratan Jalan

Founder & Principal Consultant
Medium Healthcare Consulting, India

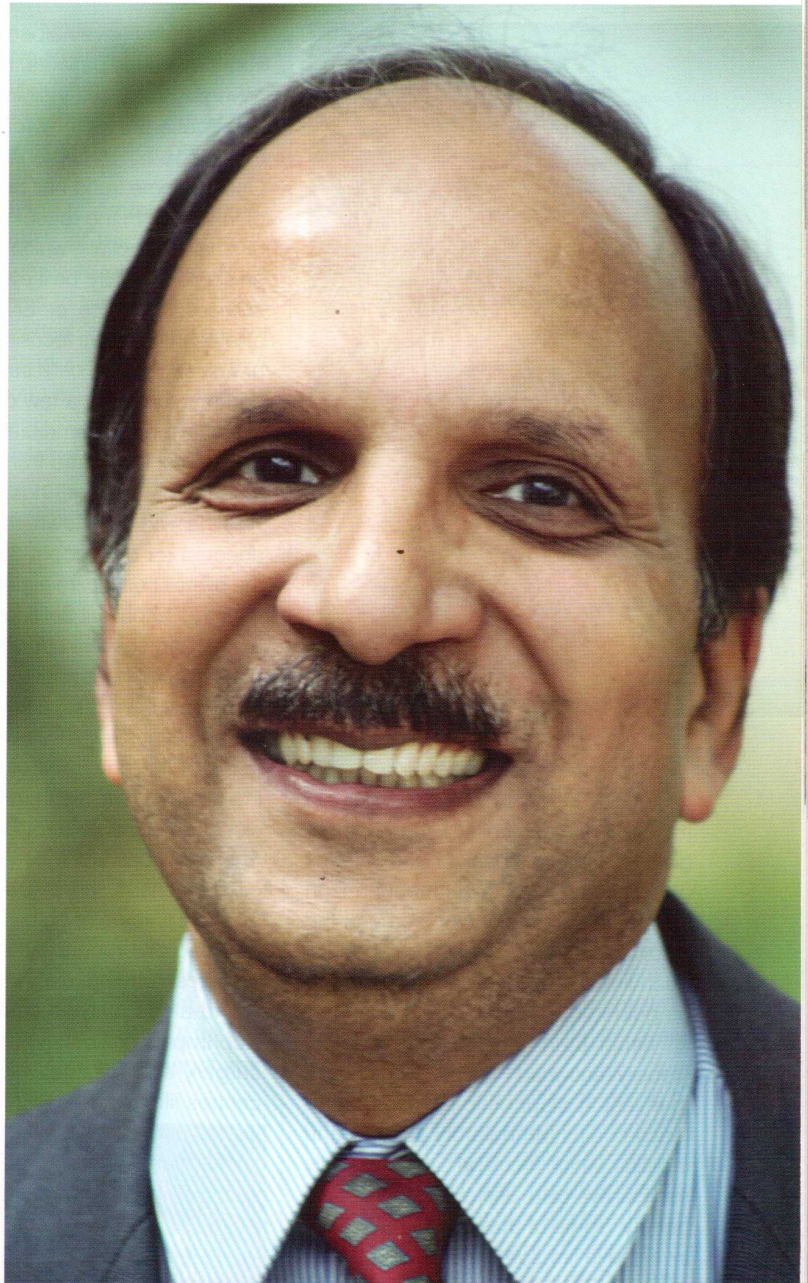
1. What are the trends driving the shift in healthcare delivery models in India?

Various attributes associated with 'shining India' work for healthcare as well. Rapidly increasing disposable income, growing urbanisation and higher levels of literacy are known to have significant impact in contributing to higher healthcare spending. A vast majority of Indians, particularly in urban India, are experiencing a transformation in service sector such as banking, entertainment, telecoms, education and aviation, which is comparable to anywhere else in the world. Such exposure results in a more demanding and discerning consumer. Increasing penetration of health insurance, both private and government-funded, helps in improving the overall affordability, and hence spend and the ability to choose.

Interestingly, migration to different urban centres and emergence of nuclear families has resulted in great belief in institutional brands, since there is no carryover of earlier bonds and relationships with the physician or the local drug store in such situations. The family physician of yesteryears is fast fading into oblivion. Also, high acceptance amongst the vast populace in the country of even the newer providers such as Fortis is a strong indication of this shift.

2. What are the sectors that are converging with healthcare to create new models?

Healthcare, as a sector, even globally suffers from incurable insularity. And it is no different in India. Real estate firms seem to have taken greater interest in healthcare and offer newer models to



Ratan Jalan founded Medium Healthcare Consulting in 2009. He was the CEO of Apollo Health and Lifestyle Limited for the last eight years. He created some of the most successful and innovative healthcare formats in the country such as a nationwide network of The Apollo Clinic and The Cradle, South Asia's first boutique birthing centres. He also championed some of the strategic marketing initiatives for the group.

A greater shift towards outpatient services shall certainly help in correcting some inherent imbalances in healthcare delivery and should help improve both quality and affordability.



work together, which, in some cases, has greatly reduced the capital outlays in the initial phase. Similarly, the PE firms, given their varying background in terms of 'ticket size' and investment horizon have helped in energising some of the innovative, even if less proven, models. Such firms, fortunately so, also tend to be guided by their global experience.

Other than large hospital chains, globally renowned PE firms have chosen to invest in diagnostic services, pharmacy chains, ambulatory surgery and facilities, which focus on single specialty such as eye-care, dental services or even beauty. Some of these firms have even invested in firms which provide a variety of healthcare services through web relying on existing Brick and Mortar network rather than create their own.

3. What are the new models emerging?

So far, it has essentially been large multi-specialty hospitals in big cities, which has managed to become the most visible face of healthcare delivery in the Indian context. Their 'glamour'

quotient may have helped them attract some overseas patients, but have also adversely impacted their image with the local patients, as they tend to believe that such places are prohibitively priced. One welcome trend has been the spate of initiatives in the recent past in terms of smaller hospitals, which tend to focus on single specialty, be it eye care, dental services, obstetrics, or ENT. There have also been hospitals focusing on children or just secondary care services for the community. Quite a few of such initiatives have been immensely successful and in a shorter time frame in relation to some of the larger hospitals.

It is widely known that hospitals account for only about 35 per cent of the overall healthcare expenditure in the country. Outpatient services account for a much larger share and also happened to be extremely fragmented. Fortunately, there have been quite a few experiments in outpatient services as well. We come across different types of clinics ranging from a simple family physician clinic (as in the case of Razi Clinics in Andhra Pradesh) or those offering more comprehensive services, such as in The Apollo Clinics. We also have facilities focusing on chronic ailments, such as diabetes, offering diagnostic services. Stand-alone dialysis centres such as Nephroplus or Sparsh and ambulatory surgery and minimal access surgery centres like Nova or BEAMs have also started getting some attention. However, such initiatives are far too few given the vast potential to innovate and create more focused facilities.

4. Is there a scope for public private partnerships in creating new models?

There is immense scope to create win-win relationship amongst various stakeholders given the enormity of the challenges involved. Various governmental agencies can bring in their focus on certain basic and core areas critically important in their context – for example, maternal health, nutrition, or immunisation. Such

agencies also focus on less advantaged sections of the society, be it poor or rural patients, who suffer from inaccessibility to quality healthcare services. They can also provide financial resources and distribution network through existing infrastructure. Private sector, on the other hand, can deliver a certain sense of accountability, quality and performance. Ironically, it is often the land – and just the land – which is expected or asked for by the private player from the government. Government, on its part, firmly believes that the private sector's sole motive is to make profits. As a result of this mutual 'trust deficit', there is not enough happening on ground. Certain states such as Gujarat, Karnataka, Maharashtra and Andhra Pradesh have succeeded in creating enormously successful experiments at a large scale through innovative PPP models in healthcare.

One notable achievement has been Rashtriya Swasthya Bima Yojana (RSBY). This programme has managed to leverage partnerships amongst various stakeholders ranging from governmental agencies, technology solution providers, private healthcare services providers and also people at large. It has also adopted unique technology solutions to address the pitfalls of corruption. It has already managed to reach over 23 million Indians and is widely recognised as one of the most successful initiatives globally.

5. Who are likely to be the biggest beneficiaries of this shift?

There have been huge gaps in healthcare delivery in the country on various fronts. Physical access for the masses, more so in the rural context, has been a challenge with various research studies pointing to the need to travel more than 200KM for a simple secondary care procedure. Lack of regulatory framework for quality has ensured that poor quality in the larger context continues to be the norm. Similarly, affordability of quality healthcare services for the masses has been an elusive goal. Innovative attempts as outlined above create more evolved

platforms for delivery, which are patient-focused and efficient. Such initiatives tend to benefit different cross-section of patient population. We have witnessed such a transformation in many other sectors in India such as banking and telecom, where a combination of quality, affordability and reach have managed to achieve really high levels of penetration and help transform people's lives. Given the vast gap, enormous disease burden and a sizable population below poverty line, it is such innovative measures, which shall help us all achieve the global health indicators, which have so far managed to remain just the goals!

6. What are the deficiencies in the current healthcare delivery models in India?

The current healthcare delivery models, particularly amongst the large organised players, have been unfortunately restricted to creation of more and more large 'world-class' multi-specialty hospitals. Such models, at best, can address a certain client segment and also tend to be expensive in view of their higher overheads. Larger players have rarely gone beyond the big cities to the smaller towns and villages, although almost 90 per cent of the country lives there.

Moreover, in their overall approach, they continue to be excessively provider-centric and rarely address the needs of the patient beyond the clinical perspective. And that's precisely the reason most of them score quite poorly on critical issues such as transparency, trust and patient communication. There is a great need to create functional progressive referral systems as is found in countries like the UK, where bulk of healthcare is managed at the 'front' or the primary healthcare level. There is a great need to focus on preventive aspects in healthcare. In view of the likely impact on costs of lifestyle diseases so prevalent amongst the masses in India, as a country we can't even afford treatment. As they say, if the disease doesn't kill you, the treatment will. It is extremely

unfortunate that even the government does not seem to care enough about this aspect. I find it an alarming signal that the finance minister in the recent budget has proposed tax on preventive health checks.

We also need to promote aggressively the wealth of traditional medicine, be it Ayurveda or Yoga. While the West seems to be adopting these with an unprecedented fervor, we are not making any attempt to even catch up. A system as potent as Ayurveda has been reduced, in people's minds, to spas and massages, while rightly speaking, it has the potential to provide effective and inexpensive cure for so many chronic conditions.

7. Is this trend, in your opinion, going to improve the quality of care?

A greater shift towards outpatient services shall certainly help in correcting some inherent imbalances in healthcare delivery and should help improve both quality and affordability. However, at a macro level, the increasing competition amongst like-minded players so far has focused more on price and at times, the power of a celebrity physician to attract patients. Healthcare sector has to realise the potential of creating the right patient experience as a differentiator. It takes a certain mindset and a non-negotiable

attitude to create an institution, which is ethical, transparent and trust-worthy.

8. Any other comments?

In times to come, the healthcare sector needs to focus on some of the basic issues, be it drinking water, sanitation or nutrition. It also has to look beyond the traditional model, which is focused on cure and treatment. Equally importantly, a strong foundation in terms of affordable and quality primary healthcare provider network can be the real boon. Given the alarming levels of penetration of different lifestyle diseases – India has already emerged as capital of many such conditions ranging from diabetes to hypertension – the role of prevention can no longer be ignored.

In view of our vast geographical landscape and scarcity of qualified manpower, adopting solutions, which leverage technology to provide reach and quality in an affordable manner, is yet another direction, which has barely been explored. People, who focus on social ventures and an inclusive approach, have achieved impressive performance by using telemedicine or mobile and internet-driven solutions to provide access and information. Moreover, supportive framework to encourage local manufacturing of medical equipment and greater emphasis on generics shall help in reducing the overall cost of healthcare.

Lastly, there is a lot that needs to be done in the area of medical education. Our archaic laws and rampant corruption have managed to perpetuate inadequacies and inefficiencies. We need more medical colleges, which can deliver quality education and are affordable. And we need them across the length and breadth of the country rather than have them dominate the South and the West. Similarly, huge efforts need to be made to address the gaps in educating nurses and technicians.

I am quite optimistic about the future in healthcare, as long as we can resist the temptation of aping the USA and leverage some of our inherent strengths. ■



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