



**HOSPITAL BUILD
EUROPE 2012**
EXHIBITION & CONGRESS

HEALTHBRIDGE-

Succeeding in the Indian market

Presentation at Hospital Build Europe 2012
Berlin Messe

26th April 2012



HealthBridge is a management consulting company focused solely on healthcare delivery

Our Mission

- To assist healthcare leaders in emerging markets imagine and develop institutions that deliver efficient and high quality health services.
- To provide our consultants with outstanding leadership opportunities that exceeds those offered by any other healthcare firm

About us

HealthBridge is a Management Consulting company focused on the healthcare sector. We are headquartered in Mumbai, with branch offices in Delhi and Bangalore

We specialize in helping healthcare organizations achieve superior clinical results and exceptional business performance by providing expert advice for their most important business problems

Our expertise spans the lifecycle of healthcare delivery and management from developing entry strategies and commissioning new facilities, to achieving business excellence and growth in existing ventures. We bring a robust grounding in health services, a repository of best practices from healthcare and other industries, and a strong execution orientation to implement, monitor, and sustain change

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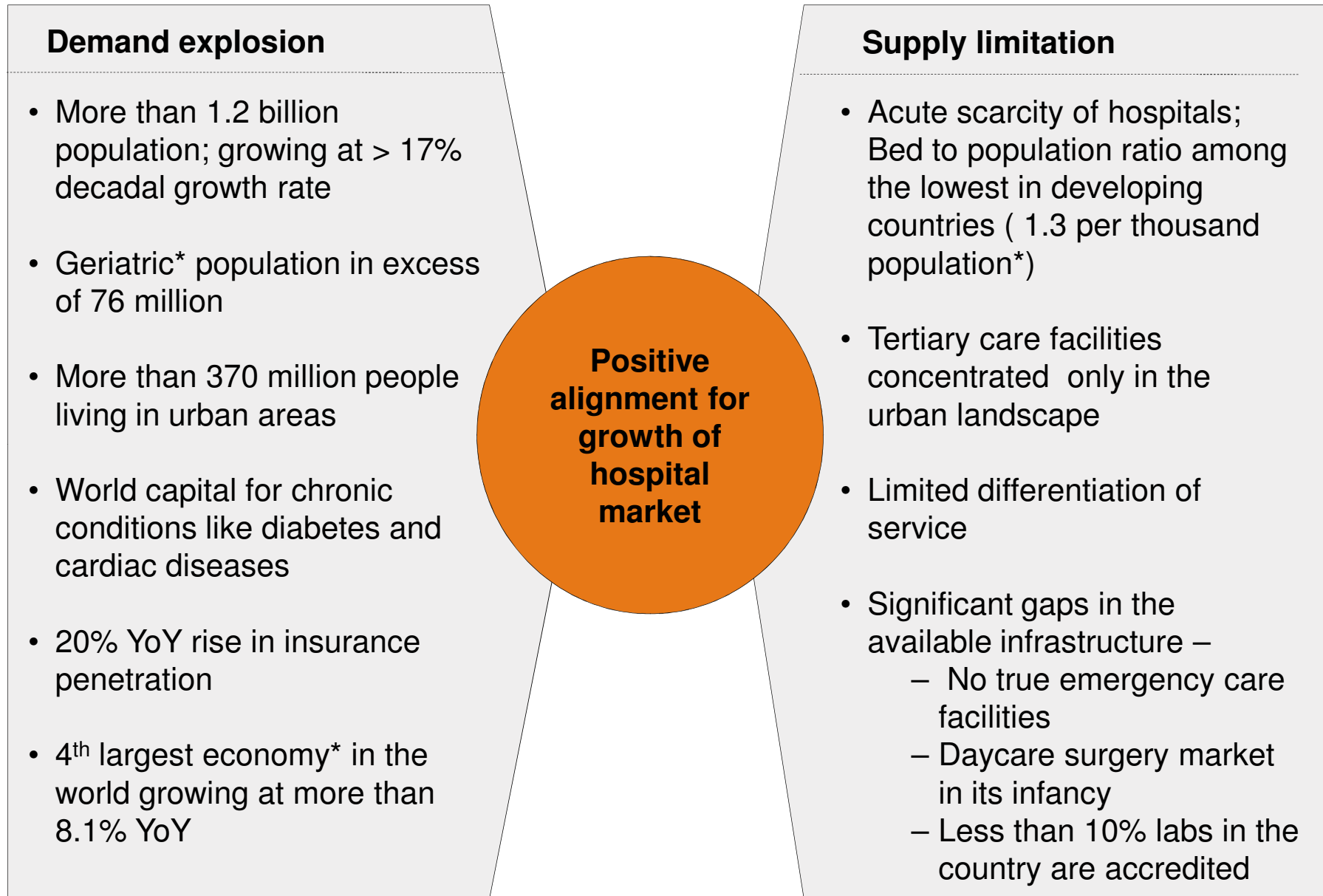
India today

Growth: neither inevitable nor certain

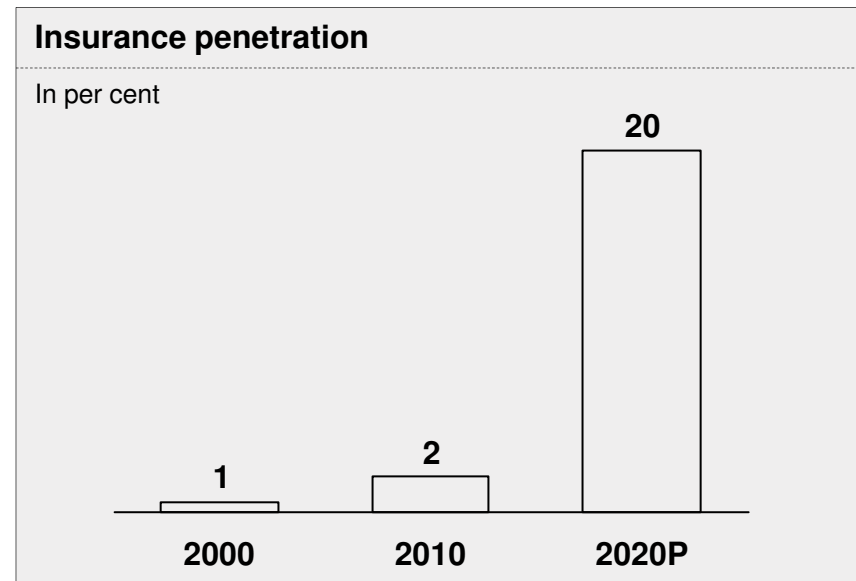
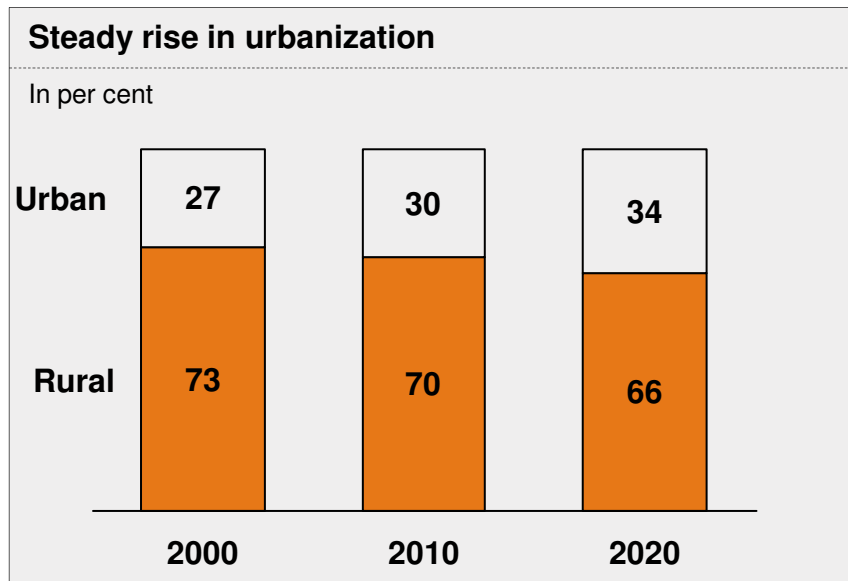
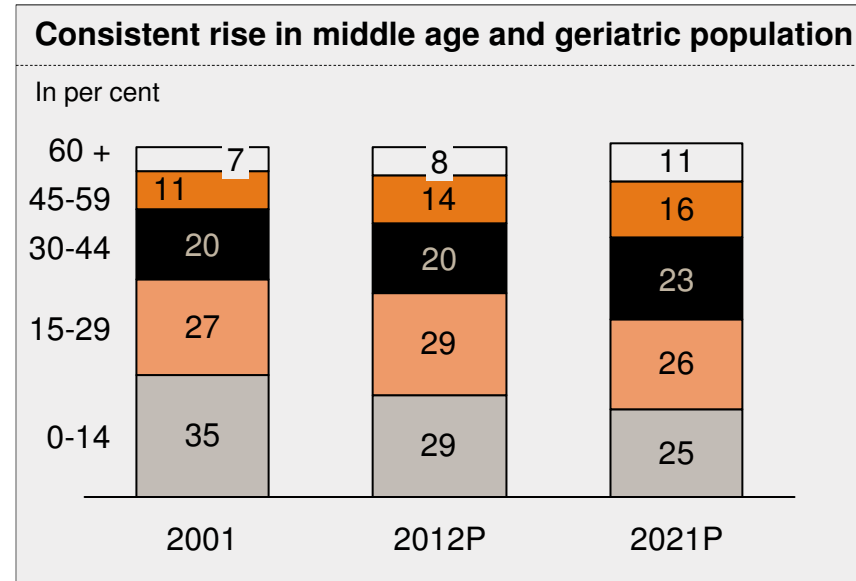
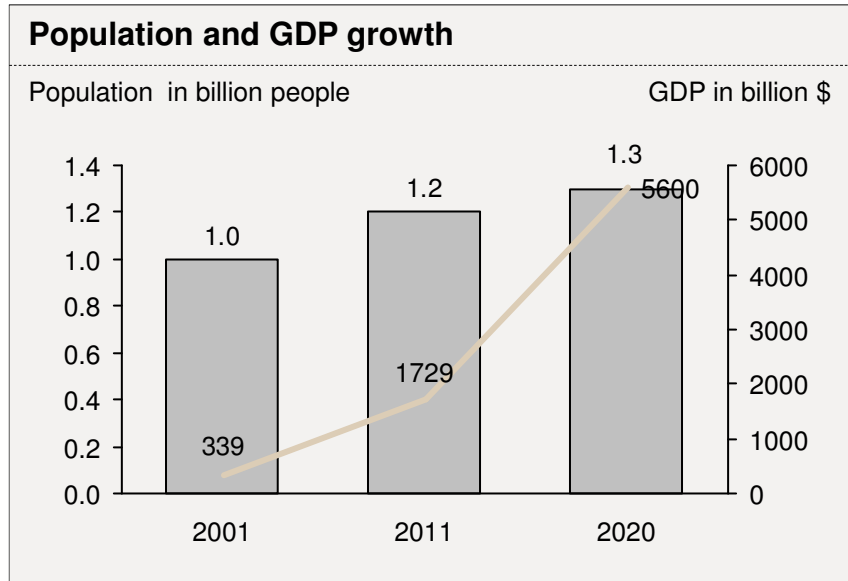
The cost challenge



India is currently experiencing a powerful collision of forces



Demographically, India is ready for exponential growth in healthcare...



Source census india 2011, GDP projection for year 2020 based on report by Dun & Bradstreet, Percentage urbanization – United Nations Population division (2010), world urbanization prospects (2009 review)

At present, resources and supply are inadequate for tomorrow's India

Short on quantity

- Less than 6 doctors per 10,000 population , as compared to 27 per 10,000 in USA and 35 per 10,000 in Germany
- Only 1.03 beds per thousand population compared to 3 to 4 in other developing countries
- 13 nursing personnel per 10,000 population as compared to 98 in USA and 80 in Germany

Short on quality

- Disproportionately large share of bed supply through unregulated nursing homes and dispensaries
- With almost non existent entry barriers, substandard and poor quality care provided by these unorganized providers
- More than 70% of the tertiary care facilities concentrated in the urban areas serving less than 30 % of the population
- Less than 10% of all the labs in the country accredited

Short on completeness

- Almost non existent ambulance networks and sparse presence of true emergency care services, accident and emergency management is in shambles
- Day care surgery concept in its infancy, only 20% of the cases in India are done on a day care surgery basis, leading to heavy utilization of scarce hospital beds for avoidable In-patient stay
- Very low government spending – more than 85% of care paid for out of pocket; more than 75% of capacity in the private sector

Sizing this opportunity, a slew of players are entering the market

Existing players growing

New promoters entering

Private equity / VC

HOSPITALS



DIAGNOSTICS



SINGLE SPECIALTY



SHORT STAY



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However, significant constraints exist that can obstruct or alter the growth trajectory: growth is neither certain nor inevitable

Talent shortage

- Severe shortage of trained doctors and nursing staff (1.1 million doctors short by 2020)
- Vast gaps in administrative, para-medical and research education
- Extreme scarcity of super-specialty trained resources

Weak regulations

- Does not enjoy industry status with policy designed to remove bottlenecks to hyper-growth
- Little regulation over care safety standards and quality initiatives (though NABH penetration is increasing)

Heavy local obstructions

- Land availability and costs are almost forbidding (more than 20% of the total cost – 16% of the world's people, 2% of the land)
- Very high taxation and interest rates (over 9%)

Generally low ability to spend

- Average insurance premium & coverage levels very low (less than 10% insurance penetration)
- 85% out of pocket payment with aggressive price shopping

Key trends that will shape the future of Indian healthcare

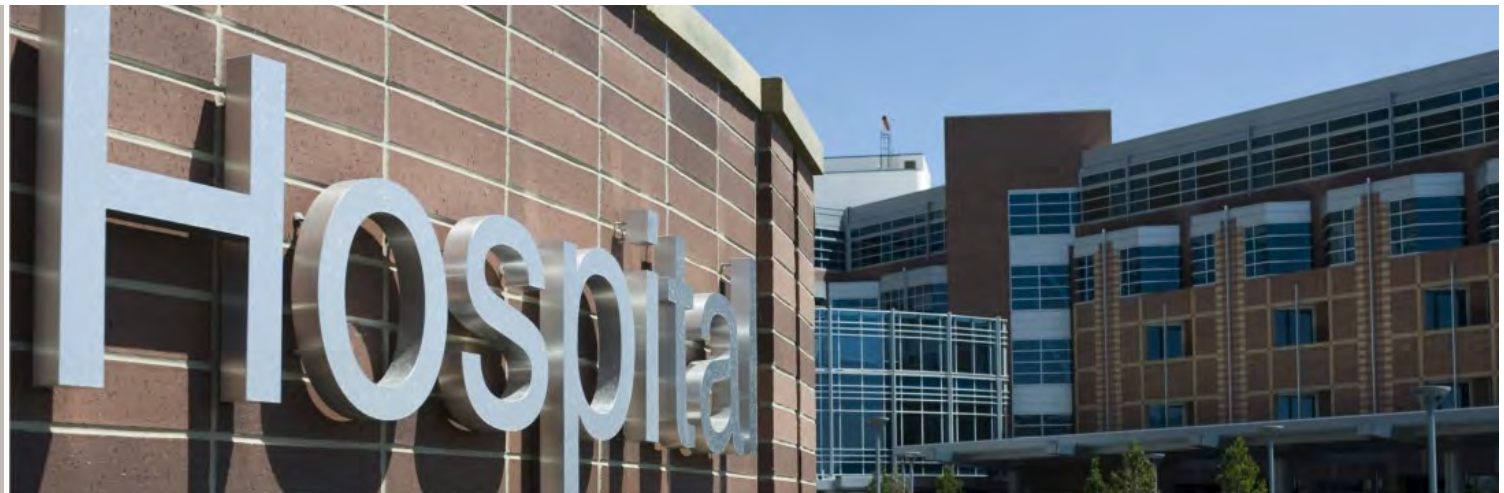
- Massive build-out of healthcare infra will create several winners, many losers
- Rapid increase in competition and disaggregation of healthcare services to create clinical champions
- Government funding for the bottom of the pyramid to accelerate, a strong positive, with some areas of concern
- Shortage of talent to materially affect costs, efficiency and quality
- Dual disease burden to take its toll

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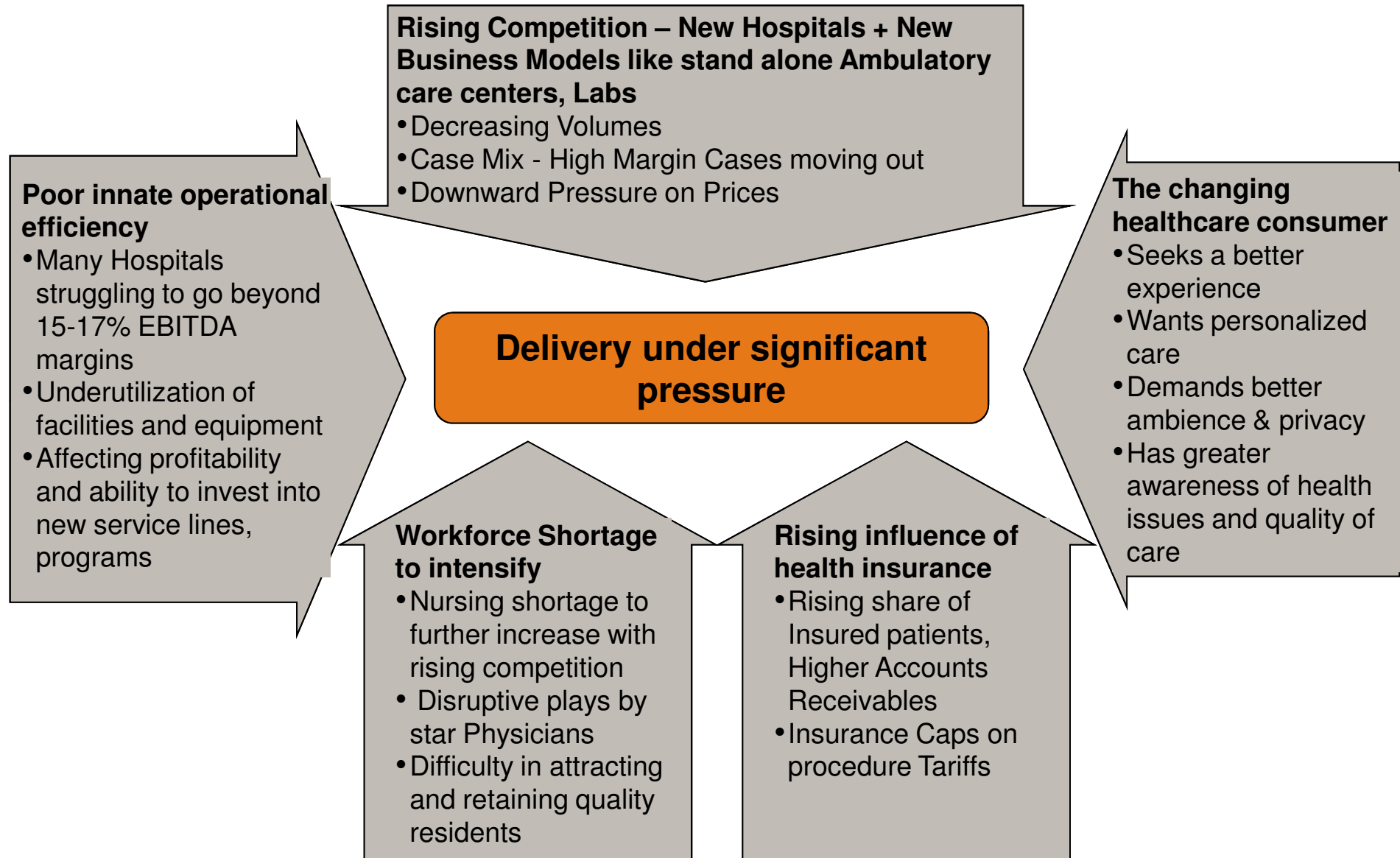
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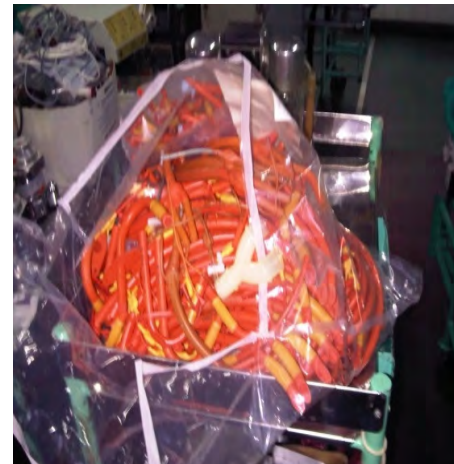


Over the coming years, the healthcare industry will face rising pressures to control costs...



Try as we might to complain, our stakeholders have a point... waste is everywhere in healthcare delivery

Area	Indian hospital average**	Benchmark performance
Wards	~75% BOR	>90% BOR
OTs	55% surgical time	>80% surgical time
CT/MRI*	~6-8 MRIs, 15 CTs per day	40 scans/day/machine
Procurement	Consumable costs @ 26-30% of revenues	Consumable costs @ <20%
Inventory	30-45 days of inventory	< 15 days of inventory

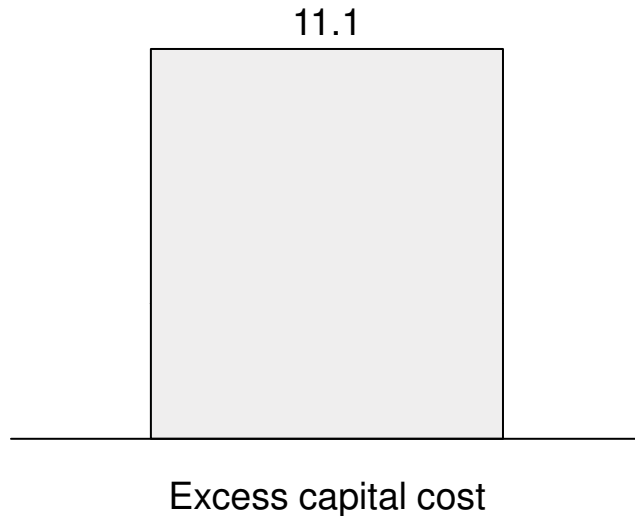


*Assuming an ALOS of 4.0, ARPP ~ ` 50,000, 8 OTs, avg. surgical revenue = Rs. 30,000 ;
` . 4000 per CT/MRI scan

We estimate that over the next 10 years, hospitals will waste an astonishing US\$ ~50Bn!!!

Billion US\$

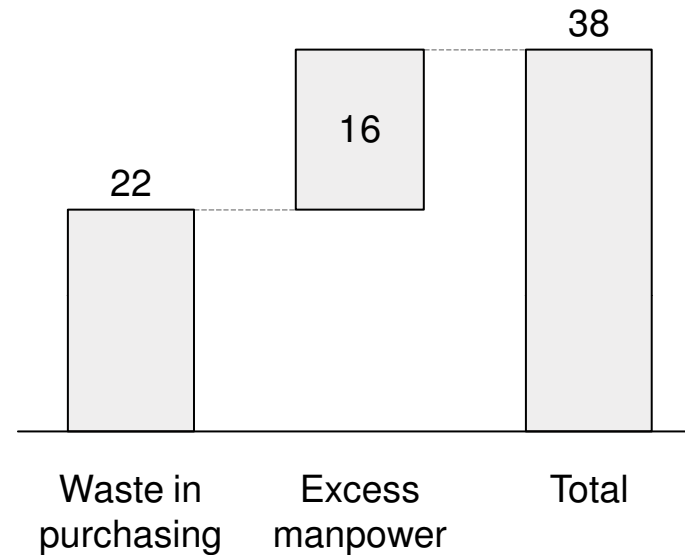
In constructing over 1 Mn beds in the next decade...



Sources of waste

- Overbuilding
- Overinvesting (gold plating)
- Building inefficiently (strategic, tactical and operational)

And in the operation of over 5,000 large hospitals (>200 beds)



Even as we focus on cost containment...

...we ignore other serious issues at our peril

- Public investment in healthcare still too low – the poor will get left behind
- Role of government needs to be re-imagined: steward, regulator and shaper to create the right incentives for providers
- Stronger safeguarding of users and patients essential – tighter regulation of quality, safety, conflict of interests critical
- Indian responses to Indian challenges needed (e.g. Indian guidelines for diabetes)

www.health-bridge.in

Thank You

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