



Confederation of Indian Industry

Our Sponsor:

GENPACTEXPERIENCE INDIAN
HEALTHCARE

PULSE

a brand new vision in healthcare

January
2010

• Healthcare in Retrospect

• Calendar of Events

• Notifications

• Leading the Way

• Industry Scenario

• Snippets

• Preface

• Ministers Message

• Chairman's Vision

Preface



I enclose CII's Newsletter, 'Pulse' focusing on all aspects of healthcare.

The current issue covers quality, accessibility, affordability, human capital, preventive healthcare, Public-Private Partnerships, and investments in the Healthcare sector. Through this newsletter, CII would bring to you regular updates and viewpoints on the issues of healthcare.

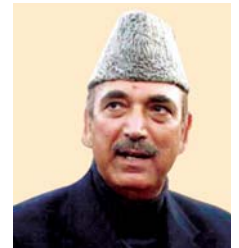
I hope you would find the newsletter useful.

I look forward to your kind feedback on the newsletter.

Chandrajit Banerjee
Director General, CII

Minister's Message

It gives me pleasure to know that the CII Healthcare Division is publishing a quarterly newsletter to provide an update on the latest developments in the Healthcare sector. I am happy about the consistent efforts and endeavours of CII in engaging private sector in the activities of the Healthcare sector.



The Ministry has been continuously engaged in creating an enabling policy structure to strengthen the healthcare delivery mechanisms in the country. The policy structure of the Ministry is driven by the belief that a healthy Healthcare sector would not only enrich the stakeholders and would attract more investments but it will overall lead to a healthy nation.

India has a tremendous shortage of qualified manpower at all levels including doctors, nurses and paramedicals. Government has now given recognition to medical degrees of five English-speaking countries in order to facilitate doctors of Indian origin who would like to teach or practice in India. There has been relaxation of several requirements for building medical colleges so

that investors are encouraged to enter this sector. We should synergise efforts at various levels across states in Public Private Partnerships. The Ministry acts as a catalyst for bringing in greater investments into this sector, guiding and helping the industry in proper direction, encourage skill development and capacity building and creating conducive environment for the healthy growth of the Healthcare industry.

Thus, the sector today needs to move to a higher growth trajectory to ensure accessibility of affordable and quality care to masses and requires Indian Government and industry to proactively intensify their engagement in the entire value chain of the sector. I congratulate CII for the newsletter and I am hopeful that it will go a long way in strengthening information dissemination to all stakeholders of the Healthcare sector.

Shri Ghulam Nabi Azad

Honourable Minister for Health & Family Welfare



Indian healthcare is amongst the largest sectors, the largest employers and one of the fastest growing industries in the country. It has shown a marked improvement over the years, with corresponding improvements in some important healthcare indices. The value proposition offered by Indian healthcare providers has seen our country emerge as a favoured destination for medical treatment and clinical trials outsourcing.

However, despite the progress, healthcare improvements in smaller cities and rural India have not kept pace with those in metros and bigger cities. There continues to be a major disparity between urban and rural healthcare indices.

Our main challenge remains India's healthcare infrastructure, which is way below what is needed for adequate delivery of service. There exists a huge gap between the healthcare infrastructure facilities available and the demand in the country. We have just 1.5 beds, 0.5 physicians and 0.9 nurses per 1,000 people. There is an urgent need to add 8,00,000 beds by 2012, with an estimated capital outlay of USD 20 to 30 billion per year, for the next decade.

One remedial measure is incentivising the Healthcare sector and health education. Doing so will also add significantly to the GDP of the country. Currently, India spends around 6.1 per cent of its GDP on healthcare, out of which the Government's (Centre and State) contribution is around 20 per cent (i.e. 1.2 per cent only), which is woefully short of WHO's recommendation of 5 per cent.

India being a signatory to the United Nations 'Millennium Development Goals', is faced with the responsibility of achieving those goals by the 2015 deadline. To do this, it needs to increase access and make delivery of health services more efficient, equitable and responsive to the healthcare needs of the country. The need of the hour, therefore, seems to be the development and implementation of conscious efforts aimed at:

a) Making healthcare universally accessible through innovative modes and mechanisms of healthcare financing

b) Devising ways to integrate a larger number of private players through PPP models

c) Standardising healthcare delivery

Besides the urgent need for making healthcare delivery more inclusive and sustainable, many business drivers are resulting in the restructuring of the Indian Healthcare landscape beyond recognition. These include tectonic changes happening in consumer demand, consumer awareness, thrust towards quality and value for money, changing disease patterns, changing socio-economic profile and lifestyle patterns, demand for quality healthcare, corporatisation, increasing penetration of private health insurance, foreign alliances, health IT, etc.

The resultant plethora of opportunities in the Indian healthcare industry attracts a lot of investments, especially FDIs, which could have a multiplier effect due to capacity creation, and could have the beneficial effect of boosting the economy,

besides creating a healthy workforce. This sector has the potential to increase GDP by 2-3 per cent, create direct employment opportunities for around two million people, and position India as the Global Healthcare Destination.

Given the buoyancy of the Indian healthcare industry, which is certainly poised to emerge as a sunrise sector for the rising economic giant that is India, it is highly appropriate for CII Healthcare to come out with a quarterly newsletter. I am certain that the newsletter will meet the objective of providing timely updates on facts, views, developments, trends and policy issues related to the Indian healthcare industry.

I commend the initiative, and wish CII all success in helping to strengthen the Indian healthcare delivery system.

Padma Vibhushan Dr Prathap C Reddy
Chairman, CII National Committee
on Healthcare and Chairman, Apollo
Hospitals Group

Leading the Way

Name of the Committee/Task Force	Name of the Chairman
National Committee on Healthcare	Dr Prathap C Reddy, Chairman, Apollo Hospitals Group
Subcommittee on Accessibility	Mr Annaswamy Vaidheesh, MD, Johnson & Johnson Medical India
Subcommittee on Human Resources	Mr Tejpreet S Chopra, National Executive, GE India
Subcommittee on Quality & Standardisation	Prof Ranjit Roy Chaudhury, Chairman, AHERF
Subcommittee on Public-Private Partnership	Dr Ajit Nagpal, Chairman, Healthcare Division, Feedback Ventures Ltd.
Subcommittee on IT & Standards	Mr Ravi Mathur, CEO, GS1 India
Task Force on J & K Healthcare	Mr Malvinder Mohan Singh, Group Chairman, Religare Enterprises and Fortis Healthcare Ltd.
Task Force on Healthcare Technology	Mr Anjan Bose, Vice President & Business Head, Philips Healthcare
Task Force on Medical Tourism	Dr Pervez Ahmed, MD & CEO, Max Healthcare Institute Ltd.
Medical Equipment Division (Chairman)	Mr Rohit Mehta, Head, Medical Equipment & Systems, L&T Medical Systems
Medical Equipment Division (Vice Chairman)	Mr Ajay Pitre, MD, Sushrut Surgical Pvt. Ltd.

Quality & Patient Safety: The Leadership Imperative

The Indian healthcare industry is a sunrise industry and is growing very fast. The growth rate of over 20 per cent year on year, increased GDP spending and demand for beds to meet the needs of our population provides excellent opportunities for investment and development of this sector. The importance of clinical and safety outcomes and patient satisfaction in these systems are of increasing value.

Changing Expectations of Patients and their Families

Patients and their families have growing expectations from their healthcare providers. Health and disease-related information is also readily accessible. Patients want to have several choices to select from and these choices are now increasingly available. They hold the healthcare providers accountable. Their expectations range from cost effective care, easy access to their physicians and health systems, efficient processes, and delivery of 'service' comparable to the hospitality industry. Ethical practices and trust continue to be high on expectations. The organisation's strategy, therefore, must focus on 'patient-centred' care, which is provided in a timely, safe, effective, efficient and measurable environment.

Safety: Highest on the Agenda

WHO statistics show that one out of every 10 admissions in hospitals in the developed nations have an adverse event. Hippo crates, several centuries ago, recognised this aspect and advised doctors to 'Do no harm'. However, the solutions available today, to make the systems safer, were certainly not available in those early times.

The imperative facing leaders today is to give the highest priority to embrace these solutions within their organisations. The organisation must review clinical and safety data regularly. A culture of reporting, auditing and continuous learning has to be communicated from top down. Clinical Leaders and patient care providers must own the processes of safety and quality and drive improvements.

Systems Thinking

Undergraduate curriculum in medical education in most centres today revolves around only the education of the medical science and there is an increasing need now of early exposure in the "organised side of the health delivery", and application of knowledge.

Team Accountability

Today's healthcare systems rely on multi-disciplinary persons taking care of each patient, working across several departments, and across different patient



care areas. This unique scenario with multiple processes, multiple handoffs and multiple care 'providers, entails that team' accountability should be built into the culture. When teams work together, they communicate better, there is more trust, the intersections are managed, and they come together to help each other manage unpredictable situations. It is proven that safety incidents go down where the teamwork culture is strong in the hospital. Many simple process control mechanisms are in use these days, such as the 'checklist' culture borrowed from the aviation industry, automated dispensing, proper labelling, and last but the most important one, the training of each and every staff member.

Dr Pervez Ahmed
Chairman, CII Task Force on
Medical Tourism and CEO & MD,
Max Healthcare Inst. Ltd.



Healthymagination = Healthy India!

Healthymagination is GE Healthcare's commitment to deliver and maintain sustainable healthcare for all. It is built on the core commitments of reducing costs and improving quality and access in healthcare. 'Healthymagination' aims to have significant impact on improving the health of patients worldwide by helping to deliver better access to cost-effective and quality healthcare.

Under this initiative, there will be a spending of USD 3 billion over the next six years on research and development that will help deliver better care to more people at lower cost. In addition, there is a commitment of USD 2 billion of financing over the next six years to drive healthcare information technology and health in rural and underserved areas, plus USD 1.5 billion for partnerships, content and services.

The healthcare systems are challenged by rising costs, inequality of access and persistent quality issues. It is even more in India with 70 per cent of India's population living in villages or smaller towns with limited healthcare access. India's advantage of having a young population can soon become a disadvantage if healthcare does not get higher priority.



The combination of technology, innovations and smarter IT processes will help doctors and hospitals deliver better healthcare to more people at lower costs. Improving healthcare accessibility and reducing costs are essential to recovery and growth. By 2015, our goal is to:



Improve quality and efficiency by 15 per cent for customers through simplifying and refining healthcare procedures and standards of care.

As part of this new healthymagination initiative, at least 100 innovations that will lower costs, increase access and improve quality of healthcare by 15 per cent will be launched. Many of these solutions will be designed and developed in India with global quality standards.

We understand that we cannot do this alone and seek to partner with the Government of India, State Governments and Indian healthcare experts.

Courtesy – GE India



Reduce by 15 per cent the cost of procedures and processes with innovative technologies and services.



Increase by 15 per cent people's access to services and technologies essential for health, reaching 100 million more people every year.

Snippets

- A USD 36 billion industry today and growing at 15 per cent CAGR, the Indian healthcare industry will be a USD 280 billion by 2022
- India's total healthcare spending (6.1 per cent of the GDP) is way below most developed countries. The public spending on health (1.1 per cent of GDP) is among the lowest in the world
- India lags behind developed economies and emerging economies such as Brazil, Russia and China in provision and availability of adequate

healthcare infrastructure. The current bed to population ratio of 0.7 is way below the global average beds of 2.6 beds per 1,000 population

- India currently has about 0.6 million doctors and about 1.6 million nurses WHO norms for developing countries, translates to a shortfall of 1.4 million and 2.8 million doctors and nurses respectively for India
- In India, over 80 per cent of healthcare spend is in the private sector. Less than 15 per cent of India's population today has some or the other form of

health insurance covers: either voluntary or as a part of the Employees State Insurance, Central Government Health Scheme or Community Insurance

- Premature deaths caused by heart disease, stroke and diabetes will result in loss of national income of USD 236 billion over the next 10 years
- The volume of Mergers and Acquisitions (M&A) in the country has touched a 10-year high of USD 74.5 billion so far this year, with the healthcare sector accounting for 54 per cent of the volumes in 2010



'The Hidden Hospital' – Reinventing Patient Care and Delivery

Healthcare providers are facing a multitude of challenges arising from inefficient processes that result in underutilisation of existing capacity, unpredictable outcomes, long wait times, unsatisfied patients and eventually an unsustainable and ineffective operating model. Typically, healthcare providers address these issues by deploying capital intensive and one-time solutions.

The current challenges demand a fundamental rethinking and change in the strategy for hospital's executives. Hospitals will have to move from departmental 'silos' to 'value flows' across the entire system to quickly and efficiently tackle systemic issues. One of the most popular strategies deployed by many hospitals in the past has been implementing expensive tactical technology fixes to a poorly designed delivery process which drives further inefficiency, increases Total Cost of Ownership and sub-optimises

the benefit that a large IT investment would have had otherwise.

A new and powerful way is to look at end-to-end individual processes of a hospital and work out solutions to optimise them. In most hospitals, the clinical processes make up around 20-30 per cent of all processes and the rest are support functions. Hospital executives are not aware of the hidden value within these hospital processes and systems, which can be unlocked by effectively optimising processes end-to-end. This end-to-end approach de-constructs the hospital processes into three different workflows: Patient flow, Supplies flow and Cash flow.

The focus is on the effectiveness of these workflow processes to drive business results vs the traditional view of improving efficiencies.

Here are some examples of the potential benefits of applying this approach to a 300 bed hospital:

- Increase in the doctor capacity by 15 per cent
- Improved patient satisfaction by reducing wait time and discharge time by 15-20 per cent
- Increase in asset utilisation by 10-20 per cent leading to additional operations and surgeries
- Improved medical supplies availability and reducing stock-outs by 15 per cent

As the Healthcare sector reinvents itself, it is clear that survival will now depend on not doing more of the same but viewing challenges differently and applying newer paradigms to how hospitals are structured to deliver care and quality at lower costs and more effectively.

Tajinder Vohra

Senior Vice President, Genpact

5 P's Focussed Approach in Health Access



Healthcare access is being driven by Health Insurance in India. This has created an opportunity to evolve and adopt processes for sustainable access to 'healthcare for all' with standards of care.

This initiative could be termed as '5P's focus' wherein we should work towards engaging and strengthening Payors, Providers, Physicians, Policy makers and Patients with robust processes.

Rapid evolution of access to healthcare through health insurance has brought the Payors to the forefront, as they finance the healthcare delivery. Today, most of the financing done by health insurance companies is for in-patient treatment. There is some discord between payors and providers, which requires focused attention. CII, through the multi-stakeholder working groups with IRDA's active participation

has worked to develop standards and processes, which are in the process of being adopted. Once adopted, these processes are expected to streamline monitoring and payment mechanisms. Much more needs to be done and processes and technologies are evolving very fast. This also necessitates a sustained interaction between the stakeholders. Moving forward, we have to make a concerted effort to involve and facilitate physicians, nursing home owners and government institutions to deliver care to insured patients. These centres are easy to access and deliver healthcare to masses in our country. Their active involvement in setting up processes and standards will go a long way in ensuring sustainable healthcare delivery in the country.

Policy makers are fast evolving and setting directions for healthcare delivery in the country. An important shift has happened. State Governments are not only playing the role of provider of healthcare but are also taking up the role of payor as well. Their focus is to create access to healthcare for all their population. The policy makers are

now trying to focus on evolving standards of care. It is important that a multi-stakeholder approach is taken to address the setting of standards. The most important P of all is the patient, who needs to get healthy and stay healthy. Appropriate treatment needs to be given when needed and people need to be informed how to prevent disease and stay healthy. The patient requires to be confident that the healthcare delivery systems will take care when required. This necessitates standards, protocols and processes in place and these are required to be communicated and informed.

The 5P's focus in defining and designing health policies will support us in evolving sustainable healthcare delivery systems in the country. We, as an industry, need to work together, bringing our expertise as 'multi-stakeholders' and develop these systems.

Annaswamy Vaidheesh

Chairman, CII Subcommittee on Accessibility and MD, Johnson & Johnson Medical India

Second Medical Technology Conference: Transforming India's Healthcare Scenario



L-R: Mr Rohit Mehta, Chairman, CII Medical Equipment Division; Mr Anjan Bose, Vice President & Business Head, Philips Healthcare; Mr Dinesh Trivedi, Minister of State for Health & Family Welfare; Dr Prathap C Reddy, Chairman, CII National Committee on Healthcare; Mr Chandrajit Banerjee, Director General, CII; Mr Ajay Pitre, Vice Chairman, CII Medical Equipment Division at the inaugural session of the second Medical Technology Conference in New Delhi.

The Second Medical Technology Conference organised by CII was held on October 7, 2009, in New Delhi. The Indian Medical Technology industry has taken impressive strides domestically, witnessing growth in almost all areas of healthcare. Beyond high growth, it has demonstrated

an ability to support the Indian healthcare industry through superior technologies and willingness to serve. Global medical technology companies now view India as a significant market as compared to the developed economies due to its large population base.

Sixth India Health Summit, November 5-6 2009, New Delhi

The sixth edition of the India Health Summit, focused on, "Taking Quality Healthcare to the Masses", was an effort to bring forward the various issues and their plausible solutions to take healthcare

delivery closer to the masses. The two-day programme spread across the nine plenary sessions dealt with the nuances, best practices and systems in healthcare that can be adopted in the Indian context.

The important takeaways and recommendations from the intense deliberations at the summit have been submitted to the Ministry of Health & Family Welfare and the Finance Ministry.

L-R: Mr Tejpreet S Chopra, President and CEO, GE India; Mr Bhavdeep Singh, CEO, Fortis Healthcare; Mr Sam Pitroda, Chairman, National Knowledge Commission, Government of India; Dr Prathap C Reddy, Chairman, CII National Committee on Healthcare, and Mr Chandrajit Banerjee, Director General, CII at the inaugural session of the sixth India Health Summit.



CII Submits Pre-budgetary Recommendations for the Financial Year 2010-11 to the Finance Ministry

CII delegation led by Dr Prathap C Reddy presented the pre-budgetary recommendations to the Honourable Finance Minister, Shri Pranab Mukherjee and the Finance Secretary, Mr Ashok Chawla on December 29, 2009. The key enablers for the facilitation of a healthy nation are as follows:

- Accord priority status to healthcare by extending tax-holiday benefits to hospitals and medical/paramedical institutes, providing land at

concessional rates and healthcare financing by IIFCL

- Relaxation of GST for Healthcare industries
- Attractive environment for achieving localised production of cost effective equipment, devices and consumables
- Timely reimbursement to hospitals from both Central and State

Government schemes Reimbursement should be based on realistic values (that are in sync with market prices) and the quality of care

- Expand existing preventive health programmes to include and focus on mandated preventive health check-ups
- Incentivising health insurance services

Healthcare East 2009



The fourth edition of Healthcare East 2009 dealt with various issues in the healthcare industry with a special emphasis on the tertiary healthcare hub. Distinguished speakers attended the seminar from related fields in healthcare. Dr Suryakanta Mishra, Minister-in-Charge, Department of Health & Family Welfare, Government of West Bengal was the chief guest at the seminar. Private sector healthcare industry need to spread out in districts more and more for a stronger healthcare service, opined Dr Suryakanta Mishra. CII-HOSMAC Report on Healthcare sector: The Road Ahead for Eastern India was unveiled at Healthcare East 2009.

Government's Initiative



The Government launched the National Rural Health Mission (NRHM) in 2005. It aims to provide quality healthcare for all and increase the expenditure on healthcare from 0.9 per cent of GDP to 2-3 per cent of GDP by 2012.

During the 2009 interim budget, the Government allocated USD 2.42 billion for NRHM.

The Tamil Nadu Government has allocated USD 698.16 million for health and family care for the year 2009-10, up from USD 564.34 million a year ago. The increased budget includes creating a mega blood bank – Asia's largest – in Chennai and upgrading several hospitals, besides launching a new insurance scheme.

The Government has announced a USD 63.2 million initiative to promote domestic manufacture of medical devices such as stents, catheters, heart valves and orthopaedic implants that will lead to lower prices of these critical equipments and devices.

CII Conference on Integrating AYUSH System in Healthcare Delivery: In Association with the Department of AYUSH, Ministry of Health & Family Welfare

Date: March 18, 2010

Venue: Silver Oak, India Habitat Centre, New Delhi

Events Coming Up

CII Corporate Wellness Awards

April 2010

New Delhi

Third Medical Technology Conference

July 2010

New Delhi

Fourth Health Insurance Summit

September 9-10, 2010

New Delhi

Seventh India Health Summit

December 2-3, 2010

New Delhi



Notifications

1. TOI dated January 6, 2010: State Health Society, Bihar: Notice for developing and operationalising medical ambulance services in all districts of Bihar. This is a PPP project for procurement, operation and maintenance of medical ambulance services in the state.
2. TOI dated January 5, 2010: Government of NCT of Delhi: Apka Swasthya Bima Trust, a request for information from health insurance companies and Third Party Administrators (TPAs) has been issued by Department of Health & Family Welfare.

Kudos

We Congratulate CII National Healthcare Committee Members

1. Dr Prathap C Reddy, Chairman, CII National Committee on Healthcare & Chairman, Apollo Hospitals Group Padma Vibhushan 2010
2. Dr P K Warriar, Managing Trustee, Arya Vaidya Sala Padma Bhushan 2010
3. Dr Philip Augustine, Managing Director & CEO, Lakeshore Hospital & Research Centre Ltd. Padma Shree 2010

This is a publication of Confederation of Indian Industry, Healthcare Division.

India Habitat Centre, Core 4A, Fourth floor, New Delhi-110003

Phone: 91 11 2468 2230-35 Fax: 91 11 2468 2229-2226

Website: www.cii.in

for advertising and sponsoring this publication, please contact avinash.praakash@cii.in

Our Sponsor

GENPACT

Genpact is a leader in managing business processes, offering a broad portfolio of enterprise and industry-specific services to more than 175 clients worldwide. Learn more at www.genpact.com.