

Chapter: 2

Health care Industry in India

2.1 Health care Environment in India

Indian healthcare industry, unlike other industries, stands untouched by recession. There had been a steady growth in this sector, revenues from the healthcare sector accounts for 5.2% of the GDP, making it the third largest growing sector in India, and further the healthcare sector is projected to grow to nearly 1, 80,000 crore by year 2012 and a compounded annual growth rate (CAGR) of 15-17 percent for at least the next 7-10years. (2010)

Indian Healthcare Sector structure / Market size

The sector comprises hospital and allied sectors that include:

- (a) Medical care providers that includes physicians, specialist clinics, nursing homes and hospitals.
- (b) Diagnostic service centers and pathology laboratories.
- (c) Medical equipment manufacturers.
- (d) Contract research organizations and pharmaceutical manufacturers.
- (e) Third party support service providers.

In India, 80% of all the healthcare expenditure is borne by the patients. Expenditure borne by the state is 12%. The expenditure covered by insurance claims is 3%. As a result the price sensitivity is quite high. The high level healthcare facilities are out of reach for the patients. Among the top five therapeutic segments, gastro-intestinal and cardiac are experiencing both high volume and value growth. Opthologicals, cardiovascular, antidiabetic and neurological drugs continue to top the growth list. The anti-infective, neurology, cardiovascular and anti-diabetic segments have witnessed a high number of new product launches in recent years.

Current Healthcare Landscape

- Amount spent on healthcare - 103,000 crores / annum
- 86,000 crores is the Healthcare delivery market

- 17,000 crores is the Retail Pharma market

Key findings of current private spending

- Private spending on healthcare delivery 69,000 crores
- 61 % of this is spent on OPD services, 44,000 crores Indicates low levels of affordability and a disease pattern dominated by infections
- 39 % on IPD services = 25,000 crores
- 85 % of IPD spend is in 5 areas : cardio, cancer, accidents, infections and maternity

Road Ahead – 2012

- Private spending on healthcare delivery 156,000 crores because of an increase in population will lead to increase treatments
- Change in socio-economic mix will lead to 8 % increase in treatment rate and 30 % increase in avg. price paid
- Change in prices – 26 % increase in price per treatment
- Change in mix of diseases – 50 % increase in prevalence of lifestyle diseases will lead to 12% increase in treatment rate & 7 % in price and this would lead to a change in GDP from 5.2%to 6.2%
- Richest 15% will account for 50% of all private healthcare spending & 60% of inpatient spend
- Private spending would increase by another 39,000 crores if the insurance is likely to impact on middle-income households approx. 350 million in 2012, leading to achieving GDP spending to 7.5% and private spending on healthcare delivery to 195,000 cr.

Healthcare Fact File

- No. Of Beds 1.2 beds per 1000, 9,14,543 In addition by 2014

- No. Of Doctors 50,00,000 doctors , 6,25,130 In addition by 2014
- No. Of Nurses 0.8 per 1000, 8,36,000 In addition by 2014
- Infant Mortality Rate 34:1000, 10:1000 by 2014
- Maternal Mortality Rate 4:1000 , 1 :1000 by 2014
- % of population Insured 12.00% , 50.00% by 2014
- Total Private Spending 69,000 Crores, 156,000 Crores by 2014
- OPD Spending 44,000 Crores , 82,000 Crores by 2014
- Hospitals 30,000 hospitals approx, 17300 In addition by 2014
- Primary Health Centres /Community Health Centres 1,50,000 approx, 1,64,000 In addition by 2014
- Retails chemist outlets 3,50,000, 24,000 In addition by 2014
- Current market size 103,000 Crores , 1,80,000 Crores by 2014
- Average life Expectancy 63.3 years 74 years

INVESTMENT PLAN IN HEALTH CARE SECTOR

The sector has been attracting huge investments from domestic players as well as financial investors and private equity (PE) firms. Funds such as ICICI Ventures, IFC, Ashmore and Apax Partners invested about US\$ 450 million in the first six months of 2008-09 compared with US\$ 125 million in the same period a year ago, according to an analysis carried out by Feedback Ventures. Feedback Ventures expects PE funds to invest at least US\$ 1 billion in the healthcare sector in the next five years.

Employment Opportunities

India faces a huge need gap in terms of availability of number of hospital beds per 1000 population. With a world average of 3.96 hospital beds per 1000 population India stands just a little over 1.2 hospital beds per 1000 population. Moreover, India faces a shortage of doctors, nurses and paramedics that are needed to propel the growing healthcare industry. India is now looking at establishing academic medical centers (AMCs) for the delivery of higher quality care with leading examples of The Manipal Group & All India Institute of Medical Sciences (AIIMS) already in place. A recent survey conducted by HarNeedi.com, gives an outlook on the roles that are in great demand, Specialist doctors such as, Cardiologists, Cardiothoracic surgeons, Interventional Cardiologists, Orthopedics, Emergency Medicine Specialists, Oncologists, Radiologists, Ophthalmologists, Neurologists, Neuro-surgeons, Gynecologists, Urologists, Duty doctors etc... are in great demand. Some of the other profiles that are in great demand are that of experienced nurses and technicians who can handle various specialties such as ICU's, Cath labs, Operation Theaters, Emergency Departments etc. Technicians, like Radiographers, CT Technician, Radiotherapy technicians, emergency medical technicians etc. are also in great demand.

2.2 OVERVIEW OF CORPORATE HOSPITALS UNDER STUDY:

2.2.1 WOCKHARDT

Wockhardt Hospital's existence is the result of a 40-year tradition of caring and innovation nurtured by Wockhardt Ltd, India's 5th largest Pharmaceutical and Healthcare company with a presence in 20 countries across the globe. By consistently investing in technology and infrastructure which match international benchmarks, Wockhardt Hospitals are today, one amongst the best healthcare institutes in the country. The group has a pan India presence and provides super specialty care in Cardiology/Cardiac Surgery, Orthopedics, Neurology/Neurosurgery, Minimal Access Surgery and Women's health. Wockhardt Hospitals currently runs 8 hospitals located at Bhavnagar, Goa, Nagpur (I & II), Nashik, Rajkot, Surat and Vashi. Wockhardt would initiate its presence in South Mumbai with a new hospital in 2012. Wockhardt Hospitals follow process driven quality systems that adhere to international standards of clinical care, safe environment, medication safety, respect for patient rights and privacy and infection control standards. With the latest technology, multi-disciplinary capability, state of the art facilities, world-class infrastructure and excellent patient care ambience and processes, Wockhardt is poised to become the most advanced and progressive healthcare institution in India.

Mission and Vision

We at Wockhardt Hospitals believe that the core values of excellence, respect, teamwork, integrity and caring are essential for the well being of our staff and our patients and this is evident in the vision and mission of our hospitals.

Vision:

"Wockhardt Hospitals will strive with excellence to fulfill the needs of the community in its chosen field of medical treatment"

Because of our emphasis on high teamwork we bring together all the necessary disciplines and skills from the many resources of our organization to serve our patients better and attempt to set the Wockhardt Care in a league of its own.

Mission:

“To serve and enrich the quality of life of patients suffering from diseases, through the efficient deployment of technology and human expertise, in a caring and nurturing environment with the greatest respect for human dignity and life.”

Wockhardt Hospitals believe in setting the best practice standards in our services, continuously improving performance and exceeding the expectations of our patients as well as their families. We believe in building and maintaining long-term patient relationships, so as to become an essential resource for their well being. We believe in:

- Training and developing the best human resource as the key to deliver superior patient service.
- Consistently investing in technology and infrastructure to match international benchmarks.
- Leading the development of professional standards in Healthcare Management.
- Continuously educating the community about the prevention of cardiac disorders.

Accreditations:

Our yesteryear associations and accreditations with leading medical institutions around the world are a testimony to Wockhardt Hospitals' commitment to provide the very best in healthcare to our community. Presently, the National Accreditation Board for Hospital and Healthcare providers (NABH) accreditations to our Wockhardt Hospitals in the Saurashtra and Central India Region have enabled this group of hospitals in becoming one of the forerunners among the other medical institutions in this region. NABH is the highest accreditation that can be granted to a hospital under the Indian Medical Regime by an Indian Regulatory Authority. They believe in the stringent rule – Quality is fitness for the purpose.

We at Wockhardt are synonymous to the above medical essentiality. We understand and believe that quality is essential to ensuring the satisfaction of our customers and to our success.

2.2.2 STERLING:

Sterling Hospitals is one of the largest hospital chains in Gujarat, considered to be the leading one by the levels of independent certification, facilities and equipment, as well as size and capacities. It is owned and managed by Sterling AddLife India Ltd. The specialties in which it provides medical care include: Cardiology, Neurology, GI Medicine, Hematology, Oncology, Critical and Emergency treatment, Trauma and Orthopedic, Neonatology and General Medicine. Surgery treatments include CVTS-, Neuro- and Onco-surgeries, Nephrology (with Kidney Transplant), GI surgeries and General Surgeries.

Sterling Hospital was founded in 2001 by Girish Patel who is also the Chairman of the Hospital. Its headquarters is at Ahmadabad, India. There are minimum 2500 employees are working in the Hospital. Its website is sterlinghospital.com Sterling's multi-specialty hospitals have presence in six major cities of Gujarat.

- 1) Ahmadabad
- 2) Vadodara
- 3) Rajkot
- 4) Mundra
- 5) Bhavnagar
- 6) Gandhidham

It also has three satellite centers at Kalol, Mehsana and Himmatnagar.

STERLING HOSPITAL, the company's largest hospital complex in Ahmadabad has 310 beds, 7 major operation theatres and 84 ICU beds. Multiple facilities are also available at Vadodara complex. Patients treated by Sterling Hospitals come from Gujarat, Madhya Pradesh, Maharashtra, Rajasthan, as well as from abroad. In 2009 Sterling became the first hospital in Gujarat to be fully accredited by NABH. Its laboratories were also the first in Gujarat to be accredited by NABL. In 2010, for the second consecutive year, Sterling Hospital had been named the “No. 1” hospital in Ahmedabad based on the latest THE WEEK - IMRB surveys